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FISCAL ANALYSIS

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HOUSE BILL 5114

Sponsor: Rep. Samuel (Buzz) Thomas

House Committee: Appropriations

ENROLLED ANALYSIS - 4/12/02

Analyst(s): Al Valenzio

SUMMARY

Amends the Legislative Retirement System Act to refer to the (new) Public Employee Benefit Protection Act and allows the creation of an Arrangement and Fund to pay pension benefits to members that exceed Internal Revenue Code limits.

A member's pension benefit will be protected from bankruptcy/insolvency laws, garnishment, attachment, or execution under this Act. Member includes a retiree, deferred vested member, designated beneficiary, and refund beneficiary.

An Arrangement and Fund allows a retirement system to pay the earned pension benefit to an individual even if that annuity exceeds the maximum annuity allowed by Section 415 of the Internal Revenue Code. These assets are held separately and are not considered pension system assets.

STATE FISCAL IMPACT

Indeterminate. It is unknown if the retirement system will, or needs to, create an Arrangement and Fund.

LOCAL FISCAL IMPACT

None.