

FIRST REGULAR SESSION

SENATE BILL NO. 247

92ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR DOLAN.

Read 1st time January 13, 2003, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

0903S.02I

AN ACT

To repeal sections 169.050, 169.056, 169.070, 169.570, 169.577, 169.590, 169.650, 169.655, and 169.670, RSMo, and to enact in lieu thereof twelve new sections relating to the public school retirement system.

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

Section A. Sections 169.050, 169.056, 169.070, 169.570, 169.577, 169.590, 169.650, 169.655, and 169.670, RSMo, are repealed and twelve new sections enacted in lieu thereof, to be known as sections 169.050, 169.056, 169.070, 169.073, 169.570, 169.577, 169.590, 169.596, 169.650, 169.655, 169.670, and 169.673, to read as follows:

169.050. 1. On and after the effective date of sections 169.010 to 169.140, all employees as defined in sections 169.010 to 169.141 of districts included in the retirement system thereby created shall be members of the system by virtue of their employment, except as provided by section 104.342, RSMo. Individuals who qualify as independent contractors under the common law and are treated as such by their employer shall not be considered employees for purposes of membership in or contributions to the retirement system.

2. Any person who becomes a member before the end of the school year next following the date on which the system becomes operative may claim credit for service rendered as an employee in Missouri prior to such operative date, or for service rendered in the armed forces of the United States during a period of war, the same as if the person were a teacher, provided the person was a teacher in Missouri at the time the person was inducted, by filing with the board of trustees, within such time as the board may specify, a complete and detailed record of the service for which credit is claimed, together with such supporting evidence as the board may

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

require for verification of the record. To the extent that the board finds the record correct, it shall credit the claimant with prior service and shall notify the claimant of its decision, but the amount of such credit shall not exceed thirty years.

3. No prior service credit shall be granted to any person who becomes a member after the first year of the system's operation, except as provided in subsection 5 of this section unless that person's failure to become a member before or during that year was due either to service in the armed forces of the United States or to attendance at a recognized educational institution for professional improvement; provided, that the board of trustees may grant prior service credit to a teacher who taught prior to August 1, 1945, if the teacher returns to teaching before July 1, 1950, and if such teacher teaches in the public schools of Missouri not less than seven years after returning before retirement, or the board of trustees may grant prior service credit to a teacher who taught prior to August 1, 1945, if the teacher returns to teaching and teaches at least one-half of the number of years between July 1, 1946, and age sixty but not less than seven years after returning before retirement, except that a member who will have thirty-five or more years of teaching service in Missouri at retirement shall be required to teach not less than three years after returning and before retirement. A person serving in the armed forces of the United States shall have the same right to prior service credit as one who became a member before the end of the first year of the system's operation, if the person becomes a member within one year of the date of the person's discharge from such service or within one year of such date plus time spent as a student in a standard college or university in further preparation for service as a public school employee. A person attending a recognized educational institution for the person's professional improvement shall have the same right to prior service credit as one who became a member before the end of the first year of the system's operation, if the person becomes a member within three years following the date on which the system became operative, and within one year of the date on which the person's attendance at such institution ceased.

4. Membership shall be terminated by failure of a member to earn any membership credit as a public school employee under this system for five consecutive school years, by death, withdrawal of contributions, or retirement.

5. If a member withdraws or is refunded the member's contributions, the member shall thereby forfeit any creditable service the member may have; provided, however, if such person again becomes a member of the system, the person may elect to reinstate the creditable service forfeited at times of previous withdrawals or refunds. The reinstatement shall be effected by the [member's] **member** paying to the retirement system with interest the total amount of accumulated contributions withdrawn by the member or refunded to the member with respect to the service being reinstated. A member may reinstate less than the total service previously forfeited, in accordance with rules promulgated by the board of trustees. The payment [may be made over a period not longer than five years or the length of service to be reinstated whichever

is longer, beginning from the date of election, or prior to retirement, whichever is earlier, and] **shall be completed prior to termination of membership with the retirement system** with interest on the unpaid balance; provided, however, that if a member is retired on disability before completing such payments, the balance due with interest may be deducted from the member's disability retirement allowance.

[6. Any person who elected to purchase creditable service pursuant to section 169.055, 169.056 or 169.057 and failed to complete payment within the time allowed may again elect to purchase creditable service pursuant to those provisions, if the election is made before July 1, 1998. The election may include a purchase of creditable service for the same period for which the earlier election was made.

7. Any person who would be entitled to elect to purchase creditable service pursuant to section 169.055 for unpaid maternity or paternity leave except for the fact that the person returned to employment in a position covered by the retirement system more than five years after the end of the leave period may elect to purchase such creditable service if the election is made before July 1, 1998.

8. Any person who would be entitled to purchase creditable service pursuant to subsection 1 of section 169.055 except for the fact that the application was made on or after June 19, 1997, may elect to purchase such creditable service if the election is made before July 1, 1998.]

169.056. 1. Members who have accrued at least one year of membership service credit for employment in a position covered by this **retirement system and who have covered employment with this retirement system following the credit being purchased** may purchase membership service credit under the circumstances, terms and conditions provided in this section. With respect to each such purchase authorized by this section the following provisions apply:

(1) The purchase shall be effected by the member paying to the retirement system [with interest,] the amount the member would have contributed and the amount the employer would have contributed had such member been an employee for the number of years for which the member is electing to purchase credit, and had the member's compensation during such period been the [same as the annual salary rate at which the member is first employed in a position qualifying for membership in the retirement system after the period being purchased, provided that the purchase cost shall not exceed the actuarial value of the credit being purchased] **highest annual salary rate on record with the retirement system on the date of election to purchase credit**. For purposes of this section, "annual salary rate" means the annual salary rate for full-time service for the position of employment. The contribution rate used in determining the amount to be paid shall be the contribution rate in effect on the date of election to purchase credit[. The interest rate used in determining the amount to be paid shall

be the actuarially assumed rate of return on invested funds of the system in effect at the date of election to purchase credit];

(2) Payment shall be [made over a period not longer than the period of membership service credit being purchased, measured from the date of election,] **completed prior to termination of membership with the retirement system** and with interest on the unpaid balance;

(3) Membership service credit purchased pursuant to this section shall be deemed to be membership service in Missouri for purposes of subsection 7 of section 169.070;

(4) An election to purchase membership service credit pursuant to this section and payment for the purchase shall be completed prior to [retirement] **termination of membership with the retirement system**;

(5) Members may purchase membership service credit in increments of one-tenth of a year, and multiple elections to purchase may be made;

(6) Additional terms and conditions applicable to purchase made pursuant to this section including, but not limited to, minimum payments, payment schedules and provisions applicable when a member fails to complete payment may be set by rules of the board.

