

FIRST REGULAR SESSION

# SENATE BILL NO. 413

## 91ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCOTT.

Read 1st time February 5, 2001, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

1260S.011

### AN ACT

To repeal sections 169.410, 169.420, 169.430, 169.440, 169.450, 169.460, 169.462, 169.466, 169.471, 169.475, 169.476, 169.480, 169.490, 169.500, 169.510, 169.520 and 169.540, RSMo 2000, relating to certain public school retirement systems, and to enact in lieu thereof sixteen new sections relating to the same subject, with penalty provisions.

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

Section A. Sections 169.410, 169.420, 169.430, 169.440, 169.450, 169.460, 169.462, 169.466, 169.471, 169.475, 169.476, 169.480, 169.490, 169.500, 169.510, 169.520 and 169.540, RSMo 2000, are repealed and sixteen new sections enacted in lieu thereof, to be known as sections 169.410, 169.420, 169.430, 169.440, 169.450, 169.460, 169.466, 169.471, 169.475, 169.476, 169.480, 169.490, 169.500, 169.510, 169.520 and 169.540, to read as follows:

169.410. The following words and phrases as used in sections 169.410 to 169.540, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions", the sum of all amounts deducted from the compensation of a member and credited to the member's individual account together with interest allowed on such an account;

(2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of interest and such mortality tables as shall be adopted by the board of trustees;

(3) "Average final compensation", the highest average annual compensation of the member received for any three consecutive years of **credited** service of the member's last ten years of **credited** service or if the member has had less than three years of such **credited** service, during the member's entire period of **credited** service;

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

(4) "Beneficiary", any person other than a [retirant] **retired member** receiving a [retirement allowance or] **pension benefit**, optional [retirement allowance] **pension benefit** or other benefit;

(5) "Board of education", the board of education or corresponding board having charge of the public schools of the school district other than those public schools which are operated by the board of regents;

(6) "Board of regents", the board of regents or corresponding board having charge of a public city teacher training school within the school district which was operated by its board of education prior to September 1, 1978;

(7) "Board of trustees", the board which administers the retirement system;

**(8) "Charter school", any charter school established pursuant to sections 160.400 to 160.420, RSMo, and located, at the time it is established, within the school district;**

[[8]] **(9)** "Compensation", the regular compensation which a member has earned as an employee during any period, excluding, however, any compensation earned by a person who became a member after December 31, 1995, which is in excess of the limitation set forth in section 401(a)(17) of the Internal Revenue Code;

[[9]] **(10)** "Consumer price index", the Consumer Price Index for All Urban Consumers for the United States, or its successor index, as approved by the board of trustees, as such index is defined and officially reported by the United States Department of Labor, or its successor agency;

[[10]] "Creditable" **(11) "Credited service"**, prior service plus membership service **plus service purchased pursuant to applicable Missouri statute;**

[[11]] **(12)** "Employee", any person regularly employed by (a) the board of education, or (b) the board of trustees, or (c) the board of regents who was employed at a public teacher training school within the school district prior to September 1, 1978, and who did not become a member of the Missouri state employees' retirement system pursuant to section 104.342, RSMo, **or (d) a charter school.** In case of doubt as to whether any person is an employee, the decision of the [employing] board **of education, or the board of trustees, or the board of regents** shall be final and conclusive;

**(13) "Employer", the board of education, the board of trustees, the board of regents or a charter school;**

[[12]] **(14)** "Medical board", the board of physicians;

[[13]] **(15)** "Member", a member of the retirement system defined as an:

(a) "Active member", a [member] **person** who is an employee; [or]

(b) "Inactive member", a **former active** member who [is not an employee;] **has accumulated contributions with the retirement system; or**

(c) **"Retired member", a former active member who has retired and is receiving benefits;**

[(14)] **(16)** "Membership service", service rendered [since last becoming a member which is creditable] **as an employee for which the employee received compensation.** For the purpose of computing creditable service at retirement, membership service shall include a member's accumulated and unused days of sick leave. The decision of the employing board as to the number of accumulated and unused days of sick leave held by a member shall be final and conclusive;

**(17) "Pension benefit" or "pension", monthly payments for life to a retired member or to such beneficiary as is entitled to the payments;**

[(15)] **(18)** "Prior service", service prior to the date the system [becomes] **became** operative which is [creditable] **credited;**

[(16)] **(19)** "Public school", any school for elementary, secondary or higher education, open and public, which is supported and maintained from public funds and which is operated by the board of education of the school district [or], by the board of regents, **or as a charter school as defined pursuant to sections 160.400 to 160.420, RSMo;**

[(17) "Retirant" or] **(20)** "Retired member", a [former] member receiving a retirement [allowance] **benefit** or [optional retirement allowance or] other benefit;

[(18) "Retirement allowance", equal monthly payments for life to a retirant or to such beneficiary as is entitled to the payments;

[(19)] **(21)** "Retirement system", the public school retirement [school] system of a school district;

[(20)] **(22)** "School administrator", an employee whose job classification is included on the school administrators' position schedule of the employing board;

[(21)] **(23)** "School district", any **metropolitan** school district [now having or hereafter attaining a population of seven hundred thousand inhabitants or more in which a retirement system shall be established] **as defined pursuant to section 160.011, RSMo;**

[(22)] **(24)** "Teacher", any teacher, substitute teacher, supervisor, principal, supervising principal, superintendent or assistant superintendent, who shall teach or be employed on a full-time basis in the public schools of a school district **or charter school**, except those teachers electing to become [a member] **members** of the Missouri state employees' retirement system pursuant to section 104.342, RSMo. In case of doubt as to whether any person is a teacher, the decision of the board of education, or the board of regents with respect to individuals within its charge, shall be final and conclusive.

169.420. In all **metropolitan** school districts of this state [that now have or may hereafter attain a population of seven hundred thousand inhabitants or more], there are hereby created and established retirement systems for the purpose of providing retirement [allowances] **benefits** for employees of said school districts. Each such system shall be a body corporate, and shall be under the management of a board of trustees herein described, and shall be known as "The Public School Retirement System of ..... (name of school district)". Such system shall, by and in such name, sue

and be sued, transact all of its business, invest all of its funds and hold all of its cash, securities and other property; provided, however, that such securities and other property may be held on behalf of the retirement system in the name of a nominee in order to facilitate the expeditious transfer of such securities or other property. [The retirement systems so created shall begin operations as of the first day of the second month next following the date upon which this law shall take effect under article III, section 29, of the Constitution of the state of Missouri or on the first day of the second month next following the date when the school districts shall have thereafter attained a population of seven hundred thousand inhabitants or more.]

169.430. [1.] All persons who shall hereafter become employees, shall become members as a condition of their employment and shall receive no pension or retirement [allowance] **benefit** from any pension or retirement system other than the retirement system established [under] **pursuant to** sections 169.410 to 169.540 because of **credited** years of service in the school district, nor shall they be required to make contributions under any other pension or retirement system of any school district or state because of such years, except that this section does not prohibit the extension of the benefits and liabilities of Title II of the Social Security Act of the United States (42 U.S.C.A. Section 401 et seq.) to the employees of the school district for the purpose of supplementing the benefits provided by this law, through agreement by the district and the state pursuant to sections 105.300 to 105.440, RSMo.

[2. Any employee in service on the date the retirement system becomes operative shall become a member as of that date unless prior thereto he shall file with the board of trustees on a form prescribed by the board of trustees a notice of his election not to become a member of the retirement system and a duly executed waiver of all present and prospective benefits which would otherwise inure to him on account of his participation in the retirement system.

