

FIRST REGULAR SESSION

SENATE BILL NO. 300

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SILVEY.

Read 1st time January 26, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1654S.011

AN ACT

To repeal sections 86.1270 and 86.1630, RSMo, and to enact in lieu thereof two new sections relating to the election by nonspouse beneficiaries to rollover eligible distributions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 86.1270 and 86.1630, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 86.1270 and 86.1630, to read as follows:

86.1270. 1. A retirement plan under sections 86.900 to 86.1280 is a qualified plan under the provisions of applicable federal law. The benefits and conditions of a retirement plan under sections 86.900 to 86.1280 shall always be adjusted to ensure that the tax-exempt status is maintained.

2. The retirement board shall administer the retirement system in a manner as to retain at all times qualified status under Section 401(a) of the Internal Revenue Code.

3. The retirement board shall hold in trust the assets of the retirement system for the exclusive benefit of the members and their beneficiaries and for defraying reasonable administrative expenses of the system. No part of such assets shall, at any time prior to the satisfaction of all liabilities with respect to members and their beneficiaries, be used for or diverted to any purpose other than such exclusive benefit or to any purpose inconsistent with sections 86.900 to 86.1280.

4. A member's benefit shall be one hundred percent vested and nonforfeitable upon the member's attainment of normal retirement age, which shall be the earlier of:

(1) Completion of twenty-five years of service for Tier I members and

19 twenty-seven years of service for Tier II members;

20 (2) Age sixty for any Tier I member who has completed at least ten years
21 of creditable service or age sixty for any Tier II member who has completed at
22 least fifteen years of creditable service;

23 (3) Age seventy without regard to years of service; or

24 (4) To the extent funded, upon the termination of the system established
25 under sections 86.900 to 86.1280 or any partial termination which affects the
26 members or any complete discontinuance of contributions by the city to the
27 system. Amounts representing forfeited nonvested benefits of terminated
28 members shall not be used to increase benefits payable from the system but may
29 be used to reduce contributions for future plan years.

30 5. Distribution of benefits shall begin not later than April first of the year
31 following the later of the calendar year during which the member becomes
32 seventy and one-half years of age or the calendar year in which the member
33 retires, and shall otherwise conform to Section 401(a)(9) of the Internal Revenue
34 Code.

35 6. A member or beneficiary of a member shall not accrue a service
36 retirement annuity, disability retirement annuity, death benefit, whether death
37 occurs in the line of duty or otherwise, or any other benefit under sections 86.900
38 to 86.1280 in excess of the benefit limits applicable to the fund under Section 415
39 of the Internal Revenue Code. The retirement board shall reduce the amount of
40 any benefit that exceeds those limits by the amount of the excess. If the total
41 benefits under the retirement system and the benefits and contributions to which
42 any member is entitled under any other qualified plan or plans maintained by the
43 board of police commissioners that employs the member would otherwise exceed
44 the applicable limits under Section 415 of the Internal Revenue Code, the benefits
45 the member would otherwise receive from the retirement system shall be reduced
46 to the extent necessary to enable the benefits to comply with Section 415 of the
47 Internal Revenue Code.

48 7. The total salary taken into account for any purpose for any member of
49 the retirement system shall not exceed two hundred thousand dollars per year,
50 subject to periodic adjustments in accordance with guidelines provided by the
51 United States Secretary of the Treasury, and shall not exceed such other limits
52 as may be applicable at any given time under Section 401(a)(17) of the Internal
53 Revenue Code.

54 8. If the amount of any benefit is to be determined on the basis of

55 actuarial assumptions that are not otherwise specifically set forth for that
56 purpose in sections 86.900 to 86.1280, the actuarial assumptions to be used are
57 those earnings and mortality assumptions being used on the date of the
58 determination by the retirement system's actuary and approved by the retirement
59 board. The actuarial assumptions being used at any particular time shall be
60 attached as an addendum to a copy of the retirement system's statute that is
61 maintained by the retirement board and shall be treated for all purposes as a
62 part of sections 86.900 to 86.1280. The actuarial assumptions may be changed
63 by the retirement system's actuary annually if approved by the retirement board,
64 but a change in actuarial assumptions shall not result in any decrease in benefits
65 accrued as of the effective date of the change.

