



## Commission on Government Forecasting and Accountability

### **PENSION IMPACT NOTE** *103<sup>RD</sup> General Assembly*

**BILL NO:** SB 1243

February 10, 2023

**SPONSOR (S):** Rose

**SYSTEM:** State Universities Article

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#### **FISCAL IMPACT**

**The fiscal impact of SB 1243 is not known, as the number of police officers who would be eligible for the new line-of-duty benefits established in this bill is not known. As of June 30, 2022, there are 659 police officers covered under SURS. To the extent that the fund would have to pay additional pension benefits to police officers who are disabled in the line of duty, there would be a negative impact on the pension fund.**

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**SUBJECT MATTER:** SB 1243 amends the State Universities article of the Pension Code. The bill provides for the creation of a “line of duty” disability annuity that provides disability benefits to police officers who are unable to continue work as a police officer due to physical or mental disability caused by performance of police work.

**COMMENT:** Under current law, a member of SURS may be granted a disability benefit if: (1) while a participating employee, he or she becomes physically or mentally incapacitated and unable to perform the duties of his or her assigned position for any period exceeding 60 days; and (2) the employee had completed 2 years of service at the time of disability, unless the disability is a result of an accident. The current disability benefits are the same for both Tier 1 and Tier 2 police officers.

Current SURS disability benefits are equal to the greater of: (1) 50% of the basic compensation at the time of disablement, or (2) 50% of the participant's average earnings during the 24 months immediately preceding the month in which disability occurs. Disability benefits are subject to a 3% annual increase. Disability benefits shall decrease to 35% of the basic compensation earned at disablement if total benefits reach 50% of the total compensation earned while employed under SURS, and if still disabled. Disability benefits are discontinued if the participant is no longer

disabled, if the participant dies, after the participant's 70<sup>th</sup> birthday (if benefits began before the age of 65) or after five years (if benefits began after the age of 65).

*Note - SB 1243 does not add a separate duty death benefit for police officers apart from what is granted to all SURS members under current law. Currently, if a member dies before retirement and has no qualifying survivors, the member's named beneficiary(ies) will receive: (1) the member's total retirement contributions and interest, (2) a lump sum of \$2,500 shared, and (3) an amount equal to the member's average annual earnings up to \$5,000. If a member dies before retirement and has qualifying survivors, the qualifying survivors will receive an amount dependent on the years in service prior to death and the survivors' relation to the employee. Benefits are the same regardless of whether the death was caused by performance of their job or not.*

SB 1243 amends the SURS article of the Pension Code. The bill would create a "line of duty" disability annuity that would apply to police officers disabled as a result of the performance of an act of duty, and whose disability leads to the inability to continue his or her duties as a police officer. This bill applies to past, current, and future police officers that meet these criteria (meaning those members already on disability would be entitled to a re-calculation of benefits).

The new line-of-duty disability annuity shall be equal to the greater of: (1) 65% of the salary attached to the rank on the police force held by the officer at the date of suspension of duty or retirement; or (2) the retirement annuity that the police officer would be eligible to receive if he or she retired (but not including any automatic annual increase in that retirement annuity). If the police officer dies while still disabled, the annuity will continue to be paid to his or her survivors. Line of duty disability benefits shall be discontinued if the participant is no longer disabled. These changes would affect Tier 1 and Tier 2 police officers equally.

GR:bs

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