

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1300-01  
Bill No.: HB 514  
Subject: Retirement–State; Retirement Systems & Benefits–General; MoDOT; MSHP  
Type: Original  
Date: February 23, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	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 2002	FY 2003	FY 2004
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 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials with the **Joint Committee on Public Employee Retirement** indicate that the proposed legislation is not a “substantial proposed change” in future plan benefits as defined by Section 105.660(5). As such, an actuarial cost evaluation is not required.

Officials with the **Office of Administration** note that the Missouri State Employees Retirement System should determine the cost of the proposal.

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 Transportation** assumes the proposal will have no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Cost-Variou State Agencies Potential Contributions to MOSERS	<b><u>Less than</u></b> <b><u>(\$100,000)</u></b>	<b><u>Less than</u></b> <b><u>(\$100,000)</u></b>	<b><u>Less than</u></b> <b><u>(\$100,000)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**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

DESCRIPTION (continued)

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.

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.

DESCRIPTION (continued)

*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



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Director

February 23, 2001