



February 21, 2020

SUMMARY OF ORIGINAL BILL: Authorizes local governments participating in the Tennessee Consolidated Retirement System (TCRS) to adopt a mandatory age of retirement for emergency medical services (EMS) personnel.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Expenditures – Up to \$68,302,000/FY20-21/Permissive

SUMMARY OF AMENDMENT (014586): Deletes all language after the enacting clause. Grants eligibility to EMS personnel retiring after 25 years of service to receive benefits computed as an actuarial equivalent of the retirement allowance that would have been payable under a service retirement allowance.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Other Fiscal Impact – Shifts of payments for local retirement benefits from later years to earlier years. The extent and timing of such benefit payment shifts cannot be determined for they are dependent upon unknown factors. However, the net overall impact on local retirement plan liability is not significant due to accelerated benefit payments for formative years being offset by equal and reduced benefit payments in later years.

Assumptions for the bill as amended:

- Increasing early retirement options for EMS personnel will result in a shift in the overall payment pattern of retirement benefits for EMS personnel.
- The precise shift in timing and magnitude of any EMS personnel retirement cannot be reasonably determined.
- Retirement benefits for early retirees will be reduced to the actuarial equivalent resulting in the total benefit collection in a lifetime to be unchanged; however, local expenditures for retirement payments will shift to earlier dates than what would be incurred under the current retirement benefit payment pattern. Future local expenditures for retirement benefits for the applicable early retirees will decrease as these retirees will be receiving the reduced benefit amount in future years.

- The net overall impact to the liability of local retirement plans is estimated to be not significant.
- Certain insurance premiums can currently be withheld from retirement benefit payments when a retiree is covered by an insurance plan. Authorizing local governments to require premium payments will result in a net impact that is not significant.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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