

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1801-01
Bill No.: SB 372
Subject: Retirement - State
Type: Original
Date: February 27, 2015

Bill Summary: This proposal modifies provisions relating to the deferred compensation plan.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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).

Officials from the **Missouri State Employees Retirement System (MOSERS)** state the proposal would, if enacted, result in annual automatic increases in employee contributions to the deferred compensation plan for any employee hired on or after July 1, 2016. Presently, new employees are automatically enrolled in at 1% of pay unless they opt out of the plan.

Under the proposal, the automatic increases would be in the amount of 0.5% of salary and occur annually at the beginning of each fiscal year for employees who have been employed at least one year. The automatic increases would continue annually until the employee reached the contribution rate of 5% of salary, which would be the rate on the first of the fiscal year following at least eight years of continuous employment with the state. Employees would have the opportunity to adjust to an alternative automatic increase preference (in as little as one-tenth of one percent increment) or they would be able to elect to terminate participation in the automatic increase feature at any time.

This proposal has no fiscal impact on MOSERS or the State of Missouri.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

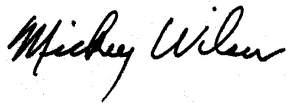
FISCAL DESCRIPTION

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

Joint Committee on Public Retirement
Missouri State Employees Retirement System



Mickey Wilson, CPA
Director
February 27, 2015

Ross Strobe
Assistant Director
February 27, 2015