



HOUSE BILL 277: Retirement Administrative Changes Act of 2015

2015-2016 General Assembly

Committee:

Introduced by:

Analysis of: S.L. 2015-164

Date:

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Staff Attorney

SUMMARY: *S.L. 2015-164 makes various changes to the laws governing the administration of the State's public employee retirement systems.*

This act became effective October 1, 2015.

BILL ANALYSIS:

Section 1. Changes the appointment and terms of members of the Supplemental Retirement Board of Trustees. The act terminates the terms of all present members of the board effective June 30, 2016. New appointments will be made to insure that the terms are staggered to maintain continuity on the board. The length of each term is extended from two to three years. This provision also sets limits on the number of consecutive terms a member can serve.

Section 2. Authorizes the Department of State Treasurer to operate or contract to operate food or vending services at the Treasurer's office. The net proceeds of any revenue generated by these services will be credited to the Division of Services for the Blind of the Department of Health and Human Services.

Section 3. Clarifies that investments that the State Treasurer is allowed to make for excess funds from the special funds listed in the statute may also be made through registered investment companies, individual, common, or collective trust funds of banks and trust companies, group trusts and limited partnerships, limited liability companies or other limited liability investment vehicles that invest primarily in investments authorized in the statute.

The section also increases the amount the State Treasurer may authorize a State agency to exempt from the requirement of daily deposit into the banking system from \$250 to \$5,000.

Section 4. Amends the definition of the term "Retirement" in the Teachers' and State Employees' Retirement System to clarify that volunteering in positions normally designated as unpaid bona fide volunteer positions during the six months immediately following retirement is not service.

Section 5. Authorizes the Boards of Trustees of the Teachers' and State Employees' Retirement System and the Local Governmental Employees' Retirement System to direct employers to submit needed information on a monthly basis. The provision also states that submission of the information by the employer constitutes a certification of its accuracy.

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Section 6. Amends the laws governing payments due from employers under the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System and payments due from local school administrative units to provide that if the employer fails to submit required payments within 90 days, the Board can collect delinquent payments by interception of State appropriations due the employer. Upon notification from the Board of Trustees of the default, the Office of State Budget and Management must withhold an amount equal to the amount due to the Retirement System from any State appropriations due to the employer and transmit the amount to the Retirement System.

Section 7. Amends the Administrative Procedure Act to create an exception under the periodic review and expiration existing rules process. Currently if an agency fails to review and readopt an existing rule as required by law, the rule will automatically expire. This provision creates an exception for rules deemed by the Board of Trustees of the Retirement Systems to protect inchoate or accrued rights of retirement system members. This provision does not relieve the Retirement System Division of the duty to review and readopt its rules.

Section 8. Adds three new definitions to the law governing the Local Governmental Employees' Retirement System. The provision defines "regularly employed" as employment in a position for which the duties require at least 1000 hours of work in a calendar year, but does not include temporary or statutorily required interim employees. "Temporary employment is defined as employment for a limited term which does not exceed 12 months on a non-recurring basis. "Statutorily-required interim employment" means employment as an interim city or county manager for a period that does not exceed 12 months on a nonrecurring basis.

Section 9. Creates an exemption from the State Human Resources Act for employees of the Department of State Treasurer who possess specialized skills or knowledge necessary for the proper administration of the Supplemental Retirement Plans. The State Treasurer is authorized to establish market-oriented compensation plans, including salaries and performance related bonuses for these employees.

Section 10. Amends the laws of the Teachers' and State Employees' Retirement System, the Local Governmental Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System to require that a member's contributions must be paid or retirement benefit must begin by April 1 of the year following the year in which the member reaches age 70 1/2 or ceases to be an employee, whichever is later. This is an IRS-mandated provision.

Section 11. Lessens the financial penalty for a retiree who returns to work during the six months immediately following retirement. The member can either be deemed to have retired the month after the month the member performed services for the employer and repay all retirement benefits received until that date or make a lump sum payment to the Retirement System equal to three times the compensation earned during the six month period.

EFFECTIVE DATE: This act became effective October 1, 2015.