

**COMMONWEALTH OF KENTUCKY STATE FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2017 REGULAR SESSION**

MEASURE

2017 BR NUMBER **1367**

HOUSE BILL NUMBER **186**

RESOLUTION NUMBER _____

AMENDMENT NUMBER _____

SUBJECT/TITLE **An ACT relating to survivor benefits in the Kentucky Teachers' Retirement System.**

SPONSOR **Representative Rick Nelson**

NOTE SUMMARY

FISCAL ANALYSIS: IMPACT NO IMPACT INDETERMINABLE IMPACT

LEVEL(S) OF IMPACT: STATE LOCAL FEDERAL

BUDGET UNIT(S) IMPACT: **Teachers' Retirement System**

FUND(S) IMPACT: GENERAL ROAD FEDERAL RESTRICTED AGENCY _____ OTHER

FISCAL SUMMARY

FISCAL ESTIMATES	2016-2017	2017-2018	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES			
EXPENDITURES			Indeterminable
NET EFFECT			(Indeterminable)

() indicates a decrease/negative

MEASURE'S PURPOSE: HB 186 allows widows or widowers of deceased active members of the Teachers' Retirement System to continue to collect their survivor's benefit if they remarry.

PROVISIONS/MECHANICS: The bill amends KRS 161.520 to define widow or widower as person who was married to the deceased member for at least five years. It also deletes current language that ends the survivor's benefit to a widow or widower upon remarriage.

FISCAL EXPLANATION: Although an actuarial analysis has not yet been prepared on this measure, one was prepared in the 2016 Session for HB 172, the text of which was identical. At that time, TRS identified 459 widows or widowers whose potential remarriage would terminate their survivor's benefit. These individuals were at the time receiving total benefits of \$5,775,648.72 per year. However, TRS identified only two individuals who lost benefits due to existing statute, at a cost of \$9,161.76. Although there is expected variance in the number of

remarriages from year to year, the annual increased cost in benefits can be expected to fall in this general range of \$5,000-\$10,000.

This increased cost of benefits is part of the assumptions used to calculate the actuarially required contribution (ARC) that TRS submits as part of its biennial budget request. However, due to uncertainty regarding many factors in the calculation, particularly the expected longevity of the survivors, it is indeterminable what the actuarial impact of this factor would be.

The 2016 Budget Bill appropriated a significant portion of the ARC in general fund moneys in each year of the biennium. Therefore, it is assumed that any impact would be to the general fund. However, future General Assemblies may choose a different way to fund the ARC that would affect other fund sources.

DATA SOURCE(S): Teachers' Retirement System, LRC Staff

PREPARER: Chuck Truesdell NOTE NUMBER: 93 REVIEW: JRS DATE: 2/22/2017