

HB 597 -- STATE EMPLOYEE DEFERRED COMPENSATION PROGRAM

SPONSOR: Bruns

COMMITTEE ACTION: Voted "do pass" by the Committee on Retirement by a vote of 9 to 0.

Beginning September 1, 2009, this bill makes enrollment in the state deferred compensation program automatic for each eligible new employee hired, except an employee of a state college or university. Contributions to the program will be effective on or after the first day of the month following the date of hire, and the contributions must be at least \$25 per month. An employee may change his or her contribution amount or opt out of the program at any time. The contribution rate for employees automatically enrolled will automatically adjust based on any increases in the state matching contribution, currently \$35 per month.

A member's surviving spouse will automatically be designated as the primary beneficiary, unless the surviving spouse consented in writing to allow the participating member to designate someone else as the beneficiary. The automatic beneficiary designation does not apply to designations made prior to September 1, 2009.

The State Treasurer may credit funds for qualified participants through a local payroll system.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2010, \$114,000 in FY 2011, and \$408,000 in FY 2012. Estimated Cost on Other State Funds of \$0 in FY 2010, \$76,000 in FY 2011, and \$272,000 in FY 2012.

PROPOSERS: Supporters say that the bill will require new members of the system to opt out of the deferred compensation program instead of opting into the program. This will make employees more aware of this benefit and hopefully will get more to participate.

Testifying for the bill were Representative Bruns; and Missouri State Employees' Retirement System.

OPPOSERS: There was no opposition voiced to the committee.