

AN ACT

To amend chapters 104 and 476, RSMo, by adding thereto eight new sections relating to retirement.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

Section A. Chapters 104 and 476, RSMo, are amended by adding thereto eight new sections, to be known as sections 104.1091, 104.1500, 104.1502, 104.1504, 104.1506, 476.521, 476.527, and 476.529, to read as follows:

104.1091. 1. Notwithstanding any provision of the year 2000 plan to the contrary, each person who first becomes an employee on or after January 1, 2011, shall be a member of the year 2000 plan subject to the provisions of this section.

2. A member's normal retirement eligibility shall be as follows:

(1) The member's attainment of at least age sixty-seven and the completion of at least ten years of credited service; or the member's attainment of at least age fifty-five with the sum of the member's age and credited service equaling at least ninety; or, in the case of a member who is serving as a uniformed member of the highway patrol and subject to the mandatory retirement provisions of section 104.081, such member's attainment of at least age sixty or, the attainment of at least age fifty-five with ten years of credited service;

(2) For members of the general assembly, the member's attainment of at least age sixty-two and the completion of at least three full biennial assemblies; or the member's attainment

of at least age fifty-five with the sum of the member's age and credited service equaling at least ninety;

(3) For statewide elected officials, the official's attainment of at least age sixty-two and the completion of at least four years of credited service; or the official's attainment of at least age fifty-five with the sum of the official's age and credited service equaling at least ninety.

3. A vested former member's normal retirement eligibility shall be based on the attainment of at least age sixty-seven and the completion of at least ten years of credited service.

4. A temporary annuity paid pursuant to subsection 4 of section 104.1024 shall be payable if the member has attained at least age fifty-five with the sum of the member's age and credited service equaling at least ninety; or in the case of a member who is serving as a uniformed member of the highway patrol and subject to the mandatory retirement provisions of section 104.081, the temporary annuity shall be payable if the member has attained at least age sixty, or at least age fifty-five with ten years of credited service.

5. A member, other than a member who is serving as a uniformed member of the highway patrol and subject to the mandatory retirement provisions of section 104.081, shall be eligible for an early retirement annuity upon the attainment of at least age sixty-two and the completion of at least ten years of credited service. A vested former member shall not be eligible for early retirement.

6. The provisions of subsection 6 of section 104.1021 and section 104.344 as applied pursuant to subsection 7 of section

104.1021 and section 104.1090 shall not apply to members covered by this section.

7. The minimum credited service requirements of five years contained in sections 104.1018, 104.1030, 104.1036, and 104.1051 shall be ten years for members covered by this section. The normal and early retirement eligibility requirements in this section shall apply for purposes of administering section 104.1087.

8. A member shall be required to contribute four percent of the member's pay to the retirement system, which shall stand to the member's credit in his or her individual account with the system, together with investment credits thereon, for purposes of funding retirement benefits payable under the year 2000 plan, subject to the following provisions:

(1) The state of Missouri employer, pursuant to the provisions of 26 U.S.C. section 414(h) (2), shall pick up and pay the contributions that would otherwise be payable by the member under this section. The contributions so picked up shall be treated as employer contributions for purposes of determining the member's pay that is includable in the member's gross income for federal income tax purposes;

(2) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of pay to a member. A deduction shall be made from each member's pay equal to the amount of the member's contributions picked up by the employer. This deduction, however, shall not reduce the member's pay for purposes of computing benefits under the retirement system pursuant to this chapter;

(3) Member contributions so picked up shall be credited to a separate account within the member's individual account so that the amounts contributed pursuant to this section may be distinguished from the amounts contributed on an after-tax basis;

(4) The contributions, although designated as employee contributions, shall be paid by the employer in lieu of the contributions by the member. The member shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the retirement system;

(5) Interest shall be credited annually on June 30 based on the value in the account as of July 1 of the immediately preceding year at a rate of four percent. Interest credits shall cease upon termination of employment if the member is not a vested former member. Otherwise, interest credits shall cease upon retirement;

(6) A vested former member or a former member who is not vested may request a refund of his or her contributions and interest credited thereon. If such member is married at the time of such request, such request shall not be processed without consent from the spouse. Such member is not eligible to request a refund if such member's retirement benefit is subject to a division of benefit order pursuant to section 104.1051. Such refund shall be paid by the system after ninety days from the date of termination of employment or the request, whichever is later, and shall include all contributions made to any retirement plan administered by the system and interest credited thereon. A vested former member may not request a refund after such member

becomes eligible for normal retirement. A vested former member or a former member who is not vested who receives a refund shall forfeit all the member's credited service and future rights to receive benefits from the system and shall not be eligible to receive any long term disability benefits; provided that any member or vested former member receiving long term disability benefits shall not be eligible for a refund. If such member subsequently becomes an employee and works continuously for at least one year, the credited service previously forfeited shall be restored if the member returns to the system the amount previously refunded plus interest at a rate established by the board;