3. Should any member with less than five years of creditable service not be an employee for more than four consecutive years or should any member withdraw his accumulated contributions, or should any member become a retirant or die, he shall thereupon cease to be a member.]

169.440. 1. [The board of trustees shall fix and determine by proper rules and regulations how much service in any year is equivalent to one year of service, but in no case shall more than one year of service be creditable for all service in one calendar year. Notwithstanding any other provisions of this subsection,] **In no case shall more than one year of service be credited for all service in one calendar year.**

**2.** The board of trustees shall include an employee's accumulated and unused days of sick leave, if any, in computing the employee's [creditable] **credited** service upon the employee's retirement.

[2. Under such rules and regulations as the board of trustees shall adopt, each employee who was employed by the school district on and prior to the date this retirement system becomes

operative and who becomes a member within one year from such date, shall file a detailed statement of all service as such employee rendered by the member to the school district prior to that date and prior to the member's attainment of age sixty-five, for which the member claims credit; provided, however, that teachers may, in addition, claim credit in such statement for not more than ten years of service rendered in public schools outside the school district. Any member with service prior to January 1, 1944, who became a member after January 1, 1945, may file claim for prior service up to a maximum of twelve years provided the member has a minimum of five continuous years of membership service and a total membership service of not less than the years of prior service being claimed.

3. Subject to the above restrictions and to such other rules and regulations as the board of trustees may adopt, the board of trustees shall verify the service claims as soon as practicable after the filing of such statements of service.

4. Upon verification of the statements of service, the board of trustees shall issue prior service certificates, certifying to each member the length of prior service with which the member is credited on the basis of the member's statement of service. So long as the holder of such a certificate continues to be a member, a prior service certificate shall be final and conclusive for retirement purposes as to such service; provided, however, that any member may, within one year from the date of issuance, or modification, of such certificate, request the board of trustees to modify or correct the member's prior service certificate. When any employee ceases to be a member the employee's prior service certificate shall become void, and should such employee again become a member such employee shall enter the retirement system as a member not entitled to prior service and membership service credit. After the member has five years of continuous membership service since last date of reemployment and provided the member could not under the applicable law at date of the member's termination have left such member's accumulated contributions for accrued deferred retirement benefits, the member may reinstate the member's creditable service as of such date by paying to the system the accumulated contributions the member withdrew with interest to the date of repayment.

5. Membership service at retirement shall include creditable service as an employee, on account of which contributions are made by the employing board and by the member except as to creditable military service and accumulated and unused days of sick leave.

6. Creditable service upon retirement of a member, or upon such other date as a member shall cease to be an employee shall consist of membership service, and if the member has a prior service certificate in full force and effect it shall include service certified on the member's prior service certificate, except that in determining the amount of any benefits pursuant to sections 169.410 to 169.585 the years of prior service creditable shall not exceed the number of years which, when added to the membership service of the member, equals thirty-five years.

7.] **3.** Any member inducted into the armed forces of the United States while an employee,

and discharged or separated from such service by other than dishonorable discharge, shall be credited with such period or periods of time, not exceeding a total of four years, spent in such service during time of war or national emergency, and any additional period or periods of involuntary service as if such member had been for all effects and purposes in active service as an employee during such period or periods of time. Periods of national emergency, as that term is used in this section, shall be prescribed by rule of the board of trustees, giving due regard to the acts and resolutions of Congress and the proclamations and orders of the President.

[8. Any employee whose membership was terminated during the years 1944 to 1947, inclusive, pursuant to a rule of the board of education prohibiting the employment of married women teachers and who was reemployed on or before January 1, 1950, and is a member as of October 13, 1969, may reinstate the creditable service forfeited by the termination and acquire credit as membership service for service rendered subsequent to the termination. In order to obtain such credit, the member must pay the unpaid accumulated contributions for the approved years of membership service to be credited together with any contributions which have been refunded to the member plus interest from the date of the refund or from the date of membership service to the date of repayment as provided herein. No prior service may be reinstated or other service credited unless full payment is made for contributions for all possible service which is classified as membership service.

9.] 4. Any member who is granted a leave of absence with reduced pay may authorize deduction of contributions based on full compensation, the same as if not on leave, and in such case the full compensation shall be used as annual compensation in determining the final average compensation for calculation of benefits.

[10. Any employee who rendered service which at the time was not classified as membership service nor were contributions paid but which would be classified as membership service under later law and regulations may receive credit for such service by paying the required contributions for such period of service with interest to date.

11.] 5. A member [who has rendered service in a public school district in the state of Missouri, or outside the state of Missouri,] may elect to purchase and receive credit for [such] service in accordance with the following conditions and limitations:

(1) The member must have a minimum of five years of continuous [creditable] **credited** membership service in this retirement system prior to the member's election to purchase;

(2) [Service to be credited must be service for which the member did not and could not receive accrued benefits by leaving contributions with any other retirement system under the applicable law in effect at the termination of such service;

(3)] The member must have one year of [creditable] **credited** service in this **retirement** system for each year to be credited;

[(4) The maximum period of service which can be credited pursuant to this subsection is ten

years;]

**(3) The member must purchase the entire amount of credited service the member is eligible to purchase in a given category;**

**(4) Eligible categories of credited service that can be purchased are:**

**(a) Service rendered in a public school district in the state of Missouri, or outside the state of Missouri;**

**(b) Service as an employee which at the time was not classified as membership service nor were contributions paid but which would be classified as membership service under later law and regulations;**

**(c) The period during which an employee's membership was terminated during the years 1944 to 1947, inclusive, pursuant to a rule of the board of education prohibiting the employment of married women teachers, provided the member was re-employed on or before January 1, 1950, and was a member as of October 13, 1969;**

**(d) A period of up to five years during which a member was involuntarily laid off in a staff reduction by the board of education after 1980, provided the member was restored to full-time employment and the member did not receive a refund of the member's accumulated contributions for credited service rendered prior to the layoff;**

**(e) Service for which the member received a refund of the member's accumulated contributions;**

**(f) Up to three years of service rendered in a school, which is not part of the public school system of this state and which charged tuition for the rendering of elementary and secondary educational services, as a full-time employee who was duly certified under the law governing the certification of teachers during all of such years of employment;**

**(5) The member must pay for the purchase of service [after January 1, 1944, the total amount of member's contributions for such years being purchased plus interest at the rates fixed by the board of trustees with the contributions based on the compensation at which the member initially was employed in this school district and the contribution rates then in effect;**

**(6) If all service after January 1, 1944, for which a member is eligible has been purchased and it is less than ten years, the member may apply for credit for service prior to January 1, 1944, provided the total credit does not exceed ten years, subject to applicable conditions and limitations in this subsection, but no payment shall be required;] the amount required by the rules and regulations established by the board of trustees of the retirement system;**

**(6) The retirement system may accept a transfer of funds from a plan qualified under sections 401(a) or 403(b) of the Internal Revenue Code in full or partial payment of the amount required to purchase the credited service;**

**(7) A member shall receive credit at retirement for only such service as has met the**

conditions of this subsection. If the member has paid for any service which has not been credited, the member shall receive a refund of the excess payment. If the member has not completed such member's payment at time of retirement, the first benefits from the **retirement** system shall be applied to pay the balance of the amount due and thereafter the full benefits shall be payable[]; and

(8) Any credit granted for service outside the school district prior to January 1, 1944, pursuant to subsection 2 of this section shall be included in determining whether any additional credit may be obtained pursuant to this subsection.

