COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2224-01
Bill No.: HB 934
Subject: Retirement–Schools
Type: Original
Date: April 19, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	$0	$0	$0
Total Estimated Net Effect on All State Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	$0	$0	$0
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

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

***Does not include potential costs to the retirement system from higher benefit payments to some divorced beneficiaries. Retirement system funds are not considered state funds for fiscal note purposes.**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Joint Committee on Public Employee Retirement** indicate that this legislation does not represent a "substantial proposed change" in future plan benefits. As such, no actuarial cost statement is required.

Officials with the **Office of Administration** indicate that the affected retirement systems should determine the potential cost of the proposal.

Officials with the **Public School & Non-Teacher School Employee Retirement System** indicate that the proposal is not a substantial proposed change and that an actuarial cost statement would not be obtained.

Oversight notes that it cannot accurately estimate the cost of the proposal without an actuarial cost statement. Under current law, beneficiaries becoming divorced following their election of a reduced benefit in exchange for continued benefit receipt by their spouse upon the beneficiary's death will continue to receive the reduced benefit. This proposal would allow the divorced beneficiary to receive the benefit they would have been receiving had the reduced benefit election not been made. As a result, higher benefits will be paid to some beneficiaries who become divorced following their retirement.

FISCAL IMPACT - State Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2002 (10 Mo.)	FY 2003	FY 2004
	$0*	**$0***	**$0***

***Does not include potential costs to the retirement system from higher benefit payments to some divorced beneficiaries. Retirement system funds are not considered state funds for fiscal note purposes.**

FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill allows both teacher and non-teacher members of the Public School Retirement System who elected a reduced retirement allowance with the member's spouse named as the beneficiary to receive an increase in the member's retirement allowance if the member divorces the spouse beneficiary after the member's retirement. Upon the divorce of the member and beneficiary spouse, the member's retirement allowance will increase to the amount that the member would have received if that member chose a plan as an individual, rather than as a married person. Under current law, the member would only be able to name a subsequent spouse as a beneficiary and only if the divorce decree provided for sole retention of the retirement plan by the member.

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
Public School & Non-Teacher School Employee Retirement Systems

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