(7) The beneficiary of any member who made contributions shall receive a refund upon the member's death equal to the amount, if any, of such contributions less any retirement benefits received by the member unless an annuity is payable to a survivor or beneficiary as a result of the member's death. In that event, the beneficiary of the survivor or beneficiary who received the annuity shall receive a refund upon the survivor's or beneficiary's death equal to the amount, if any, of the member's contributions less any annuity amounts received by the member and the survivor or beneficiary.

9. The employee contribution rate, the benefits provided under the year 2000 plan, and any other provision of the year 2000 plan with regard to members covered under this section may be altered, amended, increased, decreased, or repealed, but only with respect to services rendered by the member after the effective date of such alteration, amendment, increase, decrease,

or repeal, or, with respect to interest credits, for periods of time after the effective date of such alteration, amendment, increase, decrease, or repeal.

10. For purposes of members covered by this section, the options under section 104.1027 shall be as follows:

Option 1. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-eight and one half percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of three-tenths of one percent for each year the retiree's age is younger than age sixty-seven years; and if the beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of three-tenths of one percent for each year of age difference; and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an increase of three-tenths of one percent for each year of age difference; provided, after all adjustments the option 1 percent cannot exceed ninety-four and one quarter percent. Upon the retiree's death, fifty percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 2. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-one percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of four-tenths of one percent for each year the retiree's age is younger than sixty-seven years; and if

the beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of five-tenths of one percent for each year of age difference; and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an increase of five-tenths of one percent for each year of age difference; provided, after all adjustments the option 2 percent cannot exceed eighty-seven and three quarter percent. Upon the retiree's death one hundred percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 3. A retiree's life annuity shall be reduced to ninety-three percent of the annuity otherwise payable. If the retiree dies before having received one hundred twenty monthly payments, the reduced annuity shall be continued for the remainder of the one hundred twenty-month period to the retiree's designated beneficiary provided that if there is no beneficiary surviving the retiree, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620. If the beneficiary survives the retiree but dies before receiving the remainder of such one hundred twenty monthly payments, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620.

Option 4. A retiree's life annuity shall be reduced to eighty-six percent of the annuity otherwise payable. If the retiree dies before having received one hundred eighty monthly payments, the reduced annuity shall be continued for the remainder of the one hundred eighty-month period to the retiree's

designated beneficiary provided that if there is no beneficiary surviving the retiree, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620. If the beneficiary survives the retiree but dies before receiving the remainder of such one hundred eighty monthly payments, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620.

11. The provisions of subsection 6 of section 104.1024 shall not apply to members covered by this section.

104.1500. 1. For the purpose of managing the investment of assets of the retirement systems established by this chapter and any systems authorized by section 104.1502, there is hereby created and established an investment board, the "board", which shall be a body corporate and an instrumentality of the state, which shall be under the management and control of a board of trustees herein described, which shall be known as the "Missouri State Retirement Investment Board". The board shall be vested with the powers and duties specified in sections 104.1500 to 104.1506 and such other powers as may be necessary or proper to enable it, its officers, employees, and agents to carry out fully and effectively all the purposes of sections 104.1500 to 104.1506.

2. The board shall not provide investment oversight or accept responsibility for managing any assets until both the board of trustees of the Missouri state employees' retirement system and of the Missouri department of transportation and highway patrol employees' retirement system irrevocably elect to transfer oversight and management of the investment of assets

managed by each retirement system to the board. If the board of trustees of either system expressly elects not to transfer such assets, then the powers and duties of the board shall lapse, such assets shall not be transferred, and the board shall not oversee or manage any funds.