12. An active member who is involuntarily laid off in a staff reduction by the board of education or board of regents after 1980 may, if the member is restored to full-time employment, elect to purchase and receive credit for service retirement for the period of such layoff in accordance with the following conditions and limitations:

(1) The member shall be an employee with a minimum of five years of continuous creditable membership service in this retirement system prior to the time the member elects to purchase service for the period of such layoff;

(2) The member shall not have been paid the member's accumulated contribution credited to the member's individual account after such layoff;

(3) The maximum period of creditable service which may be credited pursuant to this subsection is five years;

(4) The member shall pay for the purchase of creditable service the total cost of such service as determined by the board of trustees based on accepted actuarial methods using the same assumptions used by the retirement system at the time of such election. Such cost shall include both the employee's and the system's share of the cost of such credited service;

(5) The member shall make payment in full for the purchase of creditable service pursuant to this subsection over a period not to exceed five years, measured from the date of election, or prior to the effective date of retirement of the member, whichever is earlier, and with interest compounded annually at the rate established by the board of trustees.

13. Notwithstanding any other provision of sections 169.410 to 169.540 to the contrary, any member with five or more years of creditable service who ceased to be an employee, who has received a refund of such member's accumulated contributions pursuant to subsection 9 of section 169.460, who again becomes a member of the retirement system, may elect to reinstate any creditable service forfeited at time or times of any previous refunds. Such reinstatement shall be effected by the member paying to the retirement system with interest the amount of accumulated contributions refunded to the member on or after the time such member ceased to be an employee, and by continuous employment in the district for at least an additional seven years of creditable service before such member retires. Such payment with interest shall be made over a period of not longer than five years from the date of such member's election to reinstate creditable service, provided that such payment shall in all events be made prior to the retirement of such



member. The member electing to reinstate such creditable service may not receive or be eligible to receive retirement benefits from any other retirement system for the period for which creditable service is being reinstated, and such member shall furnish an affidavit to the retirement system so stating].

169.450. 1. The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of sections 169.410 to 169.540 are hereby vested in a board of trustees of eleven persons, as follows:

(1) Four trustees to be appointed for terms of four years by the board of education; provided, however, that their terms shall be fixed so the terms of one of the trustees so appointed shall expire each year. **The members of such board of trustees appointed by the board of education may be members of the board of education or other individuals deemed qualified to hold such positions by the board of education;**

(2) Four trustees to be elected for terms of four years by and from the active members of the retirement system who shall hold office as trustees only while active members; provided, however, that their terms shall be fixed so that the terms of one of the trustees so elected shall expire each year; and provided further, that not more than two of such persons shall be teachers and two shall be nonteachers. **For the purposes of this subsection, a school administrator shall not be eligible for the positions established pursuant to this subdivision and shall be eligible for the position established pursuant to subdivision (4) of this subsection;**

(3) Two trustees, who shall be [retirants] **retired members**, to be elected for terms of four years by and from the [retirants] **retired members** of the retirement system; provided, however, that the terms of office of the first two trustees so elected shall begin immediately upon their election and shall expire two and four years from the date of their election, respectively; and provided further, that not more than one of such persons shall be a teacher and one shall be a nonteacher;

(4) One member, who shall be a school administrator, to be elected for a term of four years by and from the active members of the retirement system who shall hold office as a trustee only while an active member; except that, the initial term of office of such trustee shall expire on December 31, 1999.

2. If a vacancy occurs in the office of trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled. **No vacancy or vacancies on the board of trustees shall impair the power of the remaining trustees to administer the retirement system pending the filling of such vacancies.**

3. [The members of such board of trustees appointed by the board of education may be members of the board of education or other individuals deemed qualified to hold such positions by the board of education. The] **In the event of a lapse of a school district's corporate organization as described in subsections 1 and 4 of section 162.081, RSMo, or for any**

**other reason, the general administration and the responsibility for the proper operation of the retirement system shall continue to be fully vested in the trustees then currently serving and such trustees shall continue to serve and be elected in the same manner as set forth in this statute as if no lapse had occurred, except that in the event of vacancies occurring in the office of trustees appointed by the board of education prior to the lapse, the board of trustees shall appoint a qualified person or persons to fill such vacancy or vacancies for terms of up to four years.**

**4.** Trustees shall serve without compensation, and any trustee shall be reimbursed from the expense fund for all necessary expenses which the trustee may incur through service on the board of trustees.

**[4.] 5.** Each trustee shall, within ten days after such trustee's appointment or election, take an oath of office before the clerk of the circuit court of the judicial circuit in which the school district is located that, so far as it devolves upon the trustee, the trustee will diligently and honestly administer the affairs of the board of trustees and that the trustee will not knowingly violate or willingly permit to be violated any of the provisions of the law applicable to the retirement system. Such oath shall be subscribed to by the trustee making it and filed in the office of the clerk of the circuit court.

**[5.] 6.** The circuit court of the judicial circuit in which the school district is located shall have jurisdiction over the members of the board of trustees to require them to account for their official conduct in the management and disposition of the funds and property committed to their charge; to order, decree and compel payment by them to the public school retirement system of their school district of all sums of money, and of the value of all property which may have been improperly retained by them, or transferred to others, or which may have been lost or wasted by any violation of their duties or abuse of their powers as such members of such board; to remove any such member upon proof that the trustee has abused the trustee's trust or has violated the duties of the trustee's office; to restrain and prevent any alienation or disposition of property of such public school retirement system by the members, in cases where it may be threatened, or there is good reason to apprehend that it is intended to be made in fraud of the rights and interests of such public school retirement system. The jurisdiction conferred by sections 169.410 to 169.540 shall be exercised as in ordinary cases upon petition, filed by the board of education of such school district, or by any two members of the board of trustees. Such petition shall be heard in a summary manner after ten days' notice in writing to the member complained of, and an appeal shall lie from the judgment of the circuit court as in other causes and be speedily determined, but such appeal shall not operate under any condition as a supersedeas of a judgment of removal from office.

**[6.] 7.** Each trustee shall be entitled to one vote in the board of trustees. Six votes shall be necessary for a decision by the trustees at any meeting of the board of trustees.

**[7.] 8.** Subject to the limitations of sections 169.410 to 169.540, the board of trustees shall,

from time to time, establish rules and regulations for the administration of the [assets of the] retirement system, **for eligibility for and determination of benefits under the retirement system, for the investment of retirement system assets,** and for the transaction of [its] **the retirement system's** business.

[8.] **9.** The board of trustees shall elect from its membership a chairman and shall, by majority vote of its members, appoint a secretary, who may be, but need not be, one of its members. It shall engage such actuarial and other services as shall be required to transact the business of the retirement system. It shall also engage an investment counselor who shall be experienced in the investment of moneys to advise the trustees on investments of the retirement system. The compensation of all persons engaged by the board of trustees and all other expenses of the board necessary for the operation of the retirement system shall be paid at such rates and in such amounts as the board of trustees shall approve.

[9.] **10.** The board of trustees shall keep in convenient form such data as shall be necessary for actuarial valuations of the assets of the retirement system and for checking the experience of the system.

[10.] **11.** The board of trustees shall keep a record of all its proceedings which shall be open to public inspection. It shall prepare annually and send to the board of education and to each member of the retirement system a report showing the fiscal transactions of the retirement system for the preceding fiscal year, a detailed listing of all salaries and expenditures incurred by the trustees for its operation, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system. The board of trustees shall also prepare or cause to be prepared an annual report concerning the operation of the retirement system herein provided for, which report shall be sent by the chairman of the board of trustees to the board of education.

