

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1480-01
Bill No.: Perfected SB 371
Subject: Retirement–State; Retirement Systems & Benefits–General
Type: Original
Date: March 7, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	less than (\$100,000)	less than (\$100,000)	less than (\$100,000)
Total Estimated Net Effect on <u>All</u> State Funds	less than (\$100,000)	less than (\$100,000)	less than (\$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement** indicates that the proposed legislation does not represent a “substantial proposed change” in future plan benefits, as defined in Section 105.660(5). As such, an actuarial cost statement is not required.

Officials with the **Office of Administration** note that the Missouri State Employees’ Retirement System should determine any possible costs of this legislation.

Officials with the **Missouri State Employees’ Retirement System** note that the proposal involves minor modifications to and clarifications of the Missouri State Employees’ Plan (MSEP) the Missouri State Employees’ Retirement Plan 2000 (MSEP 2000), the Administrative Law Judges and Legal Advisors’ Plan (ALJLAP), and the Judicial Plan. The provisions are general in nature and are assumed to have a fiscal impact of under \$100,000 annually.

Officials with the **Highway & Transportation Employees’ and Highway Patrol Retirement System** assume the proposal makes minor changes and clarifications that will have no fiscal impact.

The **Department of Public Safety** and the **Department of Transportation** assume the proposal will have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Costs—Various State Agencies	<u>less than</u>	<u>less than</u>	<u>less than</u>
Contributions to MOSERS	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<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.

DESCRIPTION

This act clarifies and makes minor modifications to the Missouri State Employees' Plan (MSEP), the Missouri State Employees' Retirement Plan 2000 (MSEP 2000), the Administrative Law Judges and Legal Advisors' Plan (ALJLAP), the Judicial Plan and the Highway and Transportation Employees' and Highway Patrol Retirement Plan (HTEPHRS). Changes to the specific plans are broken down by plan as listed below:

MSEP and MSEP 2000

The amount paid to an ex-spouse will be based on a percentage of the monthly annuity rather than a specific dollar amount. The percentage would apply to any lump sum distribution or cost-of-living adjustments. Legislators and statewide elected official will have the same death-in-service benefits and allows them to elect from the same menu of retirement options available to general employee members of the plan. The annuity starting date is clarified.

MSEP

The division of benefits order will be based on the value of the MSEP benefit but any increases after retirement will be based on the plan elected at retirement. Language regarding military service credit is clarified and reflects current federal law requirements for military service credit. Legislators and statewide elected official will have the same death-in-service benefits and allows them to elect from the same menu of retirement options available to general employee members of the plan. The annuity starting date is clarified.

Members of the Board of Trustees are allowed to continue serving until they resign or are replaced by new appointees. Definitions of disability and other rules established by the Board of Trustees may be included in contracts between the board and other entities. The responsibilities, obligation and liabilities of insurers or service organizations and clarifies appeal procedures. Unused sick leave is changed from 21 days to 168 hours for purposes of crediting service.

This act would allow for complete transferability of service between MOSERS and HTEHPRS. Refunds for purchased service will be issued in the event a member or beneficiary receives less than the amount paid to the system in connection with a purchase.

MSEP 2000

Pay is redefined to include any nonrecurring single sum payment. Members retiring under the Rule of 80 are eligible to retain any optional life insurance held immediately prior to retirement. Eligibility will cease at the earliest age for social security eligibility.

DESCRIPTION (continued)

The designation of agent language is expanded to include the ALJLAP and Judicial plan. The designation is effective only upon the disability or incapacity of the benefit recipient as determined by the person's physician.

Judicial plan

Any judge who has creditable service under Chapter 104 and Chapter 476 may make a one-time election upon application to receive all retirement benefits for that service under either Chapter 104 or Chapter 476. The contribution rate used for calculating purchase of military service for a judge shall be the computed rate on the date of employment.

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
Missouri State Employees' Retirement System
Highway & Transportation Employees' and Highway Patrol Retirement System
Department of Transportation
Department of Public Safety



Jeanne Jarrett, CPA
Director

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