2. Membership service credit shall not be allowed pursuant to this section **or section 169.570 and 169.577** which exceeds in length the member's membership service credit for employment in a position covered by this system, and in no event may the member receive membership service credit with both this system and another public retirement [plan, as defined in section 105.660, RSMo,] **system** for the same service.

3. A member who [has rendered service] **was employed** for at least twenty hours per week [as a teacher outside of this state including service in] **on a regular basis by a public school district college, or university** [or who has rendered service in the University of Missouri or Lincoln University after July 1, 1946,], **either inside or outside of Missouri**, may elect [prior to retirement] to purchase equivalent membership service credit [but not in excess of ten years. An affidavit shall be required stipulating that the member is not presently receiving compensation from another teacher retirement system and will not receive credit in another system for the creditable time purchased].

4. [(1)] A member who [enters the service of] **has served in** the armed forces of the United States of America **and** who [is an employee in a district included in the system at the time such member is inducted, enlisted or called to active duty, and who without voluntary reenlistment becomes an employee in a district within one year after discharge from such service shall not be subject to the provisions of subsection 4 of section 169.050 with regard to termination of membership due to the period of actual service in the armed forces of the United States. Such a member may elect prior to retirement to purchase membership service credit for the entire period of service in the armed forces of the United States, but not to exceed five years. The

purchase may be made only if the member] was discharged or separated from the armed forces by other than a dishonorable discharge[.

(2) A member who had served in the armed forces of the United States prior to becoming a member, and who becomes employed in a position qualifying for membership in the retirement system after such member's discharge under honorable conditions may elect, prior to retirement,] to purchase membership service for the [entire] period of **active duty** service in the armed forces[, but not to exceed five years].

5. Any member granted unpaid maternity or paternity leave for a period, from a position covered by the retirement system, who returned to employment in such a position, may elect [prior to retirement] to purchase membership service credit for the period of leave. [No member may purchase more than four years of membership service credit pursuant to this subsection.]

6. Any member who is or was certified as a vocational-technical teacher on the basis of having a college degree or who was required to have a period of work experience of at least two years in the area of the subject being taught in order to qualify for such certification may, upon written application to the board, purchase equivalent membership service credit for such work experience which shall not exceed the two years necessary for certification if the work experience was in the area that the member taught or is teaching and was completed in two years.

7. Any member who had membership service credit with the nonteacher school employee retirement system of Missouri governed by sections 169.600 to 169.715 but which membership service credit was forfeited by withdrawal or refund, may elect[, prior to retirement,] to purchase credit for such service [and receive pro rata credit not to exceed a total of ten years in this system for the service]. The nonteacher school employee retirement system of Missouri shall transfer to this system an amount equal to the employer contributions for the forfeited service being purchased, plus interest, which shall be applied to reduce the amount the member would otherwise pay for the purchase, provided that the amount transferred shall not exceed one-half of the purchase cost.

8. A member may elect to purchase membership service credit for service rendered while on leave from an employer, as defined in section 169.010, for a not-for-profit corporation or agency whose primary purpose is support of education or education research, [not to exceed two years] if the member was employed by that organization to serve twenty or more hours per week; provided the member has returned to service for at least one year as an employee of the employer that granted the leave] **on a regular basis**.

9. A member [having membership service credit in the retirement system provided by sections 169.010 to 169.141, after the member] **who** was employed by a private school, **college, or university, either inside or outside of Missouri**, for at least twenty hours per week [and duly certified under the law governing the certification of teachers during all of such employment] **on a regular basis**, may elect to purchase **equivalent** membership service credit

[for service rendered to the private school, but not to exceed three years]. As used in this subsection, 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 education services.

169.070. 1. The retirement allowance of a member whose age at retirement is sixty years or more and whose creditable service is five years or more, or whose sum of age and creditable service equals eighty years or more, or who has attained age fifty-five and whose creditable service is twenty-five years or more or whose creditable service is thirty years or more regardless of age, may be the sum of the following items, not to exceed one hundred percent of the member's final average salary:

(1) Two and five-tenths percent of the member's final average salary for each year of membership service;

(2) Six-tenths of the amount payable for a year of membership service for each year of prior service not exceeding thirty years.

In lieu of the retirement allowance otherwise provided in subdivisions (1) and (2) of this subsection, a member may elect to receive a retirement allowance of:

(3) Between July 1, 1998, and July 1, [2003] **2008**, two and four-tenths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-nine years or more but less than thirty years, and the member has not attained age fifty-five;

(4) Between July 1, 1998, and July 1, [2003] **2008**, two and thirty-five-hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-eight years or more but less than twenty-nine years, and the member has not attained age fifty-five;

(5) Between July 1, 1998, and July 1, [2003] **2008**, two and three-tenths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-seven years or more but less than twenty-eight years, and the member has not attained age fifty-five;

(6) Between July 1, 1998, and July 1, [2003] **2008**, two and twenty-five-hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-six years or more but less than twenty-seven years, and the member has not attained age fifty-five;

(7) Between July 1, 1998, and July 1, [2003] **2008**, two and two-tenths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-five years or more but less than twenty-six years, and the member has not attained age fifty-five;

(8) Between July 1, 2001, and June 30, 2008, two and fifty-five hundredths percent of

the member's final average salary for each year of membership service, if the member's creditable service is thirty-one years or more regardless of age.

2. In lieu of the retirement allowance provided in subsection 1 of this section, a member whose age is sixty years or more on September 28, 1975, may elect to have the member's retirement allowance calculated as a sum of the following items:

(1) Sixty cents plus one and five-tenths percent of the member's final average salary for each year of membership service;

(2) Six-tenths of the amount payable for a year of membership service for each year of prior service not exceeding thirty years;

(3) Three-fourths of one percent of the sum of subdivisions (1) and (2) of this subsection for each month of attained age in excess of sixty years but not in excess of age sixty-five.

3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this section, collectively called "option 1", a member whose creditable service is twenty-five years or more or who has attained the age of fifty-five with five or more years of creditable service may elect in the member's application for retirement to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement with the provision that:

Option 2. Upon the member's death the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member as the member shall have nominated in the member's election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected option 1;

OR

Option 3. Upon the death of the member three-fourths of the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the member elected option 1;

OR

Option 4. Upon the death of the member one-half of the reduced retirement allowance shall be continued throughout the life of, and paid to, such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance shall be increased to the amount the retired member would be receiving had the member elected option 1;

OR

Option 5. Upon the death of the member prior to the member having received one hundred twenty monthly payments of the member's reduced allowance, the remainder of the one hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred twenty monthly payments shall be paid to the estate of the last person to receive a monthly allowance;

OR

Option 6. Upon the death of the member prior to the member having received sixty monthly payments of the member's reduced allowance, the remainder of the sixty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the sixty monthly payments, the reserve of the remainder of such sixty monthly payments shall be paid to the estate of the last person to receive a monthly allowance.

