

March 11, 2011

The Honorable Mitch Holmes, Chairperson
House Committee on Pensions and Benefits
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Mitch Holmes:


SUBJECT: Fiscal Note for HB 2356 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2356 is respectfully submitted to your committee.

Under current law, when a KPERS retiree returns to work for the same employer from which he or she retired, the retiree's annual earnings from that employer are limited to \$20,000. Upon reaching that threshold, the retiree must either stop working to continue to receive KPERS retirement benefits, or continue working and have KPERS benefit payments suspended for the remainder of the calendar year. HB 2356 would increase the annual earnings limitation to \$25,000, beginning in calendar year 2012.

According to KPERS, the fiscal effect of increasing the earnings limitation from \$20,000 to \$25,000 would be the result of changing the retirement behavior of KPERS members in future years to retire earlier than without the enactment of HB 2356. The agency indicates that the earnings limitation increase by itself would not be expected to motivate significant retirement behavior changes by KPERS members. Any fiscal effect on the retirement system would be expected to be negligible for those KPERS members who would choose to retire earlier based upon a higher earnings limitation.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Faith Loretto, KPERS