2015-2016 General Assembly

HOUSE BILL 1030: 2016 Appropriations Act, Sec. 36.23: Qualified Excess Benefit Arrangement (QEBA)

Committee:		**Date:**	August 3, 2016
Introduced by:		**Prepared by:**	Theresa Matula Legislative Analyst
Analysis of:	Sec. 36.23 of S.L. 2016-94		

OVERVIEW: Sec. 36.23 of S.L. 2016-94 amends the Qualified Excess Benefit Arrangement (QEBA) laws for the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS) to provide that the last employer of a payee who retires on or after August 1, 2016, and who receives any supplemental benefit payment under the QEBA arrangement, is required to reimburse the QEBA in the amount of any supplemental payment made to the payee. The reimbursement will be calculated on an annual basis every calendar year and the Board of Trustees is permitted to include a pro rata share of direct costs attributable to the administration of the QEBA. The employer has 60 days from the date of notification to pay the amount owed and will be assessed a penalty of 1% per month, or fraction thereof, when the payment is made beyond the due date. The sunset of eligibility to participate in the QEBA is amended to provide that no member of TSERS and LGERS who became a member of the Retirement System on or after January 1, 2015, is eligible to participate in the QEBA and prohibits both Retirement Systems from paying any new member more retirement benefits than allowed under the limitations of section 415(b) of the Internal Revenue code.

This section became effective July 1, 2016.