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FISCAL IMPACT REPORT

SPONSOR Trujillo **ORIGINAL DATE** 02/24/09
LAST UPDATED 03/09/09 **HB** 826/aHCPAC
SHORT TITLE PERA Survivor Beneficiary Deselection **SB** _____
ANALYST Hoffmann

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		Undetermined				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
State Personnel Office (SPO)

No Response
Public Employees Retirement Association (PERA)
Public Employee Labor Relations Board (PELR)

SUMMARY

Synopsis of HCPAC Amendment

The House Consumer and Public Affairs Committee amendment to House Bill 826 clarifies that “a retired PERA member who is being paid a pension under form of payment B or C with a designated survivor pension beneficiary other than the retired member's spouse or former spouse may exercise a one-time irrevocable option to deselect the designated beneficiary...” (Underline by FIR analyst.)

Synopsis of Original Bill

House Bill 826 authorizes a retired PERA member who has designated a beneficiary to continue receiving half or all the pension after the retiree's death, and is therefore receiving a reduced benefit pursuant to form of payment B (life payments with full continuation to one survivor beneficiary) or C (life payment with one-half continuation to one survivor beneficiary), to exercise a one-time irrevocable option to deselect the designated beneficiary.

The bill allows the retiree to then have future payments made just for the retiree's lifetime pursuant to form of payment A (straight life pension), or designate another beneficiary to receive the reduced-benefit pension under the current form of payment. The current law only allows for a retiree to have payments changed to form of payment A after a divorce.

FISCAL IMPLICATIONS

House Bill 826 makes no appropriations.

SIGNIFICANT ISSUES

House Bill 826 provides for more flexibility of benefit receipt by the designated beneficiary. It allows a one-time irrevocable option to deselect the designated beneficiary.

PERFORMANCE IMPLICATIONS

The State Personnel Office states that House Bill 826 would have no performance implications for their programs.

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