

COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

100TH GENERAL ASSEMBLY

BILL NO: **HB 0449**

February 2, 2015

SPONSOR (S): Ives

SYSTEM(S): TRS

FISCAL IMPACT: HB 0449 would have no fiscal impact on TRS, but rather on teachers whose school districts currently engage in the practice of paying employee contributions to TRS on their behalf. It is unknown how many school districts make employee contributions on behalf of teachers.

SUBJECT MATTER: HB 0449 amends the TRS article of the Pension Code to prohibit employers from making contributions on behalf of teachers, with the exception of allowing the teacher/member the ability to make pre-tax contributions.

COMMENT: Currently, the TRS article of the Pension Code allows employers (school districts and the State Board of Education) to “pick up” employee contributions, such that they are treated as employer contributions in determining tax treatment under the US Internal Revenue Code. HB 0449 provides that after the effective date of this Amending Act, no employer shall pay employee contributions on behalf of an employee, except for the sole purpose of allowing the employee to make pre-tax contributions to TRS. The bill states that the foregoing prohibition does not apply to employment contracts or collective bargaining agreements that are in effect on the effective date of this bill. However, this prohibition on employers making employee contributions on behalf of teachers would impact contracts or agreements that are modified, amended, or renewed more than 3 years after the effective date of this bill.

DH:dkb

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