[11.] **12.** The board of trustees shall arrange for necessary legal advice for the operation of the retirement system.

[12.] **13.** The board of trustees shall designate a medical board to be composed of three physicians, none of whom shall be eligible for benefits pursuant to sections 169.410 to 169.540, who shall arrange for and pass upon all medical examinations required pursuant to the provisions of sections 169.410 to 169.540, shall investigate all essential statements and certificates made by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the board of trustees its conclusions and recommendations upon all matters referred to it.

[13.] **14.** The actuary shall be the technical adviser of the board of trustees on matters regarding the operation of the system created by sections 169.410 to 169.540 and shall perform such other duties as are required in connection therewith. Such person shall be qualified as an

actuary by membership as a fellow in the Society of Actuaries or by [similar] objective standards **which are no less stringent than those established by the Society of Actuaries.**

[14.] **15.** At least once in each five-year period the actuary shall make an investigation into the actuarial experience of the retirement system, and taking into account the results of such investigation of the experience, the board of trustees shall adopt for the retirement system such actuarial assumptions as shall be deemed necessary.

[15.] **16.** On the basis of such actuarial assumptions as the board of trustees shall adopt, the actuary shall make an annual valuation of the assets and liabilities of the funds of the retirement system.

[16.] **17.** On the basis of the valuation the board of trustees shall certify the rates of contribution payable by the board of education.

169.460. 1. Any member may retire [on a service retirement allowance] **and receive a normal pension** upon his written application to the board of trustees setting forth at what time not less than fifteen days nor more than [ninety] **one hundred eighty** days subsequent to the execution and filing of such application he desires to be retired; provided, that the member at the time so specified for his retirement either (a) shall have attained age sixty-five or (b) shall have attained an age which when added to the number of years of [creditable] **credited** service of such member shall total a sum not less than eighty-five. For purposes of computing any member's age under this section, the board shall, **if necessary**, add to his actual age any accumulated and unused days of sick leave included in his [creditable] **credited** service.

2. Upon retirement [for service under] **pursuant to** subsection 1 of this section, a member shall receive an annual [service retirement allowance] **pension** payable in monthly [service] installments equal to his number of years of [creditable] **credited** service multiplied by [one and one-fourth] **two** percent of his average final compensation **subject to a maximum pension of sixty percent of his average final compensation.**

3. A member who is not eligible for [service retirement under] **normal pension pursuant to** subsection 1 of this section but **who** has attained age sixty and has five or more years of [creditable] **credited** service may make application in the same manner as [under] **pursuant to** subsection 1 of this section for an early [service retirement allowance which shall be a percentage of his projected annual service retirement allowance. His projected annual service retirement allowance shall equal his number of years of creditable service multiplied by one and one-fourth percent of his average final compensation. The percentage of his projected annual service retirement allowance shall be computed by deducting from one hundred percent a sum equal to] **pension. His early pension shall be computed pursuant to subsection 2 of this section, but shall be reduced by** five-ninths of one percent for each month such member's early retirement date precedes the earliest date he could [receive a service retirement allowance under] **have received a normal pension pursuant to** subsection 1 of this section had his service

continued.

4. Upon the written application of the member or of the employing board, any active member who has [had] five or more years of [creditable] **credited** service with such board and does not qualify for [service retirement under] **a normal pension pursuant to** subsection 1 of this section may be retired by the board of trustees, not less than fifteen **days** and not more than [ninety] **one hundred eighty** days next following the date of filing such application, [on an ordinary disability retirement allowance;] **and receive a disability pension**, provided, that the medical board after a medical examination of such member **or such member's medical records** shall certify that such member is unable to further perform his duties due to mental or physical incapacity, and that such incapacity is likely to be permanent and that such member should be retired; **or, provided the member furnishes evidence of the receipt of disability benefits under the federal Old Age, Survivors and Disability Insurance System of the Social Security Act.** The determination of the board of trustees in the matter shall be final and conclusive. A [disability retirant] **member being retired pursuant to this subsection** who has accumulated unused vacation and sick leave may elect to have the commencement of his disability [retirement allowance] **pension** deferred for more than [ninety] **one hundred eighty** days during the period he is entitled to vacation and sick pay.

5. Upon retirement for disability, a member shall receive a disability [retirement allowance which] **pension until such time as he meets the requirements for a normal pension pursuant to subsection 1 of this section, at which time his disability pension will be deemed to be a normal pension.** The member's **disability pension** shall be the larger of:

(1) A [service retirement allowance] **normal pension** based on his [creditable] **credited** service to the date of his **retirement for** disability [retirement] and calculated as if he were age sixty-five; or

(2) One-fourth of his average final compensation;  
except that such [allowance] **benefit** shall not exceed the [service retirement allowance] **normal pension** which he would [receive] **have received** upon retirement [had] **if** his service **had** continued and **he had** satisfied the eligibility requirements of subsection 1 of this section and had his final average compensation been unchanged.

6. Once each year during the first five years following retirement [on a] **for** disability [retirement allowance] and once in every three-year period thereafter **while receiving a disability pension**, the board of trustees may, and shall, require any [disability beneficiary] **member receiving a disability pension** who has not yet become eligible for [service retirement] **a normal pension** pursuant to subsection 1 of this section to undergo a medical examination at a place designated by the medical board or by a physician or physicians designated by such board. [Should] **If** any such [disability beneficiary refuse] **member receiving a disability pension refuses** to submit to such medical examination, his [allowance] **benefit** may be

discontinued until his withdrawal of such refusal, and [should] **if** his refusal [continue] **continues** for one year, all rights in and to his pension may be revoked by the board of trustees.

7. [Should] **If** the board of trustees [find] **finds** that any [disability retirant] **member receiving a disability pension** is engaged in or is able to engage in a gainful occupation paying more than the difference between his [retirement allowance] **disability pension** plus benefits, if any, to which he and his family are eligible under the federal Old Age, Survivors and Disability Insurance System of the Social Security Act and the current rate of monthly compensation for the position he held at retirement, then the amount of his [retirement allowance] **disability pension** shall be reduced to an amount which together with the amount earnable by him shall equal such current rate of monthly compensation. [Further adjustments in the disability retirement allowance because of earnings changes shall be made by the board of trustees.] The decisions of the board of trustees in regard to such modification of disability [allowance] **benefits** shall be final and conclusive.

8. [Should] **If** any [disability retirant be] **member receiving a disability pension is** restored to service as an employee, he shall again become [a] **an active** member of the retirement system and contribute thereunder. [If he is under age sixty at date of again becoming a member, his creditable] **His credited** service at the time of his retirement **for disability** shall be restored [to full force and effect,] and the excess of his accumulated contributions at **his retirement for disability** over the total **disability pension** payments which he received [during retirement] shall be credited to his account. [If he is age sixty or over, his disability retirement allowance shall cease and be resumed upon subsequent retirement, together with such retirement allowance as shall accrue by reason of his latest period of membership.]

