

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4617-01  
Bill No.: HB 1673  
Subject: Retirement - Local Government; Retirement - Schools; Retirement - State;  
Retirement Systems and Benefits - General; Political Subdivisions  
Type: Original  
Date: January 26, 2018

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Bill Summary: This proposal requires public retirement plans to provide financial information to participants and modifies the criteria for when a public plan is deemed delinquent.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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 2019	FY 2020	FY 2021
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Missouri State Employee's Retirement System (MOSERS)** state that their organization has been providing annual benefit statements to active participants for more than 30 years. Additionally MOSERS' retired members receive a benefit statement each year on the anniversary month of retirement and terminated vested members receive a benefit statement every five years.

The State of Missouri, as the employer, has consistently contributed the full actuarially required contribution to MOSERS as well as the Judicial Retirement Plan.

MOSERS assumes this proposal will have minimal fiscal impact on MOSERS associated with additional benefit statement components.

Officials from the **MoDOT & Patrol Employees' Retirement System (MPERS)** assume if this proposal is enacted, would mandate a number of plan details to be communicated to plan members annually in the annual benefit statement. The proposal also redefines the delinquency status for public plans from less than 60% funded to those that are less than 70% funded and failed to make 100% of the actuarially required contribution for two successive plan years rather than three successive plan years.

These additional reporting requirements would create additional work and cost for providing information that is already available publically should any of our members wish to review the more technical aspects of their retirement system. The fiscal impact on MPERS would be minimal.

Officials from the **Missouri Local Government Employees Retirement System (LAGERS)** state that LAGERS already provides active participants with Annual Benefit Statements that would satisfy a majority of the requirements in the proposal. However, slight modifications to these statements to fully satisfy the requirements of Section 5 would require additional programming that would result in a one-time cost of approximately \$5,000 to the system.

Additionally, should LAGERS take on the administration of a legacy plan with Active Participants, as allowed for in RSMo 70.621, additional cost may be incurred. LAGERS is still in the early phases of implementing legacy administration for plans with active participants. As every legacy plan is unique, additional programming may be required on a case by case basis in the future, borne by the legacy plan. The cost cannot be known at this time.

ASSUMPTION (continued)

Officials from the **County Employees' Retirement System (CERF)** assume this proposal will generate a one time additional cost of \$19,000, primarily involving custom programming and testing of the administrative system to generate the required disclosure data.

Officials from the **Prosecuting and Circuit Attorney's Retirement System (PACARS)**, assume this proposal could potentially increase the administrative expenses of PACARS and other retirement systems of the state. PACARS does not have data to substantiate the amount of additional cost which would result from the additional administrative effort.

Officials from the **Public School & Education Employee Retirement Systems of Missouri (PSRS/PEERS)** states the provisions of this proposal have no substantial fiscal or operational impact on the PSRS/PEERS.

Officials from the **Sheriffs' Retirement System (System)** assume their organization would be required to create a website, or find another way to meet the requirement in section 105.661.5(8). The System does not have any estimate of the cost that would be involved.

Officials from the **Police Retirement System of St. Louis (PRSSTL)** assume the fiscal impact of this proposal is less than \$100,000.

Officials from the **Kansas City Public School Retirement System (KCPSRS)** assume the proposal will have no fiscal impact on their organization. The KCPSRS would work with their member data base provider with existing contract support hours to add the information as stimulated in the proposal to our current active member statements. KCPSRS current member statement has some but not all the proposed data. KCPSRS would deliver the information by communicating to the active participants the steps to access the information electronically.

Officials from the **Police Retirement System of Kansas City (PRSKC)** assume the cost to produce annual pension statements for 1,800 active participants annually cannot be determined. The cost in staff time and materials is likely to be less than \$10,000 per fiscal year.

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

**Oversight** assumes these minimal additional expenses may or may not impact the contribution rate of local political subdivisions to the retirement systems. For fiscal note purposes, Oversight will assume the local political subdivisions will not be impacted by this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

Missouri State Employee's Retirement System  
MoDOT & Patrol Employees' Retirement System  
Missouri Local Government Employees Retirement System  
County Employees' Retirement System  
Prosecuting and Circuit Attorney's Retirement System  
Public School & Education Employee Retirement Systems of Missouri  
Sheriffs' Retirement System  
Police Retirement System of St. Louis  
Kansas City Public School Retirement System  
Joint Committee on Public Employee Retirement

Ross Strobe

A handwritten signature in black ink, appearing to read "Ross Strobe", with a stylized flourish at the end.

Acting Director  
January 26, 2018