

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1752 - HB 1801

February 5, 2020

SUMMARY OF BILL: Grants eligibility to a correctional officer 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.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Shifts of payments for 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 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:

- The proposed legislation will go into effect January 1, 2021.
- Increasing early retirement options for correctional officers will result in a shift in the overall payment pattern of retirement benefits for correctional officers.
- The precise shift in timing and magnitude of any correctional officers' 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.
- According to the Department of Treasury no costs have been tracked in association with changes pertinent to Public Chapter 362 of Public Acts 2019, which granted service retirement upon completion of 25 years of creditable service to police officers and firefighters. The Fiscal Review Committee staff cannot confirm that any such costs have been incurred. Therefore, it is assumed that any costs associated with the proposed legislation would be absorbable within existing Department staff and resources.

CERTIFICATION:

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

Handwritten signature of Krista Lee Carsner in black ink.

Krista Lee Carsner, Executive Director

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