(2) The election of an option may be made only in the application for retirement and such application must be filed prior to the date on which the retirement of the member is to be effective. If either the member or the person nominated to receive the survivorship payments dies before the effective date of retirement, the option shall not be effective, provided that:

(a) If the member or a person retired on disability retirement dies after acquiring twenty-five or more years of creditable service or after attaining the age of fifty-five years and acquiring five or more years of creditable service and before retirement, except retirement with disability benefits, and the person named by the member as the member's primary beneficiary has an insurable interest in the life of the deceased member, the designated beneficiary may elect to receive either survivorship benefits under option 2 or a payment of the accumulated contributions of the member. If survivorship benefits under option 2 are elected and the member at the time of death would have been eligible to receive an actuarial equivalent of the member's retirement allowance, the designated beneficiary may further elect to defer the option 2 payments until the date the member would have been eligible to receive the retirement allowance provided in subsection 1 or 2 of this section;

(b) If the member or a person retired on disability retirement dies before attaining age fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the person named as the member's primary beneficiary has an insurable interest in the life of the deceased member, the designated beneficiary may elect to receive either a payment of the member's accumulated contributions, or survivorship benefits under option 2 to begin on the date

the member would first have been eligible to receive an actuarial equivalent of the member's retirement allowance, or to begin on the date the member would first have been eligible to receive the retirement allowance provided in subsection 1 or 2 of this section.

4. If the total of the retirement allowance paid to an individual before the death of the individual is less than the accumulated contributions at the time of retirement, the difference shall be paid to the beneficiary of the individual, or to the estate of the individual, if there be no beneficiary. If an optional benefit as provided in option 2, 3 or 4 in subsection 3 of this section had been elected, and the beneficiary dies after receiving the optional benefit, and if the total retirement allowance paid to the retired individual and the beneficiary of the retired individual is less than the total of the contributions, the difference shall be paid to the estate of the beneficiary unless the retired individual designates a different recipient with the board at or after retirement.

5. If a member dies before receiving a retirement allowance, the member's accumulated contributions at the time of the death of the member shall be paid to the beneficiary of the member or to the estate of the member, if there be no beneficiary; except that, no such payment shall be made if the beneficiary elects option 2 in subsection 3 of this section, unless the beneficiary dies before having received benefits pursuant to that subsection equal to the accumulated contributions of the member, in which case the amount of accumulated contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the estate of the beneficiary.

6. If a member ceases to be a public school employee as herein defined and certifies to the board of trustees that such cessation is permanent, or if the membership of the person is otherwise terminated, the member shall be paid the member's accumulated contributions with interest.

7. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, if a member ceases to be a public school employee after acquiring five or more years of membership service in Missouri, the member may at the option of the member leave the member's contributions with the retirement system and claim a retirement allowance any time after reaching the minimum age for voluntary retirement. When the member's claim is presented to the board, the member shall be granted an allowance as provided in sections 169.010 to 169.141 on the basis of the member's age, years of service, and the provisions of the law in effect at the time the member requests the member's retirement to become effective.

8. The retirement allowance of a member retired because of disability shall be nine-tenths of the allowance to which the member's creditable service would entitle the member if the member's age were sixty, or fifty percent of one-twelfth of the annual salary rate used in determining the member's contributions during the last school year for which the member received a year of creditable service immediately prior to the member's disability, whichever is

greater, except that no such allowance shall exceed the retirement allowance to which the member would have been entitled upon retirement at age sixty if the member had continued to teach from the date of disability until age sixty at the same salary rate.

9. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, from October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be multiplied by the factor of two-thirds for any member of the system for whom federal Old Age and Survivors Insurance tax is paid from state or local tax funds on account of the member's employment entitling the person to membership in the system. The monetary benefits for a member who elected not to exercise an option to pay into the system a retroactive contribution of four percent on that part of the member's annual salary rate which was in excess of four thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each year of employment in a position covered by this system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of this section as it appears in RSMo, 1969, shall be the sum of:

(1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for years of membership service;

(2) For years of membership service after July 1, 1946, in which the full contribution rate was paid, full benefits under the formula in effect at the time of the member's retirement;

(3) For years of membership service after July 1, 1957, and prior to July 1, 1961, the benefits provided in this section as it appears in RSMo, 1959; except that if the member has at least thirty years of creditable service at retirement the member shall receive the benefit payable pursuant to that section as though the member's age were sixty-five at retirement;

(4) For years of membership service after July 1, 1961, in which the two-thirds contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of the member's retirement.

10. The monetary benefits for each other member for whom federal Old Age and Survivors Insurance tax is or was paid at any time from state or local funds on account of the member's employment entitling the member to membership in the system shall be the sum of:

(1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for years of membership service;

(2) For years of membership service after July 1, 1946, in which the full contribution rate was paid, full benefits under the formula in effect at the time of the member's retirement;

(3) For years of membership service after July 1, 1957, in which the two-thirds contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of the member's retirement.

11. Any retired member of the system who was retired prior to September 1, 1972, or beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as such option existed prior to September 1, 1972, will be eligible to receive an increase in the retirement

allowance of the member of two percent for each year, or major fraction of more than one-half of a year, which the retired member has been retired prior to July 1, 1975. This increased amount shall be payable commencing with January, 1976, and shall thereafter be referred to as the member's retirement allowance. The increase provided for in this subsection shall not affect the retired member's eligibility for compensation provided for in section 169.580 or 169.585, nor shall the amount being paid pursuant to these sections be reduced because of any increases provided for in this section.

12. If the board of trustees determines that the cost of living, as measured by generally accepted standards, increases two percent or more in the preceding fiscal year, the board shall increase the retirement allowances which the retired members or beneficiaries are receiving by two percent of the amount being received by the retired member or the beneficiary at the time the annual increase is granted by the board with the provision that the increases provided for in this subsection shall not become effective until the fourth January first following the member's retirement or January 1, 1977, whichever later occurs, or in the case of any member retiring on or after July 1, 2000, the increase provided for in this subsection shall not become effective until the third January first following the member's retirement, or in the case of any member retiring on or after July 1, 2001, the increase provided for in this subsection shall not become effective until the second January first following the member's retirement. Commencing with January 1, 1992, if the board of trustees determines that the cost of living has increased five percent or more in the preceding fiscal year, the board shall increase the retirement allowances by five percent. The total of the increases granted to a retired member or the beneficiary after December 31, 1976, may not exceed eighty percent of the retirement allowance established at retirement or as previously adjusted by other subsections. If the cost of living increases less than five percent, the board of trustees may determine the percentage of increase to be made in retirement allowances, but at no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no increase in allowances for retired members on the following January first.

13. The board of trustees may reduce the amounts which have been granted as increases to a member pursuant to subsection 12 of this section if the cost of living, as determined by the board and as measured by generally accepted standards, is less than the cost of living was at the time of the first increase granted to the member; except that, the reductions shall not exceed the amount of increases which have been made to the member's allowance after December 31, 1976.

14. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

15. Notwithstanding any other provision of law, any person retired prior to September 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of

subsection 3 of this section, as such option existed prior to September 28, 1983, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have his or her retirement allowance increased to the amount he or she would have been receiving had the option not been elected, actuarially adjusted to recognize any excessive benefits which would have been paid to him or her up to the time of application.

16. Benefits paid pursuant to the provisions of the public school retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code except as provided pursuant to this subsection. Notwithstanding any other law to the contrary, the board of trustees may establish a benefit plan pursuant to Section 415(m) of Title 26 of the United States Code. Such plan shall be created solely for the purpose described in Section 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate regulations necessary to implement the provisions of this subsection and to create and administer such benefit plan.

17. Notwithstanding any other provision of law to the contrary, any person retired before, on, or after May 26, 1994, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties the person shall receive an amount based on the person's years of service so that the total amount received pursuant to sections 169.010 to 169.141 shall be at least the minimum amounts specified in subdivisions (1) to (4) of this subsection. In determining the minimum amount to be received, the amounts in subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance. In determining the minimum amount to be received, beginning September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance due to election of an optional form of retirement having a continued monthly payment after the person's death. Notwithstanding any other provision of law to the contrary, no person retired before, on, or after May 26, 1994, and no beneficiary of such a person, shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based on the person's years of service less than the following amounts:

- (1) Thirty or more years of service, one thousand two hundred dollars;
- (2) At least twenty-five years but less than thirty years, one thousand dollars;
- (3) At least twenty years but less than twenty-five years, eight hundred dollars;
- (4) At least fifteen years but less than twenty years, six hundred dollars.

18. Notwithstanding any other provisions of law to the contrary, any person retired prior to May 26, 1994, and any designated beneficiary of such a retired member who was deceased

prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement or aging and upon request shall give written or oral opinions to the board in response to such requests. Beginning September 1, 1996, as compensation for such service, the member shall have added, pursuant to this subsection, to the member's monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of years of creditable service. Beginning September 1, 1999, the designated beneficiary of the deceased member shall as compensation for such service have added, pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of years of creditable service. The total compensation provided by this section including the compensation provided by this subsection shall be used in calculating any future cost-of-living adjustments provided by subsection 12 of this section.

19. Any member who has retired prior to July 1, 1998, and the designated beneficiary of a deceased retired member shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties the person shall receive a payment equivalent to eight and seven-tenths percent of the previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section for the purposes of the limit on the total amount of increases which may be received.

20. Any member who has retired shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such request. As compensation for such duties, the person shall receive as a part of compensation for these duties a death benefit of five thousand dollars.

21. Any member who has retired prior to July 1, 1999, and the designated beneficiary of a retired member who was deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties, the person shall have added, pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount equal to five dollars times the member's number of years of creditable service.

22. Any member who has retired prior to July 1, 2000, and the designated beneficiary of a deceased retired member shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such

duties, the person shall receive a payment equivalent to three and five-tenths percent of the previous month's benefit, which shall be added to the member or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section for the purposes of the limit on the total amount of increases which may be received.

23. Any member who has retired prior to July 1, 2001, and the designated beneficiary of a deceased retired member shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties, the person shall receive a dollar amount equal to three dollars times the member's number of years of creditable service, which shall be added to the member's or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section for the purposes of the limit on the total amount of increases which may be received.

169.073. 1. Any member eligible for a retirement allowance pursuant to section 169.070 and who has not previously received a retirement allowance, including an allowance under disability retirement pursuant to section 169.070, and whose sum of age and creditable service equals eighty-six years or more or whose creditable service is thirty-three years or more may elect a distribution under the partial lump-sum option plan provided in this section if the member notifies the retirement system on the application for retirement of the member's effective date of retirement and election at least thirty days prior to retirement. At any time prior to retirement, the member may request an estimate of the amount of the lump-sum distribution and of the amount by which the member's retirement allowance otherwise payable pursuant to section 169.070 would be reduced in the event of the member's election of the lump-sum distribution pursuant to this section.

2. A member entitled to make an election pursuant to this section may elect to receive a lump-sum distribution in addition to the member's lump-sum distribution from one, but not more than one, of the following options:

(1) A lump-sum amount equal to twelve times the retirement allowance the member would receive if no election were made pursuant to this section and the member had chosen option 1 under section 169.070;

(2) A lump-sum amount equal to twenty-four times the retirement allowance the member would receive if no election were made pursuant to this section and the member had chosen option 1 under section 169.070; or

(3) A lump-sum amount equal to thirty-six times the retirement allowance the member would receive if no election were made pursuant to this section and the member had chosen option 1 under section 169.070.

3. When a member makes an election to receive a lump-sum distribution

pursuant to this section, the retirement allowance that the member would have received in the absence of the election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump-sum distribution and the reduced retirement allowance shall be the member's retirement allowance thereafter for all purposes in relation to retirement allowance amounts pursuant to section 169.070.

4. An election under this section to receive a lump-sum distribution and monthly retirement allowance pursuant to this section shall be void if the member dies before receiving a lump-sum distribution under this section or a retirement allowance pursuant to section 169.070 and all amounts due to a surviving spouse, child, or other beneficiary or the member shall be determined without regard to such election.

5. Benefits paid pursuant to this section in addition to all other provisions of the public school retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code except as provided in subsection 16 of section 169.070.

169.570. 1. An employee having five or more years of membership service under one of the Missouri retirement systems as provided by sections 169.010 to 169.141, 169.270 to 169.400 or 169.410 to 169.540, who is subsequently employed in a position covered by another of the Missouri retirement systems, may leave the employee's contributions with the system under which the employee was first employed and be eligible to receive a benefit based upon the employee's services under that system when the employee becomes eligible for a service retirement benefit from another of such Missouri retirement systems or upon having reached retirement age having previously retired on disability. In the event the member does not become eligible for a retirement benefit, the employee shall be entitled to a refund of the employee's contributions with interest upon demand, or to such other benefits as may be provided by law.

2. An employee having less than five years of membership service under one of the Missouri retirement systems provided in sections 169.010 to 169.141, 169.270 to 169.400 or 169.410 to 169.540, who is subsequently employed in a position covered by another of the Missouri retirement systems, may elect within five years after employment in a district included in another of the Missouri retirement systems to purchase membership credit for service rendered under the first system; provided, however, that the employee shall be entitled to apply the membership credit thus purchased toward a service retirement only and not for any other benefit. The purchase shall be effected by the member paying to the retirement system the amount required by the rules and regulations established by the respective retirement system, or, absent such rules and regulations, an amount, with interest, based on the annual salary rate of the employee's initial employment in a district under the system in which credit is being purchased and the contribution rate in effect in that system at the date of election to purchase

credit. In the retirement systems provided by sections 169.270 to 169.400 and 169.410 to 169.540, the school district shall contribute the amount required by the statutes and by the rules and regulations established by the system for each year of creditable service purchased by the incoming member.

