COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

102nd GENERAL ASSEMBLY

BILL NO: **HB 4321**   January 7, 2022

SPONSOR (S):   Halpin

SYSTEM(S):   SURS

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FISCAL IMPACT: SURS says that HB 4321 clarifies the system's authority to recover overpaid pension amounts in instances that do not result from a mistake in benefit calculation. The system says that the bill would enshrine into law its longstanding statutory interpretation of its powers in this area. There is no discernible fiscal impact associated with HB 4321.

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SUBJECT MATTER: HB 4321 amends the SURS Article of the Pension Code to address situations in which overpayments of pension benefits may be recovered by the retirement system, and situations in which overpayments need not be recovered but merely corrected going forward.

COMMENT: Under the SURS Article of the Pension Code, the State Universities Retirement System is granted certain powers to correct mistakes in pension benefits. HB 4321 is concerned with correcting overpayments of annuities.   Current law states that if the amount of the benefit was mistakenly set too high, and the error was undiscovered for 3 years or longer, and the error was *not* the result of incorrect information by the annuitant, then upon discovery of the mistake, the benefit will be adjusted to the correct level, with no repayment of the excess annuity required.   HB 4321 amends the SURS article to stipulate that if the overpayment mistake did not arise from information omitted by the annuitant, then the aforementioned "hold harmless" benefit correction will be made – i.e., no repayment of an overpaid annuity would be necessary.

HB 4321 further provides that if the overpayment has occurred for any reason other than the aforementioned situations, then the System may recover the overpayment plus interest at the actuarially assumed rate either directly or by deducting such amount from future payments. The system would also be empowered to seek repayment from a deceased recipient's estate, or by any other means available to the System.

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