3. The board shall consist of the executive directors of the Missouri state employees' retirement system and the Missouri department of transportation and highway patrol employees' retirement system, and the commissioner of administration, all three of whom shall be voting ex officio members of the board, and four members appointed by the governor who shall not be state employees. The two executive directors shall recommend eight persons to the governor and the governor shall appoint four of those persons to be members of the board. The first member appointed by the governor shall serve initially for a one year term, the second member shall serve initially for a two year term, the third member shall serve initially for a three year term, and the fourth member shall serve initially for a four year term. Subsequently, all such members shall serve four year terms. Any vacancies occurring in the office of any such member appointed by the governor shall be filled by the governor who shall appoint a new member from a list of two persons recommended to the governor by all board members. All persons recommended to the governor as provided in this subsection shall have at least five years of experience in banking or finance or the investment business in general, including public investments, securities, or economics, which may include teaching and research at the collegiate and university level related to these subjects. The

governor shall have the right to reject any or all persons recommended by the executive directors or by the board members. In the event the governor rejects any or all persons recommended by the executive directors or by the board members, the executive directors or the board members shall submit a list of two persons, not previously recommended, for each position on the board that remains vacant. This process shall continue until no position remains vacant. All appointments made by the governor shall be subject to the advice and consent of the senate.

4. The board shall elect by secret ballot one member as chairman and one member as vice chairman during the first board meeting of each year. The chairman shall preside over meetings of the board and perform such other duties as may be required by action of the board. The vice chairman shall perform the duties of the chairman in the absence of the chairman or upon the chairman's inability or refusal to act. The board shall employ a chief executive officer who shall also serve as the chief investment officer. Other employees of the board shall be chosen only upon the recommendation of the chief executive officer.

5. The general administration of, and responsibility for the proper operation of, the board, including staffing, is hereby vested in the board. The Missouri state employees' retirement system and the Missouri department of transportation and highway patrol employees' retirement system may cause the transfer of any of their employees to the board to provide initial staffing of the board, provided that neither the executive director of Missouri state employees' retirement system nor the executive director of the Missouri department of transportation and highway

patrol employees' retirement system shall be transferred to the board. The Missouri state employees' retirement system and the Missouri department of transportation and highway patrol employees' retirement system shall, on an equitable basis, contribute initial capital as necessary to cover all reasonable costs associated with the establishment and implementation of the board.

6. No person who serves on the board or has served as a member of the board or the board of trustees of the Missouri state employees' retirement system or of the Missouri department of transportation and highway patrol employees' retirement system may become an employee of the board or work for or have a business relationship with any service provider of the board until two years have expired after the date of his or her resignation or termination as a member of the board. No current or former member of the general assembly or statewide elected official may become an employee of the board or work for or have a business relationship with any service provider of the board until five years have expired after the date of his or her resignation or termination as a member of the general assembly or statewide elected official.

7. Employees of the board shall receive such salaries and other compensation, benefits, and reimbursements for necessary travel and expenses as shall be determined by the board. All employees of the board shall be both state employees and members of the Missouri state employees' retirement system.

8. Any summons or other writ issued by the courts of the state shall be served upon the board's chief executive officer or

designee for such purposes.

9. The board shall meet within the state of Missouri, at the time and date set at a previously scheduled meeting or by the request of any four members of the board. Notice of such meeting shall be delivered to all other members of the board in person or by mail not less than ten days prior to the date fixed for the meeting.

10. Four members of the board shall constitute a quorum for the transaction of business, and any official action of the board shall be based on the majority vote of the members present. Unless otherwise expressly provided in this section, a decision on a matter before the board may be made by written consent without a meeting; provided the chief executive officer delivers a written resolution to all the board members with a thorough explanation of the matter to be decided with full information regarding the matter from the records of the board, and a quorum of members sign and return the written resolution to the chief executive officer within seven days after the document and information were sent to the members. If any member is not in agreement and objects to the resolution in writing to the chief executive officer, the matter shall be decided at a regular board meeting or a special meeting called for that purpose.

11. The members of the board shall serve without compensation but shall be reimbursed for their necessary expenses incurred in the performance of their duties for the board.

12. Duties performed for the board by any member of the board who is a state employee shall be considered duties in connection with the regular employment of the individual by

another agency or instrumentality of the state, and he or she shall suffer no loss in regular compensation by reason of the performance of such duties.

13. In the event any member of the board, other than an ex officio member, fails to attend three consecutive meetings of the board, unless excused for cause at the third meeting and each consecutive meeting thereafter, by the members attending such meetings, the member shall be considered to have resigned from the board and the board shall declare such member's office vacated. The vacancy shall be filled in the same manner as described in subsection 2 of this section.

14. The board shall keep a complete record of its proceedings, which shall be open at all reasonable hours to the inspection of the public pursuant to chapter 610.

