

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 4203-01  
BILL NO.: HB 1777  
SUBJECT: Retirement  
TYPE: Original  
DATE: February 9, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</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.

---

**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Joint Committee on Public Employee Retirement** have reviewed this proposal and have determined that it represents a “substantial proposed change” in future plan benefits as defined in section 105.660(5), RSMo. Therefore, an actuarial cost statement must be provided prior to final action on this legislation by either legislative body or committee thereof.

Officials of the **Office of Administration** assume any fiscal impact will be determined by the Missouri State Employees’ Retirement System.

Officials of the **Missouri State Employees’ Retirement System (MOSERS)** assume the proposal would allow a retired member who becomes re-employed by the state within a six month time period to reimburse the retirement system for any benefits received and gain active employee status. This legislation further allows the member’s creditable service and benefit to be recalculated, at a subsequent retirement date, as if the member had never retired and received any benefits. The proposal affects retired members who are currently actively employed as well as retired members who became re-employed and subsequently retired for a second time so long as those members meet the requirements set forth in section 2 of the legislation.

This legislation differs from the established policy set forth in the current law regarding the rehiring of retired members. Under the current law, if a retired member elected to work again in a position normally requiring at least 1,000 hours, the member would cease receiving a benefit for any month or part of the month in which the member became employed, and the benefit amount for the initial retirement period would be frozen. At the time of re-retirement, and assuming the employee worked for a continuous twelve-month period, an additional benefit would be calculated based only upon the service earned from the employee’s re-employment. This benefit would subsequently be added to the frozen benefit earned from the employee’s original employment and then would be issued to the retiree in a monthly lump sum payment.

Although MOSERS is unable to determine the number of retirees who would benefit from this provision, the legislation as proposed would result in an actuarial loss to the retirement system since benefits would be increased after retirement as the result of unanticipated additional service and increased salary. It is reasonable to assume that total costs to the state would not increase by more than \$100,000 annually.

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

**GENERAL REVENUE**

<u>Costs</u> - contributions to MOSERS	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
--	--------------------------	--------------------------	--------------------------

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

	\$0	\$0	\$0
--	-----	-----	-----

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal changes the existing Missouri State Employees' Retirement System provisions relating to the reemployment or appointment or election to state office of retired members. Upon reimbursing the retirement system, a retired member who is elected or appointed to state office or employed by a department and who has received no more than 6 benefit checks will be considered an active member. Such member's creditable service will be calculated as if the member had not previously retired. A retired member who would have been an employee as of August 28, 2000, may become a special consultant entitled to increased benefits calculated as though the retired member was an employee on that date.

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



Jeanne Jarrett, CPA  
Director  
February 9, 2000