

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1204-03
Bill No.: HCS for HB 443
Subject: Retirement - Schools; Retirement Systems and Benefits - General; Teachers
Type: Original
Date: March 14, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
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 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Employee Retirement (JCPER)** has reviewed this proposal and has determined an actuarial study is not needed under the provisions of section 105.660, subdivision (5).

Officials from the **Department of Elementary and Secondary Education** would defer to the Public School Retirement System.

Officials from the **Public School Retirement System** and **Public School Retirement System of St. Louis** assume no fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2006
(10 Mo.)

FY 2007

FY 2008

\$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 bill changes the laws regarding the Public School Retirement System of Missouri (PSRS). In its main provisions, the bill:

- 1) Changes the name of the Nonteacher School Employee Retirement System (NTRS) to the Public Education Employee Retirement System;
- (2) Excludes from the definition of "salary" employer-paid premiums for medical insurance for a spouse and children and employer contributions to deferred compensation plans;
- (3) Requires one appointee to the board of trustees to be a member of a school board of a district covered by the retirement system;
- (4) Allows certain information related to investment activities to be closed under Chapter 610, RSMo, in order to protect PSRS and NTRS investment returns;
- (5) Requires the cost of the remaining credit not paid by the member purchasing prior service credit by June 30 of each year to be recalculated each July 1 in lieu of charging interest. Members filing purchase applications prior to January 1, 2006, can elect to continue having the cost of their purchases based on the calculation in effect prior to January 1, 2006;
- (6) Allows members who have prior nonfederal public employment or who, while being at least age 18, were employed in a position covered by Social Security and who worked at least 20 hours a week on a regular basis to purchase equivalent creditable service;
- (7) Adds a term-certain retirement option that upon a member's death prior to receiving all guaranteed monthly payments that if the total of all guaranteed payments to the retired individual and their beneficiary are less than the member's accumulated contributions, the difference will be paid to the beneficiary in a lump sum;

DESCRIPTION (continued)

(8) Provides for the order of distribution on any benefits payable upon the death of a member or the death of a deceased member's beneficiary;

(9) Specifies that if a member of PSRS has received disability retirement, they are not eligible to elect a distribution under the partial lump sum option plan. This provision is already in the NTRS;

(10) Allows a member's beneficiary, in lieu of receiving any benefit from the retirement system, to elect that the benefits be payable to the deceased member's children;

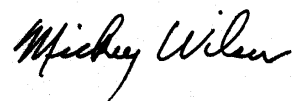
(11) Repeals Section 169.555 dealing with contribution rates. This section is similar to Sections 169.030 and 169.620 and is being removed to prevent confusion; and

(12) Allows the NTRS to establish a qualified governmental excess benefit arrangement plan (QGEBA).

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
Public School Retirement System
Department of Elementary and Secondary Education
Public School Retirement System of St. Louis



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March 14, 2005

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