15. Subject to the limitations of law, the board shall formulate and adopt rules and regulations for the governance of its own proceedings and for the administration of the board, including board rules as may be necessary to administer the board in accordance with applicable Internal Revenue Code provisions and regulations. The board is authorized to promulgate rules to properly administer the board and govern its own proceedings and to hold hearings as required by law. The term "agency" and the term "state agency", as defined by section 536.010, shall not include the board with regard to the promulgation of rules or hearings required by law, provided the board has established written procedures to assure that constitutionally required due process safeguards exist and apply to the promulgation of a rule or regulation that would otherwise constitute a "rule", as

defined in section 536.010, and to a proceeding that would otherwise constitute a "contested case" as defined in section 536.010. The board may delegate a hearing officer to hear all matters wherein a hearing is required by law.

16. The accounts and records of any retirement system or plan whose assets are managed by the board shall be open to inspection by the board and its agents for the purpose of obtaining information necessary in the performance of the duties of the board under sections 104.1500 to 104.1506.

17. The board shall have the power to subpoena witnesses or obtain the production of records when necessary for the performance of its duties.

18. Subject to the provisions of the constitution and sections 104.1500 to 104.1506, the board shall have exclusive jurisdiction and control over the funds and property managed by the board.

19. No member of the board, employee of the board, or their immediate family members shall receive any personal monetary gain or profit from any funds managed by or transaction made by the board.

20. Any member of the board or employee of the board accepting any gratuity or compensation for the purpose of influencing his or her action with respect to the investment of the funds managed by the board shall thereby forfeit his or her office and may be subject to criminal penalties. The board shall establish a code of conduct policy for the board and for officers and employees and, at a minimum, the policy shall address conflicts of interest, prohibit the acceptance of items of value

by the board or employees of the board from any current or prospective service provider in connection with any purchasing, hiring or firing decision made by the board or employees of the board, and require notice be provided to all external service providers that a violation of this policy may lead to termination of employment or prohibition from hiring.

21. Board financial statements shall be issued in accordance with generally accepted accounting principles covering the operations of the board for the fiscal year ending June thirtieth which shall each year be delivered to the governor and the board of each retirement system or plan for which assets are managed by the board.

22. The board shall have a seal bearing the inscription "Missouri State Retirement Investment Board", which shall be in the custody of its chief executive officer. The courts of this state shall take judicial notice of the seal; and all copies of records, books, and written instruments which are kept in the office of the board and are certified by the chief executive officer under the seal shall be proved or admitted in any court or proceeding as provided by section 109.130.

23. The board shall arrange for annual audits in accordance with generally accepted auditing standards of the records and accounts of the board to be conducted by an independent auditor retained by the board. The state auditor may audit the board once every three years and report to the board and the governor.

24. The board may select and employ service providers including but not limited to legal counsel, auditors, and actuaries as it deems appropriate to properly carry out the

purposes of the board.

25. The board may sue and be sued in its official name, but the officers and employees of the board shall not be personally liable for acts of the board. The board may indemnify, protect, defend, and hold harmless the members of the board, and the officers and employees of the board, against all claims and suits for negligent or wrongful acts alleged to have been committed in the scope of their service or employment or under the direction of the members of the board or the chief executive officer, provided that the members of the board, and the officers and employees of the board, shall not be indemnified for willful misconduct. The board is authorized to insure against loss or liability of the members of the board, and the officers and employees of the board, that may result from claims and suits for negligent or wrongful acts alleged to have been committed in the scope of their service or employment or under the direction of the members of the board or the chief executive officer. This insurance shall be carried through a company that is licensed to write such coverage in this state. The service of all legal process and of all notices which may be required to be in writing, whether in legal proceedings or otherwise, shall be made on the chief executive officer or, in his or her absence, on the chief executive officer's designee at his or her office. Nothing in this subsection shall be construed to waive sovereign immunity to the extent provided by law.

26. In the event the Internal Revenue Service determines that any retirement system or plan is not a qualified plan within the meaning of Section 401(a) of the Internal Revenue Code, and

if such retirement system or plan is not amended so as to qualify under such section within the period of time permitted by law for retroactive amendment of such plan, then the board may segregate the assets of such plan and withdraw the assets from the trust and hold such assets in a separate trust under all of the terms of sections 104.1500 to 104.1506.