3. A member of [any] **a Missouri public school retirement system as provided by sections 169.270 to 169.400 or 169.410 to 169.540**, who has previous credit in one of the other Missouri public school retirement systems may elect to purchase equivalent credit, not to exceed ten years, in the member's present system provided such credit toward retirement is withdrawn and benefits terminated in the previous system. A member of [the] **a system established by sections 169.010 to 169.141 or 169.600 to 169.715** who has previous credit in one of the Missouri public school retirement systems established by sections **169.010 to 169.141**, 169.270 to 169.400 [or], 169.410 to 169.540, **or 169.600 to 169.715** may elect to purchase equivalent credit[, not to exceed ten years,] in the member's present system provided such credit toward retirement is withdrawn and benefits terminated in the previous system. The purchase shall be effected by the member paying to the retirement system the amount required by the rules and regulations established by the respective retirement system, or absent such rules and regulations, an amount, with interest, based on the annual salary rate of the member's initial employment in a district under the system in which credit is being purchased and the contribution rate in effect in that system at the date of election to purchase credit.

4. Nothing in this section shall decrease or discontinue the benefits provided by the sections of the statutes relating to any of the public school retirement systems in the state of Missouri.

5. Payment **made by a member of any Missouri public school retirement system as provided by sections 169.270 to 169.400 or 169.410 to 169.540**, pursuant to the provisions of this section shall be made before retirement and over a period of time, with interest on the unpaid balance, not to exceed the number of years of credit being purchased, in accordance with rules and regulations established by the respective retirement systems. **Payment made by a member of any Missouri public school retirement system as provided by sections 169.010 to 169.141 or 169.600 to 169.715, pursuant to the provisions of this section shall be completed prior to termination of membership with the retirement system with interest on the unpaid balance, in accordance with rules and regulations established by the respective retirement systems.** The individual purchasing credit must have service credit as a member of the retirement system for at least as many years before retirement as the number of years of credit being purchased.

169.577. Any member of a retirement system [subject to the provisions of this chapter] **established by sections 169.270 to 169.400 or 169.410 to 169.540**, who is within five years of being eligible to retire with a retirement allowance as provided in this chapter, may elect to

purchase additional creditable service of up to four-tenths of a year which shall, when so purchased, be included in the total of the member's years of creditable service, used to enable the member to achieve the minimum creditable service time required for a retirement allowance, and applied in the computation of the member's annual service retirement allowance. **Any member of a retirement system established by sections 169.010 to 169.141 or 169.600 to 169.715 who is within five years of being eligible to retire with a retirement allowance as provided in this chapter, may elect to purchase additional creditable service of up to five-tenths of a year which shall, when so purchased, be included in the total of the member's years of creditable service, used to enable the member to achieve the minimum creditable service time required for a retirement allowance, and applied in the computation of the member's annual service retirement allowance.** The request for purchase of the additional creditable service shall be made in writing to the board of trustees of the system in which the applicant is a member. The purchase shall be effected by the member paying to the retirement system the amount required by the rules and regulations established by the respective retirement system, or absent such rules and regulations, the amount, with interest, the member would have contributed thereto and the amount the member's employer would have contributed thereto had the person been employed in a position covered by the retirement system for the number of months for which the member is electing to purchase credit, and had the member's compensation during such period been the same as the annual salary rate at which the member is receiving at the time of application, and the contribution rate in effect on the date of election to purchase credit. **For members of a retirement system established by sections 169.270 to 169.400 or 169.410 to 169.540,** the payment may be made over a period not longer than the period of membership service credit being purchased, measured from the date of election, and with interest on the unpaid balance. **For members of a retirement system established by sections 169.010 to 169.141 or 169.600 to 169.715, the payment shall be completed prior to termination of membership with the retirement system and with interest on the unpaid balance.** Nothing in this section shall be construed to allow a member to vest in the retirement system by using the creditable service purchased pursuant to the provisions of this section to reach the time of vesting.

169.590. 1. Any insurance contract or plan, including a noninsurance health benefit program, which provides group health insurance or benefits for employees who are members of any retirement system established pursuant to this chapter shall contain provisions that permit:

(1) Any employee who retires, or who has retired, and is receiving or is eligible to receive retirement benefits under this chapter to remain or become a member of the group, including a noninsurance health benefit program, and to receive benefits at the same rate as all other members of the group;

(2) The spouse or surviving spouse of any employee to remain or become a member of

the group, including a noninsurance health benefit program, so long as such spouse is receiving or is eligible to receive retirement benefits under this chapter; and

(3) The children or children who survive any employee to remain or become members of the group, including a noninsurance health benefit program, so long as they are receiving or are eligible to receive retirement benefits under this chapter.

2. The plan or contract may provide a different level of coverage for any person electing to remain or become a member of an eligible group, including a noninsurance health benefit program, as provided in subsection 1 of this section if such person is eligible for Medicare under the federal Health Insurance for the Aged Act, 42 U.S.C. 1395, as amended.

3. A person electing to become or remain a member of a group, including a noninsurance health benefit program, under subsection 1 of this section shall pay the premium for such coverage, including the premium for any covered dependents.

4. School districts entering into a contract with an insurance company which provides group health insurance or benefits for employees, including provisions for a noninsurance health benefit program, shall specify that such contract provides coverage for persons who have retired, their spouses and unmarried dependent children and that the enrollment period for such coverage shall be clearly stated for a period of time of not less than thirty days. [Those persons who retired prior to August 28, 1992, shall have one year from that date to qualify for the coverage provided. Those persons who retire after August 28, 1992,] **Employees** shall have one year from the date [of retirement to qualify for the coverage provided] **last employed by a school district that is subject to coverage pursuant to this section to qualify for the coverage provided.**

5. School districts failing to comply with the provisions of this section shall have deducted from the state aid due such school district an amount equal to the premium for group health insurance, including a noninsurance health benefit program, for those persons denied the benefits required under the provisions of this section.

6. As used in this section, the term "noninsurance health benefit program" includes all group health plans or programs providing coverage on an expense-incurred basis, group service or indemnity type contracts issued by a nonprofit corporation, and all self-insured group health benefit plans or programs, of any type or description.

169.596. 1. Any school district with a shortage of certified teachers, as determined by the school district, may allow retired certificated teachers from any Missouri public teacher retirement system to teach full-time for up to two years without losing his or her retirement benefits. The total number of such retired certificated teachers shall not exceed, at any one time, the greater of ten percent of the total teacher staff for that school district, or five certificated teachers.