**9. If a member with fewer than five years credited service ceases to be an employee, except by death, he shall be paid the amount of his accumulated contributions in accordance with applicable provisions of the Internal Revenue Code.**

[9. Should] **10. If** a member [cease] **with five years or more credited service ceases** to be an employee, except by death or retirement, he shall be paid on demand the amount of his accumulated contributions [standing to the credit of his individual account, provided that a member with five or more years of creditable service may leave], **or he may leave** his accumulated contributions with the retirement system and be an inactive member and claim a retirement [allowance] **benefit** at any time after he reaches the minimum age for [voluntary] retirement, **except that if such a member's accumulated contributions do not exceed the involuntary distribution limits under provisions of the Internal Revenue Code, the member must elect to become an inactive member within thirty days of employment separation to avoid application of the involuntary distribution provisions of the Internal Revenue Code.** When [his claim is presented] **an inactive member presents his valid claim** to the board of trustees, he shall be granted [an allowance] **a benefit** at such time and

for such amount as is available [under] **pursuant to** subsection 2 or 3 of this section in accordance with the provisions of law in effect at the time his active membership ceased. The accumulated contributions of an inactive member may be withdrawn at any time upon ninety days' notice or such shorter notice as is approved by the board of trustees. [Should a] **If an inactive member [die] dies** before retirement, his accumulated contributions shall be paid to his designated beneficiary, if living, otherwise to the estate of the member. A member's accumulated contributions shall not be paid to him so long as he remains in service as an employee.

[10.] **11.** Any member upon retirement shall receive his [benefit in a retirement allowance] **pension** payable throughout life subject to the provision that if his death occurs before he has received total benefits at least as large as his accumulated contributions at retirement, the difference shall be paid in one sum to his designated beneficiary, if living, otherwise to the estate of the retired member.

[11.] **12.** Prior to the date of retirement [under] **pursuant to** subsection 2, 3, or 4 of this section, a member may elect to receive the actuarial equivalent [at that time] of his [retirement allowance] **pension** in a lesser [retirement allowance] **amount**, payable throughout life under one of the following options with the provision that:

Option 1. Upon his death, his [retirement allowance] **pension** shall be continued throughout the life of and paid to his beneficiary, or

Option 2. Upon his death, one-half of his [retirement allowance] **pension** shall be continued throughout the life of and paid to his beneficiary, or

Option 3. Upon his death, his [retirement allowance] **pension** shall be continued throughout the life of and paid to his beneficiary, provided that in the event his designated beneficiary predeceases him, then his [retirement allowance] **pension** shall be adjusted [at that time] **effective the first day of the month following the month in which his designated beneficiary died** to the amount determined [under] **pursuant to** subsection 2 or 3 of this section at the time of his retirement, or

Option 4. Upon his death, one-half of his [retirement allowance] **pension** shall be continued throughout the life of and paid to his beneficiary, provided that in the event his designated beneficiary predeceases him, then his [retirement allowance] **pension** shall be adjusted [at that time] **effective the first day of the month following the month in which his designated beneficiary died** to the amount determined [under] **pursuant to** subsection 2 or 3 of this section at the time of his retirement.

**Option 5. Prior to age sixty-two the member will receive an increased pension, where the total pension prior to age sixty-two is approximately equal to the pension after age sixty-two plus the member's estimated federal Social Security benefit, provided that the reduced pension after age sixty-two is not less than one-half the pension the member could have received had no option been elected.**

**A member may elect a combination of Option 1 and Option 5, or Option 2 and Option 5.** The survivor benefits payable to a beneficiary, other than the spouse of the [retirant] **retired member**, under any of the foregoing options shall in no event exceed fifty percent of the actuarial equivalent of the [retirement allowance] **pension** determined [under] **pursuant to** subsection 2 or 3 of this section at the time of retirement. [The actuarial equivalent of a member's retirement allowance shall be computed as of the earlier of his actual retirement or the date he became eligible for service retirement under subsection 1 of this section.]

[12.] **13.** If an option has been elected [under] **pursuant to** subsection [11] **12** of this section, and both the retired member and beneficiary die before receiving total benefits as large as the member's accumulated contributions at retirement, the difference shall be paid to [a] **the designated beneficiary of the person last entitled to benefits**, if living, otherwise to the estate of the person last entitled to benefits.

[13.] **14.** If an active member dies while an employee and with five or more years of [creditable] **credited** service and a dependent of the member is designated as beneficiary to receive his accumulated contributions, such beneficiary may, in lieu thereof, request that benefits be paid under option 1, subsection [11] **12** of this section, as if the member had attained age sixty, if the member was less than sixty years of age at the time of his death, and had retired under such option as of the date of death, provided that under the same circumstances a member may provide by written designation that benefits must be paid [under] **pursuant to** option 1 to such beneficiary. In addition to benefits received under option 1, subsection [11] **12** of this section, a surviving spouse receiving benefits under this subsection shall receive sixty dollars per month for each unmarried dependent child of the deceased member who is under twenty-two years of age and is in the care of the surviving spouse; provided, that if there are more than three such unmarried dependent children one hundred eighty dollars shall be divided equally among them. A "dependent beneficiary" for the purpose of this subsection only shall mean either the surviving spouse or a person who at the time of the death of the member was receiving at least one-half of his support from the member, and the determination of the board of trustees as to whether a person is a dependent shall be final.

[14. If the board of trustees is unable to refund the contributions of a member or to commence payment of benefits after such refund or benefits are otherwise first due and payable and thereafter, proper application is made for such refund or benefits, the board will make payment of such refund or benefits but no credit will be allowed for interest after the date the refund or benefits were first due and payable.]

**15.** In lieu of accepting the payment of the accumulated contributions of a member who dies after having at least eighteen months of [creditable] **credited** service and while an employee, an eligible beneficiary or, if no surviving **eligible** beneficiary, the unmarried dependent children of the member under twenty-two years of age may elect to receive the benefits [under] **pursuant to**



subdivision (1), (2), (3), or (4) of this subsection. An "eligible beneficiary" is the surviving spouse, unmarried dependent children under twenty-two years of age or dependent parents of the member, if designated as beneficiary. A "dependent" is one receiving at least one-half of his support from the member at his death.

(1) A surviving spouse who is sixty-two years of age at the death of the member or upon becoming such age thereafter, and who was married to the member at least one year, may receive sixty dollars per month for life. A spouse may receive this benefit after receiving benefits **[under] pursuant to** subdivision (2) of this subsection;

(2) A surviving spouse who has in his or her care an unmarried dependent child of the deceased member under twenty-two years of age may receive sixty dollars per month plus sixty dollars per month for each child under twenty-two years of age but not more than a total of two hundred forty dollars per month;

(3) If no benefits are payable **[under] pursuant to** subdivision (2) of this subsection, unmarried dependent children under the age of twenty-two may receive sixty dollars each per month; provided that if there are more than three such children one hundred eighty dollars per month shall be divided equally among them;

(4) A dependent parent upon attaining sixty-two years of age may receive sixty dollars per month as long as not remarried provided no benefits are payable at any time **[under] pursuant to** subdivision (1), (2), or (3) of this subsection. If there are two dependent parents entitled to benefits, sixty dollars per month shall be divided equally between them;

(5) If the benefits **[under] pursuant to** this subsection are elected and the total amount paid is less than an amount equal to the accumulated contributions of a member at his death, the difference shall be payable to the beneficiary or the estate of the beneficiary last entitled to benefits.

16. [If a retired member dies while receiving a disability retirement allowance, the surviving spouse and children, if any, shall receive benefits under subsection 15 of this section to the same extent as if he had died while an employee, unless such member elected optional benefits under subsection 11 of this section.

