

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **HB 4532**

February 11, 2016

SPONSOR (S): Nekritz

SYSTEM(S): SURS

FISCAL IMPACT: According to the State Universities Retirement System, over the past 10 years, only 517 (3.6%) of 14,232 SURS members who participated in the Self-Managed Plan failed to direct investments of their employee and employer contributions and were automatically registered to a default investment alternative. A default investment alternative has been provided by the SURS Board of Trustees since the SMP was enacted on January 1, 1998. Therefore, there is no discernible fiscal impact associated with HB 4532.

SUBJECT MATTER: HB 4532 clarifies that SURS must inform a participant in the SMP to direct the investment of employee and employer contributions into one or more investment options offered by SURS at his or her initial retirement selection time. If a participant fails to do so, a participant's employee and employer contributions are required to invest in a default investment fund that shall be deemed to have been made by a participant. A participant has the right to transfer his or her account balances out of a default investment fund during time period designated by SURS.

COMMENT: This bill was originated by SURS to clarify existing law to indicate historical and current practices and to strengthen transparency based on information received from SURS.

JB:dkb

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