2. Any retired certificated teacher hired pursuant to this section shall be

included in the State Directory of New Hires for purposes of income and eligibility verification pursuant to 42 U.S.C. Section 1320b-7.

3. Any school district with a shortage of non-certificated employees, as determined by the school district, may allow individuals retired pursuant to sections 169.600 to 169.715 to be employed full-time for up to two years without losing his or her retirement benefits. The total number of such retired non-certificated employees shall not exceed, at any one time, the greater of ten percent of the total non-certificated staff for that school district, or five employees.

4. No person shall be employed pursuant to this section until the affected retirement systems have implemented rules and regulations assuring that the provisions are cost-neutral and the systems remain actuarially sound.

5. All necessary costs shall be paid by the hiring school district and shall not exceed the school district's statutory cost limitations.

6. In order to hire teachers and non-certificated employees pursuant to the provisions of this section, the school district shall:

- (1) Show a good faith effort to fill positions with non-retired teachers;
- (2) Post the vacancy for at least one month;
- (3) Have not offered early retirement incentives for either of the previous two years;
- (4) Solicit applications through the local newspaper, other media, or teacher education programs;
- (5) Determine there is an insufficient number of eligible applicants for the advertised position; and
- (6) Declare a critical shortage of teachers that is active for one year.

169.650. 1. On and after October 13, 1965, all employees as defined in section 169.600 of districts included in this retirement system shall be members of the system by virtue of their employment, and all persons who had five years of prior service who were employees of districts included in sections 169.600 to 169.710 during the school year next preceding October 13, 1965, but who ceased to be employees prior to October 13, 1965, because of physical disability, shall be members of this system by virtue of that prior service. Individuals who qualify as independent contractors under the common law and are treated as such by their employer shall not be considered employees for purposes of membership in or contributions to the retirement system.

2. Any member who rendered service prior to November 1, 1965, as an employee as defined in section 169.600 in a district or junior college district included in the system may claim credit for that service by filing with the board of trustees a complete and detailed record of the service for which the credit is claimed, together with such supporting evidence as the board may

require for verification of the record. To the extent that the board finds the record correct, it shall credit the claimant with prior service and shall notify the claimant of its decision.

3. Membership shall be terminated by failure of a member to earn any membership service credit as a public school employee under this system for five consecutive school years, by death, withdrawal of contributions, or retirement.

4. If a member withdraws or is refunded the member's contributions, the member shall thereby forfeit any creditable service the member may have; provided, however, if such person again becomes a member of the system, the member may elect prior to retirement to reinstate any creditable service forfeited at the time of withdrawal or refund. The reinstatement shall be effected by the member paying to the retirement system, with interest, the amount of accumulated contributions withdrawn by the member or refunded to the member with respect to the service being reinstated. A member may reinstate less than the total service previously forfeited, in accordance with rules promulgated by the board of trustees. The payment [may be made over a period not to exceed the length of the service to be reinstated, beginning from the date of election, or prior to retirement, whichever is earlier, and] **shall be completed prior to termination of membership with the retirement system** with interest on the unpaid balance; provided, however, that if a member is retired on disability before completing such payments, the balance due, with interest, shall be deducted from the member's disability retirement allowance.

5. Any person who is an employee of any statewide nonprofit educational association or organization serving the active membership of the nonteacher school employee retirement system of Missouri and who works at least twenty hours per week on a regular basis in a position which is not covered by the public school retirement system of Missouri may be a member of the nonteacher school employee retirement system of Missouri. Certificated employees of such statewide nonprofit educational association or organization may not be members of the public school retirement system of Missouri unless such association or organization makes separate application pursuant to subsection 4 of section 169.130. The contributions required to be made by the employee will be deducted from salary and matched by the association or organization.

169.655. 1. [Effective January 1, 1997,] Members who have accrued at least one year of membership service credit for employment in a position covered by this [section] **retirement system and who have covered employment with this retirement system following the credit being purchased** may purchase membership service credit under the circumstances, terms and conditions provided in this section. With respect to each such purchase authorized by this section the following provisions apply:

(1) The purchase shall be effected by the member paying to the retirement system [with interest,] the amount the member would have contributed and the amount the employer would have contributed had such member been an employee for the number of years for which the

member is electing to purchase credit, and had the member's compensation during such period been the [same as the annual salary rate at which the member is first employed in a position qualifying for membership in the retirement system after the period being purchased, provided that the cost shall not exceed the actuarial value of the credit being purchased] **highest annual salary rate on record with the retirement system on the date of election to purchase credit.** The contribution rate used in determining the amount to be paid shall be the contribution rate in effect on the date of election to purchase credit[. The interest rate used in determining the amount to be paid shall be the actuarially assumed rate of return on invested funds of the system in effect at the date of election to purchase credit];

(2) Payment shall be [made over a period not longer than the period of membership service credit being purchased, measured from the date of election, and] **completed prior to termination of membership with the retirement system** with interest on the unpaid balance;

(3) Membership service credit purchased pursuant to this section shall be deemed to be membership service as defined in subdivision (10) of section 169.600;

(4) An election to purchase membership service credit pursuant to this section and payment for the purchase shall be completed prior to [retirement] **termination of membership with the retirement system**;

(5) Members may purchase membership service credit in increments of one-tenth of a year, and multiple elections to purchase may be made;

(6) Additional terms and conditions applicable to purchases made pursuant to this section including, but not limited to, minimum payments, payment schedules and provisions applicable when a member fails to complete payment may be set by rules of the board.

2. Membership service credit shall not be allowed pursuant to this section **or section 169.570 and 169.577** which exceeds in length the member's membership service credit for employment in a position covered by this system, and in no event may the member receive membership service credit with both this system and another public retirement [plan, as defined in section 105.660, RSMo,] **system** for the same service.

3. A member who [had rendered service as an employee] **was employed** for at least twenty hours per week [for] **on a regular basis by** a public school district, **college, or university, either inside or** outside of [this state including service in a public university or who has rendered service in the University of Missouri or Lincoln University after November 1, 1965] **Missouri**, may elect [prior to retirement] to purchase equivalent membership service credit [but not in excess of ten years. An affidavit shall be required stipulating that the member is not presently receiving compensation from another school employee retirement system and will not receive credit in another system for the creditable time purchased].

4. [(1)] A member who [enters the service of] **has served in** the armed forces of the

United States of America **and** who [is an employee in a district included in the system at the time such member is inducted, enlisted or called to active duty, and who without voluntary reenlistment becomes an employee in a district within one year after discharge from such service shall not be subject to the provisions of subsection 3 of section 169.650 with regard to termination of membership due to the period of actual service in the armed forces of the United States. Such a member may elect prior to retirement to purchase membership service credit for the entire period of service in the armed forces of the United States, but not to exceed five years. The purchase may be made only if the member] was discharged or separated from the armed forces by other than a dishonorable discharge[.

