

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 274
91ST GENERAL ASSEMBLY

Reported from the Committee on Critical Issues, Consumer Protection and Housing, April 12, 2001, with recommendation that the House Committee Substitute for Senate Bill No. 274 Do Pass.

TED WEDEL, Chief Clerk

1209L.03C

AN ACT

To repeal sections 50.1000, 50.1230 and 50.1250, RSMo 2000, relating to certain county employees' retirement systems, and to enact in lieu thereof three new sections relating to the same subject, with an effective date for certain sections.

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

Section A. Sections 50.1000, 50.1230 and 50.1250, RSMo 2000, are repealed and three new sections enacted in lieu thereof, to be known as sections 50.1000, 50.1230 and 50.1250, to read as follows:

50.1000. As used in sections 50.1000 to 50.1300, the following words and terms mean:

- (1) "Annuity", annual payments, made in equal monthly installments, to a retired member from funds provided for in, or authorized by, the provisions of sections 50.1000 to 50.1300;
- (2) "Average final compensation", the monthly average of the two highest years of annual compensation received by the member;
- (3) "Board of directors" or "board", the board of directors established by the provisions of sections 50.1000 to 50.1300;
- (4) "Compensation", all salary and other compensation payable to a county employee for personal services rendered as a county employee, but not including travel and mileage reimbursement, and not including compensation in excess of the limit imposed by 26 U.S.C. 401(a)(17);
- (5) "County", each county in the state, except any city not within a county and counties of the first classification with a charter form of government;
- (6) "Creditable service", a member's period of employment as an employee, including the member's prior service, except as provided in sections 50.1090 and 50.1140;
- (7) "Effective date of the establishment of the system", August 28, 1994, the date the retirement system was established;
- (8) "Employee", any county elective or appointive officer or employee who is hired and fired by the county [and] **or by the circuit court located in a county of the first classification without a charter form of government which is not participating in LAGERS**, whose work and responsibilities

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

are directed and controlled by the county [and] or by the circuit court located in a county of the first classification without a charter form of government which is not participating in LAGERS, who is compensated directly from county funds, and whose position requires the actual performance of duties during not less than one thousand hours per year, except county prosecuting attorneys covered pursuant to sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri state retirement system and county sheriffs covered pursuant to sections 57.949 to 57.997, RSMo, in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government;

(9) "LAGERS", the local government employees' retirement system presently codified at sections 70.600 to 70.755, RSMo;

(10) "Primary Social Security amount", the old age insurance benefit pursuant to Section 202 of the Social Security Act (42 U.S.C. 402) payable to a member at age sixty-two. The primary Social Security amount shall be determined pursuant to the Social Security Act as in effect at the time the employee's normal annuity pursuant to section 50.1060 is determined. Such determination shall be at the time that creditable service ends without assuming any future increases in compensation, any future increases in the taxable wage base, any changes in the formulas used pursuant to the Social Security Act, or any future increases in the consumer price index. However, it shall be assumed that the employee will continue to receive compensation at the same rate as that received at the time the determination is being made, until the member reaches age sixty-two. Only compensation with respect to creditable service as a county employee shall be considered, and the first year of compensation as a county employee shall be regressed at three percent per year with respect to years prior to the period of creditable service;

(11) "Prior service", service of a member rendered prior to August 28, 1994, the effective date of the establishment of the system;

(12) "Required beginning date", the April first of the calendar year following the later of the calendar year in which the member reaches age seventy and one-half, or the calendar year in which the member retires;

(13) "Retirement fund" or "fund", the funds held by the county employees' retirement system;

(14) "Retirement system" or "system", the county employees' retirement system authorized by the provisions of sections 50.1000 to 50.1300;

(15) "Target replacement ratio":

(a) Eighty percent, if a member's average final compensation is thirty thousand dollars or less;

(b) Seventy-seven percent, if a member's average final compensation is forty thousand dollars or less, but greater than thirty thousand dollars;

(c) Seventy-two percent, if a member's average final compensation is fifty thousand dollars or less, but greater than forty thousand dollars;

(d) Seventy percent, if a member's average final compensation is greater than fifty thousand dollars.

50.1230. 1. The board, in its sole discretion, shall determine if it will make matching contributions for a calendar year and the aggregate amount of the contribution. Each member who makes contributions to the deferred compensation program described in section 50.1300 during the calendar year for which the contribution is made shall be eligible to receive an allocation of this contribution. Generally, the board shall allocate matching contributions pro rata, on the basis of a member's contributions to the deferred compensation program described in section 50.1300. However, the board shall follow these rules in making this allocation:

(1) **Board matching** contributions allocated to a member who is not a member of LAGERS shall not exceed the lesser of (i) three percent of such nonLAGERS member's compensation for the calendar year or (ii) fifty percent of such nonLAGERS member's contributions to the deferred compensation program described in section 50.1300;

(2) **Board matching** contributions allocated to a member who is a member of LAGERS shall not exceed the lesser of (i) one and one-half percent of such member's compensation for the calendar year or (ii) twenty-five percent of such member's contributions to the deferred compensation program described in section 50.1300;

(3) The board shall set a specific matching percentage for each calendar year. Unless otherwise provided in subdivision (1) of this section, the matching contribution allocated to a nonLAGERS member shall be such matching percentage, multiplied by the member's contributions to the deferred compensation program for the calendar year. Unless otherwise provided in subdivision (2) of this section, the **board matching** contribution allocated to a member who is also a LAGERS member shall be one-half of the matching percentage, multiplied by the member's contributions to the deferred compensation program for the calendar year.

2. In addition to matching contributions made by the board pursuant to the aforementioned criteria, a county shall also be entitled to make matching contributions to defined contribution accounts of members employed by such county in accordance with the rules and regulations formulated and adopted by the board from time to time.

50.1250. 1. If a member has less than five years of creditable service upon termination of employment, the member shall forfeit the portion of his or her defined contribution account attributable to **board matching contributions or county matching contributions** pursuant to section 50.1230. The proceeds of such forfeiture shall be applied towards matching contributions made by the board for the calendar year in which the forfeiture occurs. If the board does not approve a matching contribution, then forfeitures shall revert to the county employees' retirement fund. **The proceeds of such forfeiture with respect to county matching contributions shall be applied toward matching contributions made by the respective county in accordance with rules prescribed by the board.**

2. A member shall be eligible to receive a distribution of the member's defined contribution account as soon as administratively feasible following termination of employment, or may choose to receive the account balance at a later time, but no later than his or her required beginning date. The member's account balance shall be paid in a single sum. The amount of the distribution shall be the amount determined as of the valuation date described in section 50.1240, if the member has at least five years of creditable service. If the member has less than five years of creditable service upon his or her termination of employment, then the amount of the distribution shall equal the portion of the member's defined contribution account attributable to the member's seed contributions pursuant to section 50.1220, if any, determined as of the valuation date.

3. If the member dies before receiving the member's account balance, the member's designated beneficiary shall receive the member's defined contribution account balance, as determined as of the immediately preceding valuation date, in a single sum. The member's beneficiary shall be his or her spouse, if married, or his or her estate, if not married, unless the member designates an alternative beneficiary in accordance with procedures established by the board.

Section B. The repeal and reenactment of sections 50.1230 and 50.1250 shall become effective January 1, 2002.