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## FISCAL IMPACT REPORT

SPONSOR Munoz ORIGINAL DATE 2/1/22  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_  
 SHORT TITLE Retirees Returning to Work SB 172  
 ANALYST Jorgensen

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY22	FY23	FY24		
	Unknown	Unknown	Recurring	Educational Retirement

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates House Bill 73, relates to House Bill 50, PERA retirees returning to work

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Educational Retirement Board (ERB)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

Senate Bill 172 (SB172) adds a new section to the Educational Retirement Act to allow a retired ERB member to return to work with an ERB-affiliated employer without suspending their pension benefit. The returning employee could work for up to 36 consecutive or nonconsecutive months so long as the returning employee has not worked for an ERB-affiliated employer for 90 days prior to re-employment.

### FISCAL IMPLICATIONS

SB172 may increase fund liabilities by providing an incentive for early retirement. Currently, an employee must wait 12 months before returning to employment with an ERB-affiliated employer. Under the provisions of SB172, the employee would only have to wait 90 days. This may induce retirement-eligible employees to retire and then return to work. Shortening the career and lowering the average age of pension recipients lengthens the time a benefit must be paid

thereby reducing overall pension funding. The actual impact to the fund is very likely to be negative, but the extent of the reduction in pension funding is unknown because it is not possible to determine how this provision may affect employee decisions to retire.

ERB estimates that 7,628, or 12.9 percent, of the current active ERB employees are retirement-eligible.

#### **ADMINISTRATIVE IMPLICATIONS**

ERB would have to modify IT systems to allow the agency to enforce the 36-month limit on RTW retirement.

#### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

Duplicates House Bill 73.

House Bill 50 creates similar RTW provisions for retirees covered under and returning to work for a PERA-affiliated employer. However, HB50 reduces the incentive for early retirement by stating that only those who were retired as of December 31, 2021 would be eligible to return to work under the provisions of the bill. These eligibility criteria take away the early retirement incentive by preventing current workers from retiring in order to double-dip.

CJ/rl/al