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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/24/12

SPONSOR     Kintigh     LAST UPDATED \_\_\_\_\_ HB     41    

SHORT TITLE     Minimum Age for Legislative Retirement     SB \_\_\_\_\_

ANALYST     Smith    

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	<b>Positive, Significant, but Unknown</b>		Recurring	PERA Plans 1&2

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

#### Responses Received From

Public Employees Retirement Association

### SUMMARY

#### Synopsis of Bill

House Bill 41 establishes a minimum retirement age of 62 years of age for members of State Legislator Member Coverage Plans 1 and 2. Currently no minimum retirement age exists for retirement eligibility under these plans.

**Effective Date:** July 1, 2012,

### FISCAL IMPLICATIONS

A thorough analysis would require an actuarial study. However delaying benefits as proposed would by definition increase the solvency of the plan. The plan's funded ratio (assets/liabilities) is currently estimated at 89.2%

### SIGNIFICANT ISSUES

State Legislator Member Coverage Plan 1 provides pension benefits for legislators who served terms ending on or before December 31, 2002.

In 2003, State Legislator Member Coverage Plan 2 was enacted to provide for optional increased

pension benefits for legislators who served terms ending on or after January 1, 2003. Eligible legislators who had previously enrolled in State Legislator Member Coverage Plan 1 were eligible to purchase prior service credit by making contributions totaling \$500 for each year of earned service credit to enhance benefits on or before December 31, 2003. If a contribution totaling \$500 per year of service was made, State Legislator Member Coverage Plan 2 members would receive an annual pension benefit of 11% of the per diem rate in effect on December 31st of the calendar year the member retires multiplied by 60 and further multiplied by their years of credited legislative service.

State Legislator Member Coverage Plan 2 is applicable to state legislators and lieutenant governors who served terms of offices that ended on or after December 31, 2002. To be covered under State Legislator Member Coverage Plan 2, a legislator or lieutenant governor must elect to be a member no later than 180 days after first taking office.

The age and service requirements for State Legislator Member Coverage Plan are:

1) age 65 or older with 5 years of service credit; 2) age 64 years of age with 8 or more years of service credit; 3) age 63 years and 11 or more years of service credit; 4) age 60 years with 12 or more years of service credit; or 5) any age and 14 or more years of service credit.

The age and service requirements for State Legislator Member Coverage Plan 2 members are: remain as follows: 1) age 65 or older with 5 years of service credit; or 2) any age and 10 or more years of service credit.

SS/amm