

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2069-03
Bill No.: Truly Agreed To and Finally Passed HCS for SCS for SB 411
Subject: Boards, Commissions, Committees, Councils; Retirement - State; State Employees
Type: Original
Date: June 4, 2009

Bill Summary: Makes certain employees of the Missouri Development Finance Board members of the Missouri State Employees' Retirement System. Modifies provisions relating to teacher and school employee retirement systems.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on FTE	0	0	0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **Missouri State Employees' Retirement System** assume if MOSERS receives the individual employee and MDFB employer contributions as outlined in the legislation, and provided MDFB pays the expected first year contributions of \$72,495 and future contributions at the actuarially determined rate for all MOSERS participants, there would be no fiscal impact on MOSERS.

Officials from the **Missouri Development Finance Board (MDFB)** assume participation in the Missouri State Employees' Retirement System is more cost effective than MDFB funding its own defined benefit retirement.

Officials from the **Public School Retirement System** assume there will be no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies laws regarding certain public employee retirement systems.

MISSOURI DEVELOPMENT FINANCE BOARD EMPLOYEES

Certain employees of the Missouri Development Finance Board are made members of the Missouri State Employee's Retirement System (MOSERS). These employees may purchase credited service for any period of employment as an employee of the board prior to August 28, 2009. Employees may decide whether to transfer their individual account balance under the board's plan to MOSERS. The board must certify to MOSERS that any amount transferred to MOSERS is attributable to such contributions by the board for such employee, plus earnings thereon. MOSERS shall be immune from lawsuits and not subject to liability arising out of or associated with the proper source or nature of the amount of funds transferred. If necessary to pay for the employee's credited service, the board will be required to pay contributions to MOSERS. (Section 100.273)

PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI (PSRS) & THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM (PEERS)

VENUE FOR LAWSUITS: All suits or proceedings directly or indirectly brought against the board of trustees for PSRS or PEERS, the board's members or employees, or the retirement system itself must be brought in Cole County. (Section 169.020)

INVESTMENT ACCOUNT: This act allows for the establishment and maintenance of a retirement systems investment account for investment purposes. Moneys from PSRS and PEERS may be combined in the account for investment purposes so long as the funds are accounted for and reported separately. (Sections 169.040, 169.630)

PURCHASE OF SERVICE CREDIT: For the purchase of membership service credit, this act changes the date of payment from June 30 to September 30 and the date of recalculation from July 1 to October 1. In addition, the retirement system may prohibit a purchase, impose additional requirements for making a purchase, or limit the amount of credit purchased if necessary to comply with federal law. (Sections 169.056, 169.655)

DISTRIBUTION OF BENEFITS UPON DEATH OF A MEMBER: This act modifies how retirement benefits may be distributed upon the death of a member prior to the member having received the specified number of monthly payments. The remainder of such payments will be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or the estate of the last person to receive a monthly allowance in a lump sum payment, in

FISCAL DESCRIPTION (continued)

that order of precedence. In addition, if a member dies and the member's financial institution cannot accept the final payment or payments, the final payment or payments will be paid to the beneficiary, or if no beneficiary exists, to the surviving spouse, to the surviving children in equal shares, surviving parents in equal shares, or the estate of the member, in that order of precedence. This same order applies if the beneficiary to a member dies and the beneficiary's financial institution cannot accept final payment. (Sections 169.070, 169.073, 169.075, 169.670)

GARNISHMENT: This act allows funds belonging to the retirement systems and certain benefits to be subject to execution, garnishment, attachment in a proceeding instituted for spousal maintenance or child support. (Sections 169.090, 169.690)

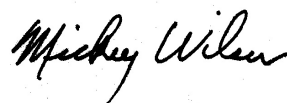
ASSOCIATION ADMISSION: After June 30, 2010, no additional nonprofit educational associations or organizations will be able to have their employees become members of PSRS or PEERS. (Sections 169.130, 169.650)

INDEMNIFICATION: The board of trustees of PSRS or PEERS may indemnify and protect any trustee or employee against all claims or liabilities in his or her official or individual capacity except for gross negligence or willful misconduct. The board of trustees may obtain insurance or indemnity policies. For an employee or trustee to qualify for indemnity, he or she must provide written notice to the board of trustees within fifteen days after receiving service of process of a proceeding. (Section 169.750)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
Missouri State Employees' Retirement System
Public School Retirement System
Missouri Development Finance Board



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