17. Should a service retirant again become a **] If a member receiving a normal pension again becomes an active** member, his **[retirement allowance] pension benefit** payments shall cease during such membership and shall be resumed upon subsequent retirement together with such **[retirement allowance] pension benefit** as shall accrue by reason of his latest period of membership. **Except as otherwise provided in section 105.269, RSMo,** a **[retirant] retired member** may not receive a **[retirement allowance payment in] pension benefit for** any month for which he receives compensation from an employing board, except he may serve as a part-time or temporary employee for not to exceed sixty days in any **[school] calendar** year without becoming a member and without having his **[retirement allowance] pension benefit** discontinued. A **[retirant] retired member** may also serve as a member of the board of trustees and receive any

[compensation and] reimbursement for expenses allowed him because of such service without becoming [a] **an active** member and without having his [retirement allowance] **pension benefit** discontinued or reduced.

[18.] **17.** Upon approval of the board of trustees, any member may make contributions in addition to those required. Any additional contributions shall be accumulated at interest and paid in addition to the benefits provided hereunder. The board of trustees shall make such rules and regulations as it deems appropriate in connection with additional contributions including limitations on amounts of contributions and methods of payment of benefits.

[19.] **18.** Notwithstanding any other provisions of this section, any member retiring on or after age sixty-five who [shall have] **has** five or more years of [creditable] **credited** service shall be entitled to an annual [service retirement allowance] **pension** of the lesser of (a) an amount equal to his number of years of [creditable] **credited** service multiplied by one hundred twenty dollars, or (b) one thousand eight hundred dollars. Upon the death of such member, any benefits payable to the beneficiary of such member shall be computed as otherwise provided.

[20. Notwithstanding any other provisions of this section, any member who continues his employment with an employing board after attaining seventy and one-half years of age shall receive service retirement benefits during the continuation of his employment if and to the extent the payment of such service retirement benefits is required by the Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder; and such service retirement benefits shall be adjusted annually for additional benefits which shall accrue by reason of such continued employment in accordance with the rules and regulations of the board of trustees. Optional benefits under subsection 11 of this section must be elected by a member prior to the commencement of benefits hereunder.]

[169.462. 1. As used in this section, the term "private school" means a school which is not a part of the public school system of this state and which charges tuition for the rendering of elementary and secondary educational services.

2. A member having membership service in the retirement system provided by sections 169.410 to 169.540, who was, prior to being a member, employed by a private school on a full-time basis and duly certified under the law governing the certification of teachers during all of such employment, may elect to purchase membership credit for service rendered to the private school, but not to exceed three years; provided that he shall be entitled to apply the membership credit thus purchased toward a service retirement. The purchase allowed by this section shall be effected by the member paying to the retirement system with interest an amount based on the annual salary rate of his initial employment in the public school district under the system in which credit is being purchased and the contribution rate in effect in that system at the date of the election to purchase credit. Such payments shall include any payments that would have been made by the employer of the

member during the period for which creditable service is being purchased, for each year of creditable service being purchased, plus interest at the rates fixed by the board of trustees. The purchase allowed by this section shall be effected before retirement of the member, and may be paid in installments over a period not to exceed five years. The purchase allowed by this section shall be subject to all rules and regulations of the board of trustees.]

169.466. 1. Any retired member with fifteen or more years of creditable service at retirement receiving [retirement benefits] **a pension** on August 28, 1997, shall receive on January first of each year, commencing on January 1, 1998, an increase in the amount of [benefits] **pension** received by the retired member pursuant to sections 169.410 to 169.540 during the preceding year of one hundred percent of the increase in the consumer price index calculated in the manner provided in this section; except that, no such increase in [retirement] **pension** benefits shall be paid for any year if such increase in the consumer price index is less than one percent. Such annual [retirement benefit] **pension** increase, however, shall not exceed three percent and the total increases in the amount of [retirement] **pension** benefits received by any retired member shall not, in the aggregate, exceed ten percent of the [retirement] **pension** benefits such retired member received during the year preceding January first of the first year the retired member is entitled to receive an increase pursuant to this section. A retired member qualified to receive an annual [retirement benefit] **pension** increase pursuant to this section shall not be eligible to receive an additional benefit until the January first after the first anniversary of the date on which he or she commenced receiving [retirement benefits] **a pension** pursuant to sections 169.410 to 169.540. Benefits shall not be decreased in the case of a decrease in the consumer price index for any year.

2. For the purpose of this section, any increase in the consumer price index shall be determined by the board of trustees in November of each year based on the consumer price index for the twelve-month period ended on September thirtieth of such year over the consumer price index for the twelve-month period ended on September thirtieth of the year immediately prior thereto. Any increase so determined shall be applied by the board of trustees in calculating increases in [retirement] **pension** benefits that become payable pursuant to this section for the twelve-month period beginning on the January first immediately following such determination.

3. An annual increase in [retirement] **pension** benefits, if any, shall be payable monthly with monthly installments of other [retirement] **pension** benefits pursuant to sections 169.410 to 169.540.

169.471. 1. The board of education is authorized from time to time, in its discretion, to increase the [retirement] **pension** benefits now or hereafter provided pursuant to sections 169.410 to 169.540 and to adopt and implement additional [retirement] **pension** benefits and plans, including without limitation, early retirement plans, deferred retirement option plans and

cost-of-living adjustments, but excluding compensation to retired members pursuant to section 169.475, and for such purpose the contribution rate of members of the retirement system may be increased to provide part of the cost thereof, subject to the following conditions:

(1) Any such increase in [retirement] **pension** benefits and additional [retirement] **pension** benefits and plans shall be approved by the board of trustees;

(2) The board of trustees shall have presented to the board of education the projected increases in rates of contribution which will be required to be made by members and the board of education to the retirement system to pay the cost of such increases in [retirement] **pension** benefits and additional [retirement] **pension** benefits and plans; and

(3) Any increase in the contribution rate of members of the retirement system shall be approved by the board of trustees and shall be deducted from the compensation of each member by the employing board and transferred and credited to the individual account of each member from whose compensation the deduction was made, and shall be administered in accordance with sections 169.410 to 169.540; provided that, any such increase in the members' contribution rate shall not exceed one-half of one percent of compensation in any year for such increases to [retirement] **pension** benefits and additional [retirement] **pension** benefits and plans adopted during such year by the board of education pursuant to this section, and all such increases in the members' contribution rate shall, in the aggregate, not exceed two percent of compensation.

169.475. 1. Any retired member now receiving [retirement] **pension** benefits, who served five years or more as an employee of the school district and who retired after June 30, 1957, and prior to January 1, 1971, shall, upon application to the retirement system, be employed by that retirement system as a special school advisor and supervisor. Any person so employed shall perform such duties as the board of trustees directs, and shall receive a salary of five dollars per month for each year of service not to exceed seventy-five dollars per month, payable by the retirement system as part of its administrative costs, but the payment to the retired person for such services, together with the [retirement] **pension** benefits the person receives, shall not exceed one hundred fifty dollars per month. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section.

2. Any retired member now receiving [retirement] **pension** benefits, who served ten years or more as an employee of the school district and who retired prior to January 1, 1955, shall, upon application to the retirement system be employed by that retirement system as a special school advisor and supervisor. Any person so employed shall perform such duties as the board of trustees directs, and shall receive a salary of two hundred fifty dollars per month payable by the retirement system as part of its administrative costs, but payment to the retired person for such services shall be reduced by the [retirement] **pension** benefits the person receives. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension**

benefits or for employment pursuant to other subsections of this section, subject to the limitation set forth in subsection 3 of this section.