104.1502. 1. Notwithstanding any law to the contrary, if the board of trustees of the Missouri state employees' retirement system and of the Missouri department of transportation and highway patrol employees' retirement system make the election provided for in section 104.1500, the board shall provide investment oversight and management of all investment assets of all retirement plans administered by the Missouri state employees' retirement system or the Missouri department of transportation and highway patrol employees' retirement system subject to the transition provisions provided in sections 104.1500 to 104.1506. Any public employee retirement system or plan in the state, other than the Missouri local government employees retirement system, the public school retirement system of Missouri, the public education employee retirement system of Missouri, the retirement system created in section 169.420, the retirement system created in section 169.280, any retirement plan established by the bi-state development agency, or any retirement plan established by the regional investment district which is created under sections 70.515 to 70.540, may apply to the board to provide investment oversight and management of all investment assets of the retirement system or plan upon the approval of such retirement system or plan and of the board and subject to a

mutually approved written agreement. The assets managed by the board may include the assets of any defined benefit plan, defined contribution plan, deferred compensation plan, or public employee medical plan of the state or political subdivision, unless otherwise prohibited by this subsection.

2. Notwithstanding section 104.1205 and section 105.915, the board shall administer the deferred compensation fund for the employees of the state of Missouri and the defined contribution plan established by section 104.1205.

104.1504. 1. All assets managed by the board for each respective retirement system or plan shall be held by the board as trustee in a trust for each such retirement system or plan for the exclusive benefit of the participants of such retirement system or plan. Such assets shall not be subject to execution, garnishment, attachment, writ of sequestration, or any other claim or process whatsoever, and shall be unassignable.

2. All moneys received by the board from or for the account of a retirement system or plan shall be deposited in one or more banks or trust companies for the credit of the trust maintained for such retirement system or plan. No such money shall be deposited in or be retained by any bank or trust company which does not have on deposit with and for the board at the time the kind and value of collateral required by sections 30.240 and 30.270 for depositaries of the state treasurer. The chief executive officer shall be responsible for all funds, securities, and property belonging to each retirement system or plan, and shall obtain such corporate surety bond for the faithful handling of the same as the board shall require.

3. The board shall have the power, in the name and on behalf of the board, to purchase, acquire, hold, invest, lend, lease, sell, assign, transfer, and dispose of all property, rights, and securities, and enter into written contracts, all as may be necessary or proper to carry out the purposes of sections 104.1500 to 104.1506.

4. The board shall invest the funds of each retirement system held by the board as trustee, as permitted by sections 105.687 to 105.689. The board may delegate to employees of the board, or to an agent, functions that a prudent trustee acting in a like capacity and familiar with those matters could properly delegate.

5. The board may deliberate about, or make tentative or final decisions on, investments or other financial matters in executive session if disclosure of the deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives. A record of the board that discloses proprietary investment information or deliberations about, or a tentative or final decision on, investments or other financial matters is not a public record under chapter 610 to the extent and so long as its disclosure would jeopardize the ability to implement a decision, to achieve investment objectives, or cause the board to be in violation of an agreement not to disclose proprietary information.

6. The board may invest the assets of any retirement system or plan in a collective trust fund established or maintained by the board. Any trust assets so transferred and any subsequent transfers and contributions of the retirement systems or plans

together with proceeds and reinvestments thereof may be invested as a single pool with appropriate accounting to identify the proportionate interests of the retirement systems and plans in particular assets, asset sub-pools, or asset classes. The assets held in such a collective trust fund shall be held in one or more separate retirement benefit trusts for the exclusive purpose of satisfying the obligations of each respective retirement system or plan to pay retirement and other benefits pursuant to applicable laws or plan documents and paying administrative expenses associated with satisfying such obligations. At no time shall any part of a retirement benefit trust held by the board be used for or diverted to any purpose other than for the exclusive purpose of satisfying the respective obligations of the retirement systems or plans and paying administrative expenses associated with satisfying such obligations. The board shall establish trust management agreements or trust instruments that set forth the terms and conditions for holding, managing, and distributing assets contributed by the respective retirement systems or plans.

7. Participating retirement systems or plans shall transfer to the board of trustees all appropriate securities and cash. All assets transferred to the board shall be held in a trust and valued at their current market value as determined by the board, including accrued interest. The board shall establish and maintain account units to determine the share of each retirement system or plan in the trust, and in each investment account, if applicable.

8. The board shall maintain appropriate accounting records

for each participating retirement system or plan. The records shall reflect the number of units in the combined investment funds owned by each retirement system or plan. No certificates or other evidence of ownership shall be required. As of each valuation date, or as often as the board determines, each retirement system or plan shall be informed of the number of units owned and the current value of the units. Annually, the board shall provide each participating retirement system or plan with financial statements prepared in accordance with generally accepted accounting principles reflecting their participation in the board.

