

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6174

BILL NUMBER: SB 172

NOTE PREPARED: Feb 11, 2010

BILL AMENDED: Jan 21, 2010

SUBJECT: Return of 1977 Fund Member Contributions.

FIRST AUTHOR: Sen. Becker

FIRST SPONSOR: Rep. Niezgodski

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill allows a member of the 1977 Police Officers' and Firefighters' Pension and Disability Fund to designate one or more beneficiaries to receive the member's contributions plus interest if the member dies without receiving retirement or disability benefits and without a spouse, child, or parent entitled to receive survivor benefits. It provides that, if the member does not designate a beneficiary, the member's contributions and accumulated interest shall be refunded to the member's estate.

The bill specifies that, for purposes of receiving a survivor benefit, a parent is wholly dependent on a member if the member claimed the parent as a dependent on the member's federal income tax return for the year before the year in which the member died.

Effective Date: (Amended) July 1, 2009 (retroactive); Upon passage.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: According to PERF, administrator of the 1977 Police Officers' and Firefighters' Pension and Disability Fund, this type of situation rarely occurs. The actuary for the 1977 Fund has estimated an increase in annual costs of \$55,000 and an increase in unfunded accrued liabilities of \$423,000. There is no increase in annual cost as a percent of pay and no decrease in funded status. The fiscal impact assumes that 3% of the deaths that occur while a member is active and eligible for retirement will occur when the member dies without a spouse, child, or parent entitled to receive survivor benefits.

Explanation of Local Revenues:

State Agencies Affected: PERF as administrators of the 1977 Fund.

Local Agencies Affected:

Information Sources: Kathryn Cimera, Chief Legal Counsel of PERF, 317-234-6222 and Floyd Teamer, Manager of non-PERF funds, 317-234-5307; Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

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