66 9. Any member or beneficiary who is entitled to receive any distribution
67 that is an eligible rollover distribution, as defined by Section 402(c)(4) of the
68 Internal Revenue Code, is entitled to have that distribution transferred directly
69 to another eligible retirement plan of the member's or beneficiary's choice upon
70 providing direction to the secretary of this retirement system regarding the
71 transfer in accordance with procedures established by the retirement
72 board. **Effective for distributions made on or after January 1, 2010, a**
73 **nonspouse beneficiary may elect to directly rollover an eligible rollover**
74 **distribution to an individual retirement account under Section 408(a)**
75 **of the Internal Revenue Code of 1986, as amended; to an individual**
76 **retirement annuity under Section 408(b) of the Internal Revenue Code**
77 **of 1986, as amended; or if the participant satisfies the requirements for**
78 **making a Roth contribution under Section 408(A)(c)(3)(B) of the**
79 **Internal Revenue Code of 1986, as amended, to a Roth individual**
80 **retirement account.**

81 10. For all distributions made after December 31, 2001:

82 (1) For the purposes of subsection 9 of this section, an eligible retirement
83 plan shall also mean an annuity contract described in Section 403(b) of the
84 Internal Revenue Code and an eligible plan under Section 457(b) of the Internal
85 Revenue Code which is maintained by the state, political subdivision of a state,
86 or any agency or instrumentality of a state or political subdivision of a state and
87 which agrees to separately account for amounts transferred into such plan from
88 the retirement system. The definition of eligible retirement plan shall also apply
89 in the case of a distribution to a surviving spouse or to a spouse or former spouse
90 who is the alternate payee under a qualified domestic relations order, as defined

91 in Section 414(p) of the Internal Revenue Code; and

92 (2) For purposes of subsection 9 of this section, a portion of a distribution
93 shall not fail to be an eligible rollover distribution merely because the portion
94 consists of after-tax employee contributions which are not includable in gross
95 income. However, such portion may be paid only to an individual retirement
96 account or annuity described in Section 408(a) or 408(b) of the Internal Revenue
97 Code, or to a qualified defined contribution plan described in Section 401(a) or
98 403(a) of the Internal Revenue Code that agrees to separately account for
99 amounts so transferred, including separately accounting for the portion of such
100 distribution that is includable in gross income and the portion of such
101 distribution that is not so includable.

86.1630. 1. A retirement plan under sections 86.1310 to 86.1640 is a
2 qualified plan under the provisions of applicable federal law. The benefits and
3 conditions of a retirement plan under sections 86.1310 to 86.1640 shall always be
4 adjusted to ensure that the tax-exempt status is maintained.

5 2. The retirement board shall administer this retirement system in such
6 manner as to retain at all times qualified status under Section 401(a) of the
7 Internal Revenue Code.

8 3. The retirement board shall hold in trust the assets of the retirement
9 system for the exclusive benefit of the members and their beneficiaries and for
10 defraying reasonable administrative expenses of the system. No part of such
11 assets shall, at any time prior to the satisfaction of all liabilities with respect to
12 members and their beneficiaries, be used for or diverted to any purpose other
13 than such exclusive benefit or to any purpose inconsistent with sections 86.1310
14 to 86.1640.

