

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4869-03  
Bill No.: Perfected HCS for HB 1217  
Subject: Retirement Systems and Benefits - General  
Type: Original  
Date: February 20, 2014

Bill Summary: This proposal specifies certain unlawful transfers or assignments of pension benefits.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

In response to a previous version of this proposal, officials from the **MoDOT and Patrol Employees Retirement System**, the **Missouri Local Government Employees Retirement System**, the **County Employees Retirement Fund**, the **Kansas City Police Retirement System** and the **St. Louis Police Retirement System** each assume the current proposal would not fiscally impact their respective agencies.

In response to a previous version of this proposal, officials from the **Joint Committee on Public Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

In response to a previous version of this proposal, officials from the **Missouri State Employees Retirement System (MOS)** assume the proposed legislation described would, if enacted, prohibit a public employee retirement benefit from being transferred or assigned, at law or in equity, subject to current retirement plan provisions. As proposed, the pension assignee would not be allowed to use any device, scheme, transfer, or other artifice, including the deposit of such plan benefits into a joint account with a pension assignee or the authorization under a power of attorney or other instrument or document to access an account or otherwise obtain funds from an account to which plan benefits have been deposited. Any contact or agreement made in violation of this new provision would be considered void and all sums paid or collected by an assignee would be required to be returned. In addition, any benefit recipient, his or her guardian or conservator, or heir or beneficiary, or the attorney general would be able to bring an action to enforce the restitution authorized under this section within five years. Lastly, the proposal allows the attorney general to exercise the investigative and enforcement powers authorized under chapter 407, including recovery of costs.

As it affects MOS, sections 104.540.2 and 104.1054.2 currently prohibit assignments except for: 1) the collection of child support and maintenance, 2) life insurance proceeds, 3) contributions due from retirees for state-sponsored group life and medical insurance, and 4) contributions made to the Missouri State Employees' Charitable Campaign. In addition, sections 104.312 and 104.1051 also permit retirement benefits to be divided and paid to a former spouse. The proposed legislation would have no effect on these provisions.

MOS states that this proposal has no fiscal impact on their agency.

ASSUMPTION (continued)

In response to a previous version of this proposal, officials from the **Prosecuting and Circuit Attorney's Retirement System (PACARS)** assume the proposal, if passed, could increase the expenses of the system in a meaningful way. Specifically, it is anticipated that there may be litigation with respect to the ability of the Courts to order the division of retirement benefits, such as in dissolution of marriages. If there is such litigation, it is anticipated that PACARS would be made parties, so as to assure that the ultimate disposition of the litigation would be binding upon the system. There is no provision for others to bear the expense of such litigation. Until the issue is conclusively settled, the possibility of additional expense is not remote.

**Oversight** assumes that based on the responses from other retirement systems that the cost of litigation could be absorbed.

In response to a previous version of this proposal, officials from the **Attorney General's Office (AGO)** assume this proposal creates new restrictions on the transfer of certain benefits, creates a new cause of action to recover wrongfully transferred benefits, and authorizes the AGO to pursue such causes of action and to utilize "the investigative and enforcement power authorized under chapter 407, RSMo" for that purpose. Although the precise number and nature of such actions and investigations is unknown, the AGO estimates that it will require an increased appropriation of \$36,859 to fulfill its newly created enforcement responsibilities under the proposal.

**Oversight** assumes the Attorney General's Office can absorb these additional duties with current appropriations.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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

The proposed legislation appears to have no direct fiscal impact.

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

MoDOT and Patrol Employees Retirement System  
Attorney General's Office  
Joint Committee on Public Retirement  
St. Louis Police Retirement System  
Kansas City Police Retirement System  
Missouri Local Government Employees Retirement System  
Prosecuting and Circuit Attorney's Retirement System  
Missouri State Employees Retirement System  
County Employees Retirement Fund



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