

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1026-02  
Bill No.: HCS for HB 334  
Subject: Retirement - State; Retirement Systems and Benefits - General; State Employees  
Type: Original  
Date: March 14, 2005

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**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<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 5 pages.

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

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

**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 with the **Missouri State Employees Retirement System, Missouri Department of Transportation and Department of Labor and Industrial Relations** assume no fiscal impact to their agencies.

Officials with the **Missouri Highway Patrol and Highway Employees and Patrol Retirement System** did not respond.

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

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<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.

DESCRIPTION

This bill changes the laws regarding the Missouri State Employees' Retirement System (MOSERS). The bill:

- (1) Adds language allowing retirement boards to promulgate rules to accommodate changes in the state's payroll system as it relates to the final average compensation for retirement benefit calculation (Sections 104.010.7 and 104.1003(16), RSMo);
- (2) Changes the required hours for an employee to be eligible for benefits from 1,000 hours to 1,040 hours (Section 104.010.1(20));
- (3) Revises the definition of "member" as an employee, retiree, or vested former employee (Section 104.010.1(27));
- (4) Removes cash-out provisions for active employees (Section 104.335);
- (5) Removes language that allows members to purchase contract service (Section 104.344);
- (6) Revises the section allowing a survivor of a deceased member to receive or transfer creditable prior service for determining survivor benefits (Sections 104.378 and 104.1021(13));
- (7) Clarifies that members on long-term disability are to be treated like active employees as it relates to insurance and retirement benefits (Sections 104.410 and 104.1042);
- (8) Requires errors made on a member's or beneficiary's retirement or survivor's benefit calculation be corrected within a 10-year period (Section 104.490);
- (9) Adds language that all retirees of the plans administered by MOSERS, including administrative law judges and legal advisors and judges, who become reemployed into a benefit

DESCRIPTION (continued)

eligible position would terminate their retirement benefits while so employed. Upon re-retirement, an additional annuity would be calculated based on the position held while reemployed. The retirement system that paid the original annuity will be responsible for paying the additional annuity (Section 104.603);

(10) Requires that members purchasing creditable service must apply and complete the purchase prior to applying for retirement benefits (Section 104.606);

(11) Creates an excess benefit plan allowing MOSERS to pay benefits presently subject to Internal Revenue Code 415 limitations (Section 104.607);

(12) Extends the final beneficiary payment provisions to judges and members of the Administrative Law Judges and Legal Advisors' Retirement Plan (ALJLAP) (Section 104.620);

(13) Clarifies language regarding the transfer of service between MOSERS and the Highways and Transportation Employees' and Highway Patrol Retirement System (HTEHPRS) (Section 104.800);

(14) Adds safe harbor provisions for the MOSERS board as it relates to education and advice given to members for retirement planning (Sections 104.1012 and 104.1205.2);

(15) Changes the vesting requirement for service purchase transfers for legislators from two to three full biennial assemblies (Section 104.1021(11)); and

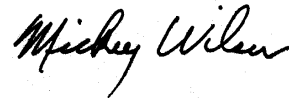
(16) Clarifies that MOSERS can make beneficiary payments to the natural parent or the legal guardian of a minor child until age 18; thereafter, the benefit may be paid to the child until age 21 (Section 104.1030).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement  
Missouri State Employees Retirement System  
Department of Transportation  
Department of Labor and Industrial Relations  
Missouri Highway Patrol  
Highway Employees and Patrol Retirement System



Mickey Wilson, CPA  
Director  
March 14, 2005