Fiscal Note & Local Impact Statement

122 nd General Assembly of Ohio

BILL: **Sub. H.B. 239 (LSC 122 0649-2)** DATE: **January 6, 1998**

STATUS: **In House Retirement Subcommittee** SPONSOR: **Rep. Tavares**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Survivor benefits to children of deceased members of PERS, STRS, and SERS who were required to pay child support**

State Fiscal Highlights

STATE FUND	FY 1998	FY 1999	FUTURE YEARS
PERS, STRS, and SERS			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Small increase – absorbed within current rate structure	Small increase – absorbed within current rate structure

- A designated beneficiary would not be permitted to elect a refund of a deceased member's accumulated contributions if there are qualifying dependents for whom the deceased member was paying child support. Costs to cover benefits in PERS, STRS, and SERS would be absorbed within the current rate structures.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill provides for payment, under certain circumstances, of survivor benefits to children of a deceased member of the Public Employees Retirement System, State Teachers Retirement System, or the School Employees Retirement System who was required to pay child support. The bill would require PERS, STRS, SERS, and PFDPF to obtain the written consent of the member's spouse if the member elects to receive certain retirement benefits under the respective retirement system.

Survivor Benefits to Children under a Child Support Order

According to the PERS actuary, based on the present cost of survivor benefits and the fact that payments to eligible children represent less than 10% of the total, the overall financial effect would be less than .01% (.0001) of covered payroll. Covered payroll is approximately $7.9 billion as of 12/31/95. Therefore, the estimated fiscal effect would be approximately $790,000 ($7.9 billion x .0001). Neither the amount of nor the funding period for unfunded actuarial accrued liabilities would be affected. The current rate structure would not need to be changed.

The actuarial reports for STRS and SERS also project that this legislation would have a negligible financial impact on the systems and would not require a change in the current rate structure.

Obtain Written Consent

There does not appear to be any actuarial significance to the requirement for obtaining written consent from the member's spouse.

❑ *LBO staff: Joni Leone, Budget/Policy Analyst*

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