9. The estimated administrative and investment expenses incurred by the board shall be apportioned among the retirement systems and plans and debited to each of the respective retirement systems or funds on a quarterly basis. A reconciliation of the actual expenses compared to the estimated costs shall occur at the end of each fiscal year with any surplus or deficit being credited or debited to each of the respective retirement systems or funds. The board shall present a statement of expenses to each retirement system or plan at the end of each quarter during each fiscal year.

10. Each retirement system or plan shall during the transition as described in section 104.1506 and from time to time thereafter, transfer to the board for investment those portions of the assets of the retirement system or plan which in the judgment of those retirement systems or plans are not required for immediate use. Upon acceptance and transfer of such assets to the board, the retirement system or plan shall be without

liability for the management of such assets by the board. When trust assets are transferred back or paid to the retirement system or plan by the board, the board shall have no further liability for the management of such assets.

11. The board shall not be responsible for the calculation or collection of any contribution under or required by the retirement systems or plans, but shall be responsible only for property received by it pursuant to sections 104.1500 to 104.1506.

12. The board shall, from time to time, on written directions of the executive director, chief executive officer, or designee of a retirement system or plan, make payments out of the trust of such retirement system or plan to such persons in such amounts and for such purposes as may be specified in the directions of such executive director, chief executive officer, or designee. The board shall not be responsible for whether such payments are authorized or proper under the governing document or other authority of such retirement system or plan, but may rely on the instructions of the executive director, chief executive officer, or designee of each respective retirement system or plan.

13. The board shall not be liable for the proper application of any part of any trust if distributions or transfers are made in accordance with the written directions of the executive director, chief executive officer, or designee of the retirement system or plan, nor shall the board be responsible for the adequacy of the trust fund of a retirement system or plan to satisfy any and all payments and liabilities under the plan.

The board shall not be liable for any payment made pursuant to the direction of the executive director, chief executive officer, or designee of the retirement system or plan. Any written direction of the executive director, chief executive officer, or designee of the retirement system or plan shall constitute a certification that the distribution or payment so directed is one which the executive director, chief executive officer, or designee of the retirement system or plan or its designated representative is authorized to direct. The board shall be under no liability for making any distribution or transfer pursuant to the direction of the executive director, chief executive officer, or designee of a retirement system or plan, including amounts withheld pursuant to the previous section, and shall be under no duty to make or inquire regarding whether any distribution or transfer directed by the executive director, chief executive officer, or designee of a retirement system or plan is made pursuant to the plan provisions.

104.1506. There shall be a transition period after the board of trustees of the Missouri state employees' retirement system and the Missouri department of transportation and highway patrol employees' make the election provided for in section 104.1500 during which time assets of the Missouri state employees' retirement system and the Missouri department of transportation and highway patrol employees' retirement system shall be transferred to the board as provided in sections 104.1500 to 104.1506. The responsibility to manage assets shall remain with the retirement systems or plans until such time as those assets are transferred to the board.

476.521. 1. Notwithstanding any provision of chapter 476 to the contrary, each person who first becomes a judge on or after January 1, 2011, and continues to be a judge may receive benefits as provided in sections 476.445 to 476.688 subject to the provisions of this section.

2. Any person who is at least sixty-seven years of age, has served in this state an aggregate of at least twelve years, continuously or otherwise, as a judge, and ceases to hold office by reason of the expiration of the judge's term, voluntary resignation, or retirement pursuant to the provisions of subsection 2 of section 24 of article V of the Constitution of Missouri may receive benefits as provided in sections 476.515 to 476.565. The twelve-year requirement of this subsection may be fulfilled by service as judge in any of the courts covered, or by service in any combination as judge of such courts, totaling an aggregate of twelve years. Any judge who is at least sixty-seven years of age and who has served less than twelve years and is otherwise qualified under sections 476.515 to 476.565 may retire after reaching age sixty-seven, or thereafter, at a reduced retirement compensation in a sum equal to the proportion of the retirement compensation provided in section 476.530 that his or her period of judicial service bears to twelve years.

3. Any person who is at least sixty-two years of age or older, has served in this state an aggregate of at least twenty years, continuously or otherwise, as a judge, and ceases to hold office by reason of the expiration of the judge's term, voluntary resignation, or retirement pursuant to the provisions of subsection 2 of section 24 of article V of the Constitution of

Missouri may receive benefits as provided in sections 476.515 to 476.565. The twenty-year requirement of this subsection may be fulfilled by service as a judge in any of the courts covered, or by service in any combination as judge of such courts, totaling an aggregate of twenty years. Any judge who is at least sixty-two years of age and who has served less than twenty years and is otherwise qualified under sections 476.515 to 476.565 may retire after reaching age sixty-two, at a reduced retirement compensation in a sum equal to the proportion of the retirement compensation provided in section 476.530 that his or her period of judicial service bears to twenty years.