(2) A member who had served in the armed forces of the United States prior to becoming a member, and who becomes employed in a position qualifying for membership in the retirement system after such member's discharge under honorable conditions] may elect[, prior to retirement,] to purchase membership service credit for the [entire] period of **active duty** service in the armed forces[, but not to exceed five years].

5. Any member granted unpaid maternity or paternity leave for a period, from a position covered by the retirement system, who returned to employment **in such a position**, may elect [prior to retirement] to purchase membership service credit for the period of leave. [No member may purchase more than four years of membership service credit pursuant to this subsection.]

6. Any member who is or was certified as a vocational-technical teacher on the basis of having a college degree or who was required to have a period of work experience of at least two years in the area of the subject being taught in order to qualify for such certification may, upon written application to the board, purchase equivalent membership service credit for such work experience which shall not exceed the two years necessary for certification if the work experience was in the area that the member taught or is teaching and was completed in two years.

7. Any member who had membership service credit with the public school retirement system of Missouri governed by sections 169.010 to 169.141 but which membership service credit was forfeited by withdrawal or refund, may elect [prior to retirement,] to purchase credit for such service [and receive pro rata credit not to exceed a total of ten years in this system for the service]. The public school retirement system of Missouri shall transfer to this system an amount equal to the employer contributions for the forfeited service being purchased, plus interest, which shall be applied to reduce the amount the member would otherwise pay for the purchase, provided that the amount transferred shall not exceed one-half of the purchase cost.

8. A member may elect to purchase membership service credit for service rendered while on leave from an employer, as defined in section 169.600, for a not-for-profit corporation or agency whose primary purpose is support of education or education research[, not to exceed two years] if the member was employed by that organization to serve twenty or more hours per week[, provided the member has returned to service for at least one year as an employee of the

employer that granted the leave] **on a regular basis**.

9. A member [having membership service credit in the retirement system provided by sections 169.600 to 169.715, after the member] **who** was employed by a private school [to serve], **college, or university, either inside or outside of Missouri, for at least** twenty or more hours per week **on a regular basis**, may elect to purchase membership service credit [for service rendered to the private school, but not to exceed three years]. As used in this subsection, 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.

169.670. 1. The retirement allowance of a member whose age at retirement is sixty years or more and whose creditable service is five years or more, or whose sum of age and creditable service equals eighty years or more, or whose creditable service is thirty years or more regardless of age, shall be the sum of the following items:

(1) For each year of membership service, one and sixty-one hundredths percent of the member's final average salary;

(2) Six-tenths of the amount payable for a year of membership service for each year of prior service;

(3) Eighty-five one-hundredths of one percent of any amount by which the member's average compensation for services rendered prior to July 1, 1973, exceeds the average monthly compensation on which federal Social Security taxes were paid during the period over which such average compensation was computed, for each year of membership service credit for services rendered prior to July 1, 1973, plus six-tenths of the amount payable for a year of membership service for each year of prior service credit;

(4) In lieu of the retirement allowance otherwise provided by subdivisions (1) to (3) of this subsection, between July 1, 2001, and July 1, [2003] **2008**, a member may elect to receive a retirement allowance of:

(a) One and fifty-nine hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-nine years or more but less than thirty years and the member has not attained the age of fifty-five;

(b) One and fifty-seven hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-eight years or more but less than twenty-nine years, and the member has not attained the age of fifty-five;

(c) One and fifty-five hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-seven years or more but less than twenty-eight years and the member has not attained the age of fifty-five;

(d) One and fifty-three hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-six years or more but less than twenty-seven years and the member has not attained the age of fifty-five;

(e) One and fifty-one hundredths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-five years or more but less than twenty-six years and the member has not attained the age of fifty-five; and

(5) In addition to the retirement allowance provided in subdivisions (1) to (3) of this subsection, a member retiring on or after July 1, 2001, whose creditable service is thirty years or more or whose sum of age and creditable service is eighty years or more, shall receive a temporary retirement allowance equivalent to eight-tenths of one percent of the member's final average salary multiplied by the member's years of service until such time as the member reaches the minimum age for Social Security retirement benefits.

2. If the board of trustees determines that the cost of living, as measured by generally accepted standards, increases five percent or more in the preceding fiscal year, the board shall increase the retirement allowances which the retired members or beneficiaries are receiving by five percent of the amount being received by the retired member or the beneficiary at the time the annual increase is granted by the board; provided that, the increase provided in this subsection shall not become effective until the fourth January first following a member's retirement or January 1, 1982, whichever occurs later, and the total of the increases granted to a retired member or the beneficiary after December 31, 1981, may not exceed eighty percent of the retirement allowance established at retirement or as previously adjusted by other provisions of law. If the cost of living increases less than five percent, the board of trustees may determine the percentage of increase to be made in retirement allowances, but at no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no increase in allowances for retired members on the following January first.

3. The board of trustees may reduce the amounts which have been granted as increases to a member pursuant to subsection 2 of this section if the cost of living, as determined by the board and as measured by generally accepted standards, is less than the cost of living was at the time of the first increase granted to the member; provided that, the reductions shall not exceed the amount of increases which have been made to the member's allowance after December 31, 1981.

4. (1) In lieu of the retirement allowance provided in subsection 1 of this section, called "option 1", a member whose creditable service is twenty-five years or more or who has attained age fifty-five with five or more years of creditable service may elect, in the application for retirement, to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement with the provision that:

Option 2. Upon the member's death, the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member as the member shall have nominated in the member's election of the option, and provided further that if the person so nominated dies before the retired member, the retirement

allowance will be increased to the amount the retired member would be receiving had the member elected option 1;

OR

Option 3. Upon the death of the member three-fourths of the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the member elected option 1;

OR

Option 4. Upon the death of the member one-half of the reduced retirement allowance shall be continued throughout the life of, and paid to, such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance shall be increased to the amount the retired member would be receiving had the member elected option 1;

OR

Option 5. Upon the death of the member prior to the member having received one hundred twenty monthly payments of the member's reduced allowance, the remainder of the one hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred twenty monthly payments shall be paid to the estate of the last person to receive a monthly allowance;

OR

Option 6. Upon the death of the member prior to the member having received sixty monthly payments of the member's reduced allowance, the remainder of the sixty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the sixty monthly payments, the reserve for the remainder of such sixty monthly payments shall be paid to the estate of the last person to receive a monthly allowance;

OR

Option 7. A plan of variable monthly benefit payments which provides, in conjunction with the member's retirement benefits under the federal Social Security laws, level or near-level retirement benefit payments to the member for life during retirement, and if authorized, to an

appropriate beneficiary designated by the member. Such a plan shall be actuarially equivalent to the retirement allowance under option 1 and shall be available for election only if established by the board of trustees under duly adopted rules.