3. Any retired member now receiving [retirement] **pension** benefits who retired prior to January 1, 1976, shall, upon application to the retirement system, be employed by that retirement system as a school consultant. Any person so employed shall perform such duties as the board of trustees directs, and shall receive a salary equal to four dollars per month for each year (or major portion of a year) between the date of the person's retirement and December 31, 1981, plus two dollars per month for each year (or major portion of a year) between January 1, 1982, and December 31, 1984, and, in addition, shall be entitled to receive the insurance benefits provided [retirants] **retired members** pursuant to section 169.476 payable by the retirement system as part of its administrative costs. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section, provided that total salaries payable to any retired member pursuant to subsections 2 and 3 of this section shall not exceed two hundred fifty dollars per month.

4. Any retired member now receiving [retirement] **pension** benefits who retired on or after January 1, 1976, and prior to December 31, 1984, shall, upon application to the retirement system, be employed by the retirement system as a school consultant. Any person so employed shall perform such duties as the board of trustees directs and shall receive a salary equal to four dollars per month for each year (or major portion of a year) between the date of the person's retirement and December 31, 1984, and, in addition, shall be entitled to receive the insurance benefits provided [retirants] **retired members** pursuant to section 169.476 payable by the retirement system as part of its administrative costs. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section.

5. Any retired member now receiving [retirement] **pension** benefits or who retires prior to December 31, 1986, shall, after application to the retirement system, be employed by the retirement system as a school consultant. Any person so employed shall perform such duties as the board of trustees directs and shall receive a salary equal to two dollars per month for each year (or major portion of a year) between the date of the person's retirement and December 31, 1986, payable by the retirement system as part of its administrative costs. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section.

6. Any retired member now receiving [retirement] **pension** benefits or who retires prior to December 31, 1988, shall, after application to the retirement system, be employed by the retirement system as a school consultant. Any person so employed shall perform such duties as the board of trustees directs and shall receive a salary equal to two dollars per month for each year (or major portion of a year) between the date of the person's retirement and December 31, 1988,

payable by the retirement system as part of its administrative costs. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section.

7. Any retired member now receiving [retirement] **pension** benefits or who retires prior to December 31, 1990, shall, after application to the retirement system, be employed by the retirement system as a school consultant. Any person so employed shall perform such duties as the board of trustees directs and shall receive a salary equal to two dollars per month for each year (or major portion of a year) between the date of the person's retirement and December 31, 1990, not to exceed ten years, payable by the retirement system as part of its administrative costs. The employment provided for by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section.

8. Any retired member now receiving [retirement] **pension** benefits or who retires prior to December 31, 1993, shall, after application to the retirement system, be employed by the retirement system as a school consultant. Any person so employed shall perform such duties as the board of trustees directs and shall receive a salary equal to three dollars per month for each year (or major portion of a year) between the date of the person's retirement and December 31, 1993, payable by the retirement system as part of its administrative costs. The employment provided by this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for employment pursuant to other subsections of this section.

9. Any retired member now receiving [retirement] **pension** benefits with fifteen years or more creditable service at retirement, shall, after application to the retirement system, be employed by the retirement system as a consultant. Any person so employed shall, upon the request of the board of trustees, give the board, orally or in writing, a short detailed statement of the problems of retirement under the current monthly benefits. As compensation for the obligation to perform the extra duty imposed by this subsection, each consultant who meets the qualification prescribed in subsection 7 of this section, shall receive, in addition to all other compensation payable pursuant to this section, an increase in compensation each year computed on the total amount which such consultant receives pursuant to this section of one hundred percent of the increase in the consumer price index calculated and payable in the manner specified in section 169.466. A consultant otherwise qualified to receive compensation pursuant to this subsection shall not be eligible to receive such compensation until the January first after he or she has been retired for at least twelve months. Any such annual increase in compensation, however, shall not exceed three percent, and the total increase in compensation pursuant to this subsection shall not exceed ten percent of the total compensation such consultant was receiving pursuant to this section on August 28, 1996. Additional compensation payable pursuant to this subsection shall be payable by the retirement system as part of its administrative costs. The employment provided for in this subsection shall in no way affect any person's eligibility for [retirement] **pension** benefits or for

employment pursuant to other subsections of this section.

10. Annually, immediately after the close of the fiscal year of the retirement system, the actuary for the system shall determine if the payments made pursuant to the provisions of this section have impaired the actuarial soundness of the plan, and upon the actuary's certification that the soundness has been so impaired, the system shall bill the school district which last employed the retired person on a full-time basis for reimbursement of the amount paid to that person during the preceding fiscal year. The school district shall forthwith accordingly reimburse the retirement system.

**11. Effective January 1, 2002, all payments made pursuant to this section shall be paid as cost-of-living benefits rather than as expenses of the retirement system.**

169.476. The retirement system may contribute toward an insurance plan for the benefit of [retirants] **retired members** which may provide dental, hospital, surgical, medical, life, accident, and similar insurance benefits as approved by the board of trustees. Such contributions shall be a part of the administrative costs of the retirement system. The board of trustees shall make such rules and regulations as it deems appropriate in connection with such plan.

169.480. 1. The board of trustees shall be the trustees of all the funds of the system and shall have full power to invest and reinvest such funds, and such trustees shall have full power to hold, purchase, sell, assign, transfer or dispose of any of the securities and investments in which such funds shall have been invested, as well as of the proceeds of such investments and any moneys belonging to such funds.

2. The board of trustees shall annually credit each member's individual account with interest on the largest balance remaining in each account for the entire year and at the rate determined by the board.

3. [The board of trustees shall elect a treasurer of the retirement system who shall be a trustee and who may, but need not, be the treasurer of the board of education, who, subject to such limitations as may be provided by the board of trustees, shall be the custodian of the funds of the retirement system and shall give such bond for the faithful handling of the funds as the board of trustees shall determine.] The board of trustees may employ a bank having fiduciary powers for the provision of such custodial or clerical services as the board may deem appropriate [to assist the treasurer]. Disbursement of funds of the retirement system shall be under the **general** supervision of the [treasurer] **board of trustees** and shall be in accordance with procedures established or approved by the board of trustees with the concurrence of the system's auditors.

4. For the purpose of meeting disbursements for [retirement allowances] **pensions** and other payments, there may be kept available cash on deposit in one or more banks or trust companies in the school district, organized under the laws of the state of Missouri, or of the United States; provided, that the amount on deposit in any one bank or trust company shall not exceed twenty-five percent of the paid-up capital and surplus of such bank or trust company, and for all

deposits the board of trustees shall require of the banks or trust companies as security for the safekeeping and payment of the deposits securities of a like kind and character as may be required by law for the safekeeping and payment of deposits made by the state treasurer.

5. Except as herein provided, no trustee, member of the board of education or employee of either the board of trustees or the board of education shall have any direct interest in the gains or profits of any investment made by the board of trustees. Nor shall any of them directly or indirectly for himself or as an agent in any manner use the assets of the retirement system except to make such current and necessary payments as are authorized by the board of trustees, nor shall any of said persons become an endorser or surety or become in any manner an obligor for moneys loaned by or borrowed from the board of trustees.

6. No member of the board of education shall be interested in any contract with or claim against the public school retirement system in his school district. If at any time after the election of any member of the board he becomes interested in any contract or claim against said retirement system, either directly or indirectly, or as agent or employee of any individual, firm or corporation, which is so interested, he shall thereupon be disqualified to continue as a member of the board.

