

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1294-04
Bill No.: HCS for HB 770
Subject: Retirement - State
Type: Original
Date: March 27, 2015

Bill Summary: This proposal modifies provisions relating to retirement benefits for the deceased.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Joint Committee on Public Retirement** state that this legislation would not create a substantial proposed change in future plan benefits as defined in Section 105.660(10).

Officials from the **Missouri State Employees Retirement System (MOSERS)** assume the proposal would, if enacted, allow any member of the MOSERS and the MoDOT and Patrol Employees' Retirement System (MPERS) who is eligible to retire (with an early or normal retirement benefit) and dies, to be considered to have retired and died on the first of the month following the member's death. In such an event, the member shall be considered to have elected a 120-month guaranteed payment option and the remaining payments would be paid to a beneficiary designated by the member, eligible surviving relatives of the member, or the member's estate, as provided under subsection 3 of section 104.620. If the member has a surviving spouse or children under age twenty-one, then no benefits would be paid, except as provided for death before retirement under sections 104.140, 104.420, or 104.1030 (wherein a surviving spouse would receive a joint and survivor annuity and a surviving child would receive a monthly payment until age twenty-one).

Presently, no benefits are paid when a members dies prior to retirement, except to a surviving spouse or if there is no surviving spouse, to children under the age of twenty-one.

There would be some cost associated with this proposal since the system would pay benefits that would not otherwise presently be paid. However, given the limited (and declining) universe of members whose potential beneficiary would qualify for what would be a temporary benefit under this proposal, the financial impact is expected to be insignificant and would not impact the financial condition of the retirement system.

Officials from the **MoDOT and Patrol Employees Retirement System** assume under this proposal, if no survivor annuity is payable to a surviving spouse or eligible surviving children under the age of 21, the designated beneficiary would receive the eligible benefit as if the vested member had elected the 120-month guaranteed optional form of payment. If no beneficiary has been designated by the member, the reserve for the 120-month period shall be paid as provided under subsection 3 of Section 104.620.

This proposed provision does not affect current retired members. There would be some cost associated with this proposal since the system would pay benefits that would not otherwise presently be paid. Given the limited universe of members whose potential beneficiary would qualify for what would be a temporary benefit under this proposal; however, the financial impact is expected to be insignificant and not impact the financial condition of the retirement system.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<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.

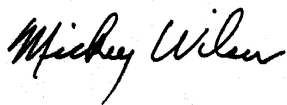
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Retirement
Missouri State Employees Retirement System
MoDOT and Patrol Employees Retirement System



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