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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/27/12

SPONSOR Munoz LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Educational Retirees Returning to Work SB 51

ANALYST Smith

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY12	FY13	FY14		
	(\$6,000.0)	(\$6,125.0)	Recurring	Educational Retirement Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

Senate Bill 51 would amend Section 22-11-25.1 (E) to eliminate the employee contributions that ERB retirees rehired under the Return to Work (“RTW”) Program make to the Educational Retirement Fund (the “Fund”). In addition, SB 51 removes the language that prohibited refunding contributions that ERB retirees make while working under the RTW program. The bill does not affect the required employer contributions that local administrative units (“LAUs”, a/k/a “ERB employers) make to the Fund.

### FISCAL IMPLICATIONS

SB 51 would reduce annual employee contributions to the Fund by an estimated \$6 million in FY 2013 and an estimated \$6.125 million in FY 2014. This estimate is based upon the FY 2012 contributions from ERB retirees received through November 2012, adjusted by 2% per year to account for the combined effect of increases in participation in the RTW program and any possible salary increases.

### SIGNIFICANT ISSUES

The LFC is acutely concerned about the solvency of ERB’s retirement plan. The plan’s funded ratio (assets divided by liabilities) is currently around 62 percent.

SS/amm:svb