

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 922

PRINTER'S NO. 2227

AMOUNT

\$690 Million Savings

FUND

State Employees Retirement Fund

DATE INTRODUCED

May 15, 2013

PRIME SPONSOR

Senator Brubaker

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 922 amends Title 24 (Education) relating to the Public School Employees' Retirement Code, Title 51 (Military Affairs) relating to military leaves of absence and Title 71 (State Government) relating to the State Employees' Retirement Code. The changes are as follows:

- Provides for all elected officers, when elected, reelected or retained to a new term on or after November 30, 2014 to be automatically enrolled in the new defined contribution (DC) plan. This includes: members of the General Assembly; members of the Judiciary; the Governor; Lieutenant Governor; Attorney General; Auditor General; and Treasurer.
- Members placed in the new DC plan are automatically vested in the existing defined benefit (DB) plan.
- Establishes the new DC plan and provides for it to begin operation January, 1 2016.
- Contributions made by participants enrolled prior January, 1 2016 would be pooled until the new DC plan is operational.
- Contributions made under the new DC plan consist of 6.25% of compensation by participants and 4% of compensation by employers.
- Under the new DC plan, employee contributions vest immediately and 50% of employer contributions vest after 2 years, 75% vest after 3 years and 100% vest after 4 years.
- Service in the existing DB plan will count towards vesting in the new DC plan.

The legislation is scheduled to take effect immediately.

FISCAL IMPACT:

Based on information provided by the Public Employees' Retirement Commission, the enactment of Senate Bill 922 is projected to result in a savings of \$690 million through the end of fiscal year 2052.