169.490. All the assets of the retirement system shall be held as one fund.

1. (1) The employing board shall cause to be deducted from the compensation of each member at every payroll period ~~[four]~~ **five** percent of his compensation, and the amounts so deducted shall be transferred to the board of trustees and credited to the individual account of each member from whose compensation the deduction was made. In determining the amount earnable by a member in any payroll period, the board of trustees may consider the rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period; it may omit deduction from compensation for any period less than a full payroll period if the employee was not a member on the first day of the payroll period; and to facilitate the making of the deductions, it may modify the deduction required of any member by such amount as shall not exceed one-tenth of one percent of the compensation upon the basis of which such deduction was made.

(2) The deductions provided for herein are declared to be a part of the salary of the member and the making of such deductions shall constitute payments by the member out of his salary or earnings and such deductions shall be made notwithstanding that the minimum compensation provided by law for any member shall be reduced thereby. Every member shall be deemed to consent to the deductions made and provided for herein, and shall receipt for his full salary or compensation, and the making of said deductions and the payment of salary or compensation less said deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for services rendered during the period covered by the payment except as to benefits provided by sections 169.410 to 169.540.

(3) The employing board may elect to pay member contributions required by this section



as an employer pick up of employee contributions under section 414(h)(2) of the Internal Revenue Code of 1986, as amended, and such contributions picked up by the employing board shall be treated as contributions made by members for all purposes of sections 169.410 to 169.540.

2. [Should] If a [retirant] **retired member** receiving a [retirement benefit] **pension** pursuant to sections 169.410 to 169.540 [be] **is** restored to active service and again [become a] **becomes an active** member of the retirement system, there shall be credited to his individual account an amount equal to the excess, if any, of his accumulated contributions at retirement over the total [retirement allowances] **pension benefits** paid to him.

3. [(1) There shall be paid annually to the retirement system by the school district an amount equal to a certain percentage of the total compensation of all members to be known as the "normal cost contribution", and an additional amount equal to a percentage of such compensation to be known as the "accrued liability contribution". The rates percent of such contributions] **Annually, the actuary for the retirement system shall calculate each employer's contribution as an amount equal to a certain percentage of the total compensation of all members employed by that employer. The percentage** shall be fixed on the basis of the liabilities of the retirement system as shown by **the annual** actuarial [valuations] **valuation.** [The retirement system shall make similar contributions for the members who are employees of the system.] **The annual actuarial valuation shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted by the board of trustees, provided that the actuarial cost method adopted shall be in accordance with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if any, shall be amortized by level annual payments over a period not to exceed thirty years.**

[(2) On the basis of such actuarial assumptions as shall be adopted by the board of trustees, the actuary engaged by the board of trustees to make each valuation required during the period over which the accrued liability contribution is payable, at the time of making a valuation, shall determine the uniform and constant percentage of the compensation of all members in service, which, if contributed throughout their remaining period of active service, would be sufficient to provide for the payment of any pension payable on their account. The normal cost contribution rate shall be the rate percent of the compensation of all members obtained by deducting from the total liabilities of the fund the amount of assets in hand to the credit of the fund plus the amount of unfunded accrued liability and dividing the remainder by one percent of the present value of the prospective future compensation of all members in service as computed on the basis of the actuarial assumptions adopted by the board of trustees. The rate percent so determined shall be known as the "normal cost contribution rate".

(3) At the first valuation following December 31, 1980, the actuary engaged by the board of trustees shall compute the accrued liability for retirement allowance and other benefits on

account of all members and beneficiaries which is not dischargeable by the assets of the retirement system, less the expense and contingency reserve, and by the value of the prospective normal cost contributions payable on account of such members during the remainder of their active service at the normal cost contribution rate then in force, and such accrued liability not so dischargeable shall be known as the "initial unfunded accrued liability". A calculation shall then be made to determine the level annual amount required to liquidate the initial unfunded accrued liability not later than October 13, 2011. At each valuation following December 31, 1980, the actuary will determine any increases or decreases in the accrued liability resulting from either changes in actuarial assumptions or changes in the benefits under sections 169.410 to 169.540. Such increases or decreases in the accrued liability will be determined by the actuary under the entry age normal-frozen initial liability cost method. The amount so obtained shall be known as a "supplement" to the unfunded accrued liability. A calculation shall then be made to determine the level annual amount required to liquidate the supplement to the unfunded accrued liability by the end of fifty years from the end of the year in which the supplement is created. The level annual amounts required to liquidate the initial unfunded accrued liability and each supplement to the unfunded accrued liability are added together, and the amount so obtained shall be expressed as a percentage of the total earnable compensation of all members in service. This percentage of such total compensation shall be known as the "accrued liability contribution rate", and shall be payable until the unfunded accrued liability has been liquidated. Provided that the board may authorize a redetermination by the actuary of the unfunded accrued liability contribution rate within the limitation that the unfunded accrued liability will be amortized not later than the end of the fifty years from October 13, 1961, or the end of the year in which the supplement to the unfunded accrued liability was credited.

(4) The accrued liability contribution shall be discontinued as soon as assets of the retirement system, less the expense and contingency reserve, shall equal the present value as actuarially computed and approved by the board of trustees of the total liabilities of the retirement system, less the present value computed on the basis of the normal cost contribution rate then in force of the prospective normal cost contributions to be received on account of members who are at that time in service.]

4. The expense and contingency reserve shall be a reserve for investment contingencies and estimated expenses of administration of the retirement system as determined annually by the board of trustees.

5. Gifts, devises, bequests and legacies may be accepted by the board of trustees to be held and invested as a part of the assets of the retirement system and shall not be separately accounted for except where specific direction for the use of a gift is made by a donor.

169.500. On or before the first day of [June] **January** of each year the board of trustees shall certify to the board of education, **the board of trustees and the board of regents**, and to

the state of Missouri with respect to the contribution for members employed by [the board of regents] **these employers**, the amount which will [become due and payable on or before January first of the year next following to the general reserve fund. The amount so certified shall be included by the board of education in its annual budget estimate.] **be paid to the retirement system on or before December thirty-first of that year. On or before the first day of January of each year the board of trustees shall certify to charter schools and to the state of Missouri with respect to the contribution of members employed by these employers, the amount which will be paid to the retirement system on a monthly basis beginning January first of that year.** The amount so certified shall be [appropriated by the school district and transferred to the retirement system for the ensuing year] **included by the employers in their annual budget estimates.**

169.510. 1. The payment of all [retirement allowances] **pension benefits**, refunds and other benefits or expenses [under] **pursuant to** the provisions of sections 169.410 to 169.540 and all expenses in connection with the administration and operation of the retirement system are hereby made obligations chargeable against the assets of the retirement system and not of the [school district] **employers**, and the assets of the retirement system shall not be diverted or used for any purpose other than the payment of such obligations.

2. No alteration, amendment or repeal of sections 169.410 to 169.540 shall be deemed to affect the rights of members of any retirement system established thereunder with reference to deposits previously made, or to reduce any accrued or potential benefits to those who are members at the time when such alterations, amendments, or repeal becomes effective or to reduce the amount of any [retirement allowance] **pension benefit** then payable.

169.520. Any funds created by sections 169.410 to 169.540 while in the charge and custody of the board of trustees of such retirement system shall not be subject to execution, garnishment, attachment or any other process whatsoever and shall be unassignable except as in sections 169.410 to 169.540 specifically provided **or in the case of a proper order of child support issued through the division of child support enforcement.**

169.540. The state of Missouri shall contribute no funds directly or indirectly to finance the plan to pay [retirement allowances] **pension benefits** by appropriation bills or otherwise, except those funds which the district may receive from time to time under a law or laws providing for a general apportionment of school moneys throughout all the state and except employer contributions for members employed by the board of regents which shall be made by the state of Missouri.