

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3641-03  
Bill No.: Perfected HS for HB 1455  
Subject: Retirement – State; Retirement Systems and Benefits – General; State Employees  
Type: Corrected #  
Date: April 10, 2002  
 # To correct disclosure.

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<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 2003	FY 2004	FY 2005
<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 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>(\$270,000)</b>	<b>(\$270,000)</b>	<b>(\$270,000)</b>

**\*DOES NOT REFLECT UNFUNDED ACCRUED ACTUARIAL LIABILITY OF \$6,820,000 TO THE FIREFIGHTERS RETIREMENT SYSTEM OR \$3,300,000 TO THE POLICE RETIREMENT SYSTEM WHICH IS NOT CONSIDERED A LOCAL GOVERNMENT FUND FOR FISCAL NOTE PURPOSES.**

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

The **Joint Committee on Public Retirement** indicates that this legislation does represent a “substantial proposed change” in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of State and 3) the Joint Committee on Public Employee Retirement as public information for at least (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint Committee on Public Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 105.665.

Officials with the **Police Retirement System of St. Louis** assume the proposal carries no fiscal impact to the retirement system.

Officials with the **St. Louis Firefighters Retirement System (STLFRS)** assume the proposal would cost the city of St. Louis \$270,000 per year in increased contributions.

Officials with the **Missouri Highway and Transportation Employees and Highway Patrol Retirement System (HRS)** assume that under the current BackDROP statute, retiring individuals must accept the full number of months (as lump sum) for which they qualify. However, the proposed legislation would allow individuals to select a retroactive starting date that yields BackDROP periods in twelve-month (or maximum qualifying months) increments. HRS’s actuary has advised that the proposal is cost-neutral. Accordingly, passage of the legislation is not expected to significantly alter the rates of election into retirement and bears no fiscal impact.

The **Missouri State Employees Retirement System (MOSERS)** assume the proposal carries no fiscal impact to the retirement system.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003	FY 2004	FY 2005
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Costs - City of St. Louis

Increased Contributions to

Firefighters Retirement System (\$270,000) (\$270,000) (\$270,000)

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FISCAL IMPACT - Small Business

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

DESCRIPTION

Under current law, a retired employee electing to retire under the deferred retirement option must elect to take the entire amount of eligible service. This proposal allows the retiree to elect to take any portion of the eligible service in 12-month increments. The proposal contains an emergency clause.

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  
State Highway Employees and Patrol Retirement System



Mickey Wilson, CPA  
Acting Director

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