4. All judges under this section required by the provisions of section 26 of article V of the Constitution of Missouri to retire at the age of seventy years shall retire upon reaching that age.

5. The provisions of sections 104.344, 476.524, and 476.690 shall not apply to judges covered by this section.

6. A judge shall be required to contribute four percent of the judge's compensation to the retirement system, which shall stand to the judge's credit in his or her individual account with the system, together with investment credits thereon, for purposes of funding retirement benefits payable as provided in sections 476.515 to 476.565, subject to the following provisions:

(1) The state of Missouri employer, pursuant to the provisions of 26 U.S.C. section 414(h)(2), shall pick up and pay the contributions that would otherwise be payable by the judge under this section. The contributions so picked up shall be treated as employer contributions for purposes of determining the

judge's compensation that is includable in the judge's gross income for federal income tax purposes;

(2) Judge contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a judge. A deduction shall be made from each judge's compensation equal to the amount of the judge's contributions picked up by the employer. This deduction, however, shall not reduce the judge's compensation for purposes of computing benefits under the retirement system pursuant to this chapter;

(3) Judge contributions so picked up shall be credited to a separate account within the judge's individual account so that the amounts contributed pursuant to this section may be distinguished from the amounts contributed on an after tax basis;

(4) The contributions, although designated as employee contributions, are being paid by the employer in lieu of the contributions by the judge. The judge shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the retirement system;

(5) Interest shall be credited annually on June 30 based on the value in the account as of July 1 of the immediately preceding year at a rate of four percent. Interest credits shall cease upon retirement of the judge;

(6) A judge whose employment is terminated may request a refund of his or her contributions and interest credited thereon. If such judge is married at the time of such request, such request shall not be processed without consent from the spouse. A judge is not eligible to request a refund if the judge's

retirement benefit is subject to a division of benefit order pursuant to section 104.312. Such refund shall be paid by the system after ninety days from the date of termination of employment or the request, whichever is later and shall include all contributions made to any retirement plan administered by the system and interest credited thereon. A judge may not request a refund after such judge becomes eligible for retirement benefits under sections 476.515 to 476.565. A judge who receives a refund shall forfeit all the judge's service and future rights to receive benefits from the system and shall not be eligible to receive any long term disability benefits; provided that any judge or former judge receiving long term disability benefits shall not be eligible for a refund. If such judge subsequently becomes a judge and works continuously for at least one year, the service previously forfeited shall be restored if the judge returns to the system the amount previously refunded plus interest at a rate established by the board;

(7) The beneficiary of any judge who made contributions shall receive a refund upon the judge's death equal to the amount, if any, of such contributions less any retirement benefits received by the judge unless an annuity is payable to a survivor or beneficiary as a result of the judge's death. In that event, the beneficiary of the survivor or beneficiary who received the annuity shall receive a refund upon the survivor's or beneficiary's death equal to the amount, if any, of the judge's contributions less any annuity amounts received by the judge and the survivor or beneficiary.

7. The employee contribution rate, the benefits provided

under sections 476.515 to 476.565, and any other provision of sections 476.515 to 476.565 with regard to judges covered under this section may be altered, amended, increased, decreased, or repealed, but only with respect to services rendered by the judge after the effective date of such alteration, amendment, increase, decrease, or repeal, or, with respect to interest credits, for periods of time after the effective date of such alteration, amendment, increase, decrease, or repeal.

476.527. Any judge who is receiving retirement compensation under section 476.530 who becomes employed on or after January 1, 2011, as an employee eligible to participate in the year 2000 plan under chapter 104, shall not receive such retirement compensation for any calendar month in which the retired judge is so employed. Any judge who is receiving retirement compensation under section 476.530 who subsequently serves as a judge as defined pursuant to subdivision (4) of subsection 1 of section 476.515 shall not receive such retirement compensation for any calendar month in which the retired judge is serving as a judge; except that upon retirement such judge's annuity shall be recalculated to include any additional service or salary accrued based on the judge's subsequent service. A judge who is receiving compensation under section 476.530 may continue to receive such retirement compensation while serving as a senior judge or senior commissioner and shall receive additional credit and salary for such service pursuant to section 476.682.

