

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4288-01
Bill No.: HB 1823
Subject: Retirement; Retirement Systems and Benefits – State Employees
Type: Original
Date: February 25, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

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

Officials with the **Missouri State Employees Retirement System (MOSERS)** assume the proposal involves minor modifications to, and clarifications of the Missouri State Employees’ Plan (MSEP), the Missouri State Employees’ Plan 2000 (MSEP 2000), the Judicial Plan, and the Highway and Transportation Employees’ and Highway Patrol Retirement Plan (HTEHPRS). For purposes of this fiscal note, MOSERS is reporting only on the provisions that affect the retirement plans administered by MOSERS. These provisions are general in nature and carry no fiscal impact to the system.

Officials with the **Department of Transportation (DHT)** assume the proposal will have no impact on MoDOT. If reimbursement of medical claims paid by the Medical Plan for which there is a third-party liability is required, this legislation would have fiscal impact on the Medical Plan. However, due to the uncertainty of the requirement, the fiscal impact on the Medical Plan is unknown.

Officials with the **Highway and Transportation Employees’ and Highway Patrol Retirement System (HRS)** assume the proposal has no fiscal impact on their retirement system.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<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 bill makes several changes to state retirement systems.

HIGHWAY AND TRANSPORTATION EMPLOYEES' AND HIGHWAY PATROL RETIREMENT SYSTEM (HTEHPRS)

The bill:

- (1) Allows service credit to be given to an employee who has taken leave under the provisions of the Family and Medical Leave Act;
- (2) Allows the HTEHPRS board to contract for disability benefits;
- (3) Makes survivor benefits uniform with the Year 2000 Plan;
- (4) Allows the collection of child support or spousal maintenance; and
- (5) Clarifies that HTEHPRS may provide medical benefits for members of the closed plan and the Year 2000 Plan. HTEHPRS is allowed to contract with other organizations for benefits and may require reimbursement of any medical claims paid by the medical plan for which there is third-party liability.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM (MOSERS)

The bill:

- (1) Requires an employee who has forfeited creditable service to work continuously for one year before the forfeited credited service is restored. Currently, credit is restored after one day of employment;
- (2) Allows service credit to be given to an employee who has taken leave under the provisions of the Family and Medical Leave Act;
- (3) Requires benefit payments to be suspended for retirees returning to work as soon as the individual is hired in a position requiring at least 1,000 hours a year rather than after 1,000 hours of work have been rendered within a year. In addition, retirees who return to work would not be allowed to receive creditable service for such employment or life insurance, except for any retiree life insurance that may be in effect. Current retirees who are working for the state are allowed to continue to receive benefits;
- (4) Clarifies that a member who is eligible for normal retirement, terminates employment, and retires within 60 days of such termination is eligible for \$5,000 of life insurance coverage;
- (5) Allows a beneficiary to assign life insurance proceeds;
- (6) Clarifies the process and amount of sick leave that is reported to the retirement system;
- (7) Adds language regarding rollover distributions. (This language is necessary because of provisions signed into federal law as part of the Economic Growth and Tax Reconciliation Act of 2001); and
- (8) Allows the designation of beneficiaries for final payment of a retirement benefit. The bill also allows the retirement system, in the event of a member's death, to refund to the survivor the difference between any purchase of service less any retirement benefit received, unless a survivor benefit is payable.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM (CLOSED PLAN ONLY)

The bill:

JT:LR:OD (12/00)

- (1) Removes the cash-out provision for employees who terminate employment on or after September 1, 2002;
- (2) Requires members who wish to purchase service credit for non-federal public employment in the State of Missouri to purchase all years of service, up to a maximum of four years;
- (3) Clarifies that a member who has reached eligibility for a normal retirement annuity must terminate employment prior to receiving a benefit; and
- (4) Clarifies language pertaining to the certification of contribution rates and the method of computing such level percentage of payroll.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM (YEAR 2000 PLAN ONLY)

The bill:

- (1) Defines the responsibilities, obligations, and liabilities of any insurer or service organization employed by the MOSERS board to administer disability benefits and stipulates an appeals procedure for denial of benefits; and
- (2) Clarifies that an employee cannot receive creditable service in the closed plan for any period in which the member participates in the defined contribution plan established for colleges and universities.

OTHER

The bill clarifies that any judge who is a commissioner or deputy commissioner of a circuit court who had creditable service in the MOSERS and the Judicial Plan may elect to consolidate all of that service in either plan or draw separate retirement benefits from each plan.

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

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

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a prominent loop at the end of the last name.

Mickey Wilson, CPA
Acting Director
February 25, 2002