15 4. A member's benefit shall be one hundred percent vested and
16 nonforfeitable upon the member's attainment of normal retirement age, which
17 shall be the earlier of:

18 (1) The attaining of the age of sixty-five or the member's tenth
19 anniversary of employment, whichever is later for any Tier I member, or the
20 attaining of the age of sixty-seven or the member's twentieth anniversary of
21 employment, whichever is later for any Tier II member;

22 (2) For any Tier I member when the total sum of age and years of
23 creditable service equals or exceeds eighty, or for any Tier II member when the
24 total sum of age and years of creditable service equals or exceeds eighty-five; or

25 (3) To the extent funded, upon the termination of the system established

26 under sections 86.1310 to 86.1640 or any partial termination which affects the
27 member or any complete discontinuance of contributions by the city to the
28 system. Amounts representing forfeited nonvested benefits of terminated
29 members shall not be used to increase benefits payable from the system but may
30 be used to reduce contributions for future plan years.

31 5. Distribution of benefits shall begin not later than April first of the year
32 following the later of the calendar year during which the member becomes
33 seventy and one-half years of age or the calendar year in which the member
34 retires, and shall otherwise conform to Section 401(a)(9) of the Internal Revenue
35 Code.

36 6. A member or beneficiary of a member shall not accrue a service
37 retirement annuity, disability retirement annuity, death benefit, whether death
38 occurs in the line of duty or otherwise, or any other benefit under sections
39 86.1310 to 86.1640 in excess of the benefit limits applicable to the fund under
40 Section 415 of the Internal Revenue Code. The retirement board shall reduce the
41 amount of any benefit that exceeds the limits of this section by the amount of the
42 excess. If the total benefits under the retirement system and the benefits and
43 contributions to which any member is entitled under any other qualified plan or
44 plans maintained by the board of police commissioners that employs the member
45 would otherwise exceed the applicable limits under Section 415 of the Internal
46 Revenue Code, the benefits the member would otherwise receive from the
47 retirement system are reduced to the extent necessary to enable the benefits to
48 comply with Section 415 of the Internal Revenue Code.

49 7. The total salary taken into account for any purpose for any member of
50 the retirement system shall not exceed two hundred thousand dollars per year,
51 subject to periodic adjustments in accordance with guidelines provided by the
52 United States Secretary of the Treasury and may not exceed such other limits as
53 may be applicable at any given time under Section 401(a)(17) of the Internal
54 Revenue Code.

55 8. If the amount of any benefit is determined on the basis of actuarial
56 assumptions that are not specifically set forth for that purpose in sections
57 86.1310 to 86.1640, the actuarial assumptions to be used are those earnings and
58 mortality assumptions used on the date of the determination by the retirement
59 system's actuary and approved by the retirement board. The actuarial
60 assumptions used at any particular time shall be attached as an addendum to a
61 copy of the retirement system's statute maintained by the retirement board and

62 shall be treated for all purposes as part of sections 86.1310 to 86.1640. The
63 actuarial assumptions may be changed by the retirement system's actuary
64 annually if approved by the retirement board, but a change in actuarial
65 assumptions shall not result in any decrease in benefits accrued as of the
66 effective date of the change.

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85 Revenue Code and an eligible plan under Section 457(b) of the Internal Revenue
86 Code that is maintained by a state, political subdivision of a state, or any agency
87 or instrumentality of a state or political subdivision of a state and which agrees
88 to separately account for amounts transferred into such plan from the retirement
89 system. The definition for eligible retirement plan shall also apply in the case of
90 a distribution to a surviving spouse or to a spouse or former spouse who is the
91 alternate payee under a qualified domestic relations order, as defined in Section
92 414(p) of the Internal Revenue Code; and

93 (2) For the purposes of subsection 9 of this section, a portion of a
94 distribution shall not fail to be an eligible rollover distribution merely because
95 the portion consists of after-tax employee contributions which are not includable
96 in gross income. However, such portion may be paid only to an individual
97 retirement account or annuity described in Section 408(a) or 408(b) of the

98 Internal Revenue Code, or to a qualified defined contribution plan described in
99 Section 401(a) or 403(a) of the Internal Revenue Code that agrees to separately
100 account for amounts so transferred, including separately accounting for the
101 portion of such distribution that is includable in gross income and the portion of
102 such distribution that is not so includable.

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