476.529. 1. In lieu of the retirement compensation provided in section 476.530, a judge employed for the first time on or after January 1, 2011, may elect in the judge's application

for retirement whether or not to have such judge's annuity reduced, and designate a beneficiary, as provided by the options set forth in this subsection prior to the judge's annuity starting date:

Option 1. A judge's annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-eight and one half percent adjusted as follows: if the judge's age on the annuity starting date is younger than sixty-seven years, an increase of three-tenths of one percent for each year the judge's age is younger than age sixty-seven years; and if the beneficiary's age is younger than the judge's age on the annuity starting date, a decrease of three-tenths of one percent for each year of age difference; and if the judge's age is younger than the beneficiary's age on the annuity starting date, an increase of three-tenths of one percent for each year of age difference; provided, after all adjustments the option 1 percent cannot exceed ninety-four and one quarter percent. Upon the judge's death, fifty percent of the judge's reduced annuity shall be paid to such beneficiary who was the judge's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 2. A judge's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-one percent adjusted as follows: if the judge's age on the annuity starting date is younger than sixty-seven years, an increase of four-tenths of one percent for each year the judge's age is younger than sixty-seven years; and if the beneficiary's age is younger than the judge's age on the annuity

starting date, a decrease of five-tenths of one percent for each year of age difference; and if the judge's age is younger than the beneficiary's age on the annuity starting date, an increase of five-tenths of one percent for each year of age difference; provided, after all adjustments the option 2 percent cannot exceed eighty-seven and three quarter percent. Upon the judge's death one hundred percent of the judge's reduced annuity shall be paid to such beneficiary who was the judge's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 3. A judge's life annuity shall be reduced to ninety-three percent of the annuity otherwise payable. If the judge dies before having received one hundred twenty monthly payments, the reduced annuity shall be continued for the remainder of the one hundred twenty-month period to the judge's designated beneficiary provided that if there is no beneficiary surviving the judge, the present value of the remaining annuity payments shall be paid as provided under subsection 4 of section 104.1054 as if the judge was a deceased member under that section. If the beneficiary survives the judge but dies before receiving the remainder of such one hundred twenty monthly payments, the present value of the remaining annuity payments shall be paid as provided under subsection 4 of section 104.1054 for a deceased beneficiary under that section.

Option 4. A judge's life annuity shall be reduced to eighty-six percent of the annuity otherwise payable. If the judge dies before having received one hundred eighty monthly payments, the reduced annuity shall be continued for the

remainder of the one hundred eighty-month period to the judge's designated beneficiary provided that if there is no beneficiary surviving the judge, the present value of the remaining annuity payments shall be paid as provided under subsection 4 of section 104.1054 as if the judge was a deceased member under that section. If the beneficiary survives the judge but dies before receiving the remainder of such one hundred eighty monthly payments, the present value of the remaining annuity payments shall be paid as provided under subsection 4 of section 104.1054 for a deceased beneficiary under that section.

2. If a judge is married as of the annuity starting date, the judge's annuity shall be paid under the provisions of either option 1 or option 2 as set forth in subsection 1 of this section, at the judge's choice, with the spouse as the judge's designated beneficiary unless the spouse consents in writing to the judge electing another available form of payment.

3. If a judge has elected at the annuity starting date option 1 or 2 pursuant to this section and if the judge's spouse or eligible former spouse dies after the annuity starting date but before the judge dies, then the judge may cancel the judge's election and return to the unreduced annuity form of payment and annuity amount, effective the first of the month following the date of such spouse's or eligible former spouse's death. If a judge dies prior to notifying the system of the spouse's death, the benefit shall not revert to an unreduced annuity and no retroactive payments shall be made.

4. If a judge designates a spouse as a beneficiary pursuant to this section and subsequently that marriage ends as a result

of a dissolution of marriage, such dissolution shall not affect the option election pursuant to this section and the former spouse shall continue to be eligible to receive survivor benefits upon the death of the judge.

5. A judge may make an election under option 1 or 2 after the annuity starting date as described in this section if the judge makes such election within one year from the date of marriage pursuant to any of the following circumstances:

(1) The judge elected to receive a life annuity and was not eligible to elect option 1 or 2 on the annuity starting date; or

(2) The judge's annuity reverted to a normal or early retirement annuity pursuant to subsection 3 of this section, and the judge remarried.

6. A judge may change a judge's election made under this section at any time prior to the system mailing or electronically transferring the first annuity payment to such member.