

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6349**

**BILL NUMBER: SB 90**

**NOTE PREPARED:** Nov 22, 2002

**BILL AMENDED:**

**SUBJECT:** Teacher pension credit for military service.

**FIRST AUTHOR:** Sen. Craycraft

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill extends from 18 months to 36 months the period in which a member of the Teachers' Retirement Fund (TRF) must return to active teaching service or teacher training after completion of active military service in order for the member to be entitled to credit for the member's military service.

**Effective Date:** July 1, 2003.

**Explanation of State Expenditures:** There are no specific data concerning the number of teachers who would be affected by this change. For illustrative purposes, it is assumed that 150 male teachers would be affected by this change, with an average of 2 years of military service each. The additional liability generated would be approximately \$725,000. The actual increase in annual payout cost will depend upon the number of teachers affected, their military service, their age, and accrued TRF service characteristics. The fund affected is the State General Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** There are no specific data concerning the number of teachers who would be affected by this change. For illustrative purposes, it is assumed that 150 male teachers would be affected by this change, with an average of 2 years of military service each. The 1996 TRF Plan (New Plan) is actuarially funded with a level percent of payroll, currently 9%. It is unlikely that the provisions of this proposal will increase the level percent of payroll.

**Explanation of Local Revenues:**

**State Agencies Affected:** Teachers' Retirement Fund.

**Local Agencies Affected:** School corporations.

**Information Sources:** Gabriel Roeder Smith & Co., actuaries for TRF, 1-800-521-0498.

**DEFINITION**

**Actuarial Funding Method:** Any of several techniques that actuaries use in determining the amounts and incidence of employer contributions to provide for pension benefits.

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