(2) The election of an option may be made only in the application for retirement and such application must be filed prior to the date on which the retirement of the member is to be effective. If either the member or the person nominated dies before the effective date of retirement, the option shall not be effective, provided that:

(a) If the member or a person retired on disability retirement dies after attaining age fifty-five and acquiring five or more years of creditable service or after acquiring twenty-five or more years of creditable service and before retirement, except retirement with disability benefits, and the person named by the member as the member's primary beneficiary has an insurable interest in the life of the deceased member, the designated beneficiary may elect to receive either survivorship payments under option 2 or a payment of the member's accumulated contributions. If survivorship benefits under option 2 are elected and the member at the time of death would have been eligible to receive an actuarial equivalent of the member's retirement allowance, the designated beneficiary may further elect to defer the option 2 payments until the date the member would have been eligible to receive the retirement allowance provided in subsection 1 of this section.

(b) If the member or a person retired on disability retirement dies before attaining age fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the person named as the primary beneficiary has an insurable interest in the life of the deceased member or disability retiree, the designated beneficiary may elect to receive either a payment of the person's accumulated contributions, or survivorship benefits under option 2 to begin on the date the member would first have been eligible to receive an actuarial equivalent of the person's retirement allowance, or to begin on the date the member would first have been eligible to receive the retirement allowance provided in subsection 1 of this section.

5. If the total of the retirement allowances paid to an individual before the person's death is less than the person's accumulated contributions at the time of the person's retirement, the difference shall be paid to the person's beneficiary or to the person's estate; provided, however, that if an optional benefit, as provided in option 2, 3 or 4 in subsection 4, had been elected and the beneficiary dies after receiving the optional benefit, then, if the total retirement allowances paid to the retired individual and the individual's beneficiary are less than the total of the contributions, the difference shall be paid to the estate of the beneficiary unless the retired individual designates a different recipient with the board at or after retirement.

6. If a member dies before receiving a retirement allowance, the member's accumulated contributions at the time of the member's death shall be paid to the member's beneficiary or to the member's estate, if there be no beneficiary; provided, however, that no such payment shall

be made if the beneficiary elects option 2 in subsection 4 of this section, unless the beneficiary dies before having received benefits pursuant to that subsection equal to the accumulated contributions of the member, in which case the amount of accumulated contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the estate of the beneficiary.

7. If a member ceases to be an employee as defined in section 169.600 and certifies to the board of trustees that such cessation is permanent or if the person's membership is otherwise terminated, the person shall be paid the person's accumulated contributions with interest.

8. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, if a member ceases to be an employee as defined in section 169.600 after acquiring five or more years of creditable service, the member may, at the option of the member, leave the member's contributions with the retirement system and claim a retirement allowance any time after the member reaches the minimum age for voluntary retirement. When the member's claim is presented to the board, the member shall be granted an allowance as provided in sections 169.600 to 169.715 on the basis of the member's age and years of service.

9. The retirement allowance of a member retired because of disability shall be nine-tenths of the allowance to which the member's creditable service would entitle the member if the member's age were sixty.

10. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, any member who is a member prior to October 13, 1969, may elect to have the member's retirement allowance computed in accordance with sections 169.600 to 169.715 as they existed prior to October 13, 1969.

11. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

12. Notwithstanding any other provision of law, any person retired prior to August 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4 of this section, as the option existed prior to August 14, 1984, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have the person's retirement allowance increased to the amount the person would have been receiving had the person not elected the option, actuarially adjusted to recognize any excessive benefits which would have been paid to the person up to the time of the application.

13. Benefits paid pursuant to the provisions of the nonteacher school employee retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code.

14. Any member who has retired prior to July 1, 1999, and the designated beneficiary

of a deceased retired member upon request shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging. As compensation for such duties the person shall receive a payment equivalent to seven and four-tenths percent of the previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2 and 3 of this section for the purposes of the limit on the total amount of increases which may be received.

15. Any member who has retired prior to July 1, 2000, and the designated beneficiary of a deceased retired member upon request shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging. As compensation for such duties the person shall receive a payment equivalent to three and four-tenths percent of the previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2 and 3 of this section for the purposes of the limit on the total amount of increases which may be received.

16. Any member who has retired prior to July 1, 2001, and the designated beneficiary of a deceased retired member upon request shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging. As compensation for such duties the person shall receive a payment equivalent to seven and one-tenth percent of the previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2 and 3 of this section for the purposes of the limit on the total amount of increases which may be received.

169.673. 1. Any member eligible for a retirement allowance pursuant to section 169.670 and who has not previously received a retirement allowance, including an allowance under disability retirement, pursuant to section 169.670, and whose sum of age and creditable service equals eighty-six years or more or whose creditable service is thirty-three years or more may elect a distribution under the partial lump-sum option plan provided in this section if the member notifies the retirement system on the application for retirement of the member's effective date of retirement and election at least thirty days prior to retirement; provided that the partial lump sum option plan may not be elected if the member elects a retirement allowance under option 7 of paragraph (1) of subsection 4 of section 169.670. At any time prior to retirement, the member may request an estimate of the amount of the lump-sum distribution and of the amount by which the member's retirement allowance otherwise payable pursuant to section 169.670 would be reduced in the event of the member's election of the lump-sum distribution pursuant to this section.

2. A member entitled to make an election pursuant to this section may elect to receive a lump-sum distribution in addition to the member's monthly retirement allowance payment pursuant to section 169.670 as reduced pursuant to this section. Such member may elect the amount of the member's lump-sum distribution from one, but not more than one, of the following options:

(1) A lump-sum amount equal to twelve times the retirement allowance, less any temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section 169.670, the member would receive if no election were made under this section and the member had chosen option 1 under section 169.670;

(2) A lump-sum amount equal to twenty-four times the retirement allowance, less any temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section 169.670, the member would receive if no election were made pursuant to this section and the member had chosen option 1 under section 169.670; or

(3) A lump-sum amount equal to thirty-six times the retirement allowance, less any temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section 169.670, the member would receive if no election were made pursuant to this section and the member had chosen option 1 under section 169.670.

3. When a member makes an election to receive a lump-sum distribution pursuant to this section, the retirement allowance that the member would have received in the absence of the election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump-sum distribution and the reduced retirement allowance shall be the member's retirement allowance thereafter for all purposes in relation to retirement allowance amounts pursuant to section 169.670.

4. An election under this section to receive a lump-sum distribution and monthly retirement allowance reduced pursuant to this section shall be void if the member dies before receiving a lump-sum distribution under this section or a retirement allowance pursuant to section 169.670 and all amounts due to a surviving spouse, child, or other beneficiary of the member shall be determined without regard to such election.

5. Benefits paid pursuant to this section in addition to all other provisions of the nonteacher school employee retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code except as provided in subsection 13 of section 169.670.