

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7139

BILL NUMBER: HB 1569

NOTE PREPARED: Jan 17, 2009

BILL AMENDED:

SUBJECT: Supplemental Benefit for 1987 State Police Fund.

FIRST AUTHOR: Rep. Tincher

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT:

Summary of Legislation: This bill: (1) provides annually for a supplemental benefit (computed using the Consumer Price Index (United States city average) prepared by the United States Department of Labor) for retired members of the State Police 1987 Benefit System whose basic monthly pension amount is less than the basic monthly pension amount payable to a retired State Police employee in the grade of a trooper who has completed 25 years of service as of July 1 of that year; (2) appropriates annually to the State Police Department from the state General Fund an amount sufficient to pay the supplemental benefits.

Effective Date: Upon passage.

Explanation of State Expenditures: The estimated impact is shown in the table below.

	Fiscal Impact
Unfunded Actuarial Accrued Liability	\$33,670,000
Annual Funding	\$3,730,000
Annual Funding as % of 1 st Class Salaries	5.7%
Funded Status	(6.3%)

The funds affected for the State Police are the state General Fund (50%), or \$1,865,000, and the Motor Vehicle Highway Account (50%), or \$1,865,000. The respective funds equally support the State Police Pension system.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Police.

Local Agencies Affected:

Information Sources: Doug Todd of McCready & Keene, Inc., actuaries for PERF, 317-576-1508.

Fiscal Analyst: James Sperlik, 317-232-9866.

DEFINITIONS

Funding - A systematic program under which assets are set aside in amounts and at times approximately coincident with the accruing of benefit rights under a retirement system.

Unfunded Actuarial Liability - Sometimes called the unfunded liability of a retirement system at any time is the excess of its actuarial liability at that time over the value of its cash and investments.