

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3169-01  
BILL NO.: Perfected SB 816  
SUBJECT: Retirement: Teachers  
TYPE: Original  
DATE: February 23, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None	\$0	\$0	\$0
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	\$0	\$0	\$0

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Joint Committee on Public Employee Retirement** have reviewed this proposal and have determined that it does not represent a “substantial proposed change” in future plan benefits as defined in section 105.660(5), RSMo. Therefore, an actuarial cost statement is not required.

Officials of the **Office of Administration** assume any fiscal impact would be determined by the Public School Retirement System.

**Public School Retirement System (PSRS)** officials assume that the proposal would allow PSRS to continue to pay benefits and collect contributions as currently established in state law. They note that the U.S. Congress set limits on benefits derived from qualified defined benefit plans (such as PSRS) but subsequently passed “Excess Plan” language in section 415(b) of federal tax code to allow for the payment of these benefits. Officials assume the current proposal would not allow any benefit payments beyond those contained in current state law, but would merely allow PSRS to continue to pay benefits as authorized by state law without limitations from the federal government. Therefore, there would be no cost to the system as a result of the proposal.

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - State Government</u>			
	\$0	\$0	\$0

	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>FISCAL IMPACT - Local Government</u>			
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

PLH:LR:OD:005 (9-94)

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The proposal would authorize the Public School Retirement System Board of Trustees to establish a benefit plan with benefits in excess of the federal maximum benefit amount established in 26 U.S.C. 415. Such "secondary" plans are authorized in 26 U.S.C. 415(m)(3)(A) and may only be used to provide the benefits in excess of the federal maximum benefit amounts.

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  
Office of Administration  
Public School Retirement System



Jeanne Jarrett, CPA  
Director  
February 23, 2000