



# HOUSE BILL 1055: Retirement Complexity Reduction Act of 2018.

2017-2018 General Assembly

<b>Committee:</b> Senate Rules and Operations of the Senate	<b>Date:</b> June 14, 2018
<b>Introduced by:</b> Reps. Collins, Ross, Dulin, McNeill	<b>Prepared by:</b> Tawanda N. Foster
<b>Analysis of:</b> Fourth Edition	Staff Attorney

**OVERVIEW:** *House Bill 1055 makes various administrative and programmatic changes to the laws relating to the State Treasurer, to the Teachers' and State Employees' Retirement System (TSERS), to the Local Government Employees' Retirement System (LGERS) laws, to the State Health Plan for Teachers and State Employees (SHP), and to other related statutes.*

### BILL ANALYSIS:

**Sections 1.(a)-1.(f)** clarifies that actuarial factors selected by the Board of Trustees do not require rule-making and the anti-pension spiking benefit cap factor set by Board of Trustees is an actuarial factor.

**Section 2.(a)-2.(f)** clarifies the provision requiring chief financial officers of participating employers to transmit a copy of pension spiking "watch reports" to chief executive officers and governing boards means if an agency has a governing board, the report must be transmitted to that board.

This section further provides for purposes of transmitting this report to the agency's governing board, the information contained therein is to be treated as a confidential retirement record as if it were still held by the Retirement System.

**Section 3.** provides a local government unit's election to participate in the SHP is irrevocable.

**Section 4.** allows the Department of State Treasurer to obtain criminal background checks on employees and contractors.

**Section 5.(a)-5.(k)** rewrites 37 service purchase provisions in TSERS, LGERS, CJRS, and LRS.

This section also requires a member be an active employee to purchase service and limits the amount of purchases to five years of credit. In addition, restrictions on payment sources are lifted.

**Section 6.(a)-6.(b)** closes three of the seven current benefit payment options to members who retire on or after January 1, 2019. The three payment options being closed are:

- Option 4: Social Security Leveling;
- Option 6-2: Modified Joint & Survivor – 100% for named beneficiary with pop-up to maximum allowance if beneficiary predeceases the member; and
- Option 6-3: Modified Joint & Survivor – 50% for named beneficiary with pop-up to maximum allowance if beneficiary predeceases the member.

**Section 7** amends House Bill 977 (if it becomes law) to create a 5 year sunset on withdrawal payment plans and super-priority liens for charter schools in Section 3.(a) of that bill.

**EFFECTIVE DATE:** Except as otherwise provided, the act would be effective when it becomes law.

Karen Cochrane-Brown  
Director



Legislative Analysis  
Division  
919-733-2578