

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
**SENATE BILLS NOS. 1153,
1154, 1155 & 1156**
94TH GENERAL ASSEMBLY

Reported from the Committee on Pensions, Veterans' Affairs and General Laws, March 13, 2008, with recommendation that the Senate Committee Substitute do pass and be placed on the Consent Calendar.

5077S.02C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 169.020, 169.040, 169.056, 169.070, 169.090, 169.130, 169.630, 169.650, 169.655, 169.670, and 169.690, RSMo, and to enact in lieu thereof twelve new sections relating to teacher and school employee retirement systems.

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

Section A. Sections 169.020, 169.040, 169.056, 169.070, 169.090, 169.130, 169.630, 169.650, 169.655, 169.670, and 169.690, RSMo, are repealed and twelve new sections enacted in lieu thereof, to be known as sections 169.020, 169.040, 169.056, 169.070, 169.090, 169.130, 169.630, 169.650, 169.655, 169.670, 169.690, and 169.750, to read as follows:

169.020. 1. For the purpose of providing retirement allowances and other benefits for public school teachers, there is hereby created and established a retirement system which shall be a body corporate, shall be under the management of a board of trustees herein described, and shall be known as "The Public School Retirement System of Missouri". 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. The system so created shall include all school districts in this state, except those in cities that had populations of four hundred thousand or more according to the latest United States decennial census, and such others as are or hereafter may be included in a similar system or in similar systems established by law and made operative; provided, that teachers in school districts of more than four hundred thousand

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

13 inhabitants who are or may become members of a local retirement system may
14 become members of this system with the same legal benefits as accrue to present
15 members of such state system on the terms and under the conditions provided for
16 in section 169.021. The system hereby established shall begin operations on the
17 first day of July next following the date upon which sections 169.010 to 169.130
18 shall take effect.

19 2. The general administration and the responsibility for the proper
20 operation of the retirement system and for making effective the provisions of
21 sections 169.010 to 169.141 are hereby vested in a board of trustees of seven
22 persons as follows: four persons to be elected as trustees by the members and
23 retired members of the public school retirement system created by sections
24 169.010 to 169.141 and the public education employee retirement system created
25 by sections 169.600 to 169.715; and three members appointed by the governor
26 with the advice and consent of the senate. The first member appointed by the
27 governor shall replace the commissioner of education for a term beginning August
28 28, 1998. The other two members shall be appointed by the governor at the time
29 each member's, who was appointed by the state board of education, term expires.

30 3. Trustees appointed and elected shall be chosen for terms of four years
31 from the first day of July next following their appointment or election, except that
32 one of the elected trustees shall be a member of the public education employee
33 retirement system and shall be initially elected for a term of three years from
34 July 1, 1991. The initial term of one other elected trustee shall commence on
35 July 1, 1992.

36 4. Trustees appointed by the governor shall be residents of school districts
37 included in the retirement system, but not employees of such districts or a state
38 employee or a state elected official. At least one trustee so appointed shall be a
39 retired member of the public school retirement system or the public education
40 employee retirement system. Three elected trustees shall be members of the
41 public school retirement system and one elected trustee shall be a member of the
42 public education employee retirement system.

43 5. The elections of the trustees shall be arranged for, managed and
44 conducted by the board of trustees of the retirement system.

45 6. If a vacancy occurs in the office of trustee, the vacancy shall be filled
46 for the unexpired term in the same manner as the office was previously filled.

47 7. Trustees of the retirement system shall serve without compensation but
48 they shall be reimbursed for expenses necessarily incurred through service on the

49 board of trustees.

50 8. Each trustee shall be commissioned by the governor, and before
51 entering upon the duties of the trustee's office, shall take and subscribe to an
52 oath or affirmation to support the Constitution of the United States, and of the
53 state of Missouri and to demean himself or herself faithfully in the trustee's
54 office. Such oath as subscribed to shall be filed in the office of secretary of state
55 of this state.

56 9. Each trustee shall be entitled to one vote in the board of trustees. Four
57 votes shall be necessary for a decision by the trustees at any meeting of the board
58 of trustees. Unless otherwise expressly provided herein, a meeting need not be
59 called or held to make any decision on a matter before the board. Each member
60 must be sent by the executive director a copy of the matter to be decided with full
61 information from the files of the board of trustees. The unanimous decision of
62 four trustees may decide the issue by signing a document declaring their decision
63 and sending such written instrument to the executive director of the board,
64 provided that no other member of the board of trustees shall send a dissenting
65 decision to the executive director of the board within fifteen days after such
66 document and information was mailed to the trustee. If any member is not in
67 agreement with four members the matter is to be passed on at a regular board
68 meeting or a special meeting called for the purpose.

69 10. The board of trustees shall elect one of their number as chairman, and
70 shall employ a full-time executive director, not one of their number, who shall be
71 the executive officer of the board. Other employees of the board shall be chosen
72 only upon the recommendation of the executive director.

73 11. The board of trustees shall employ an actuary who shall be its
74 technical advisor on matters regarding the operation of the retirement system,
75 and shall perform such duties as are essential in connection therewith, including
76 the recommendation for adoption by the board of mortality and other necessary
77 tables, and the recommendation of the level rate of contributions required for
78 operation of the system.

79 12. As soon as practicable after the establishment of the retirement
80 system, and annually thereafter, the actuary shall make a valuation of the
81 system's assets and liabilities on the basis of such tables as have been adopted.

82 13. At least once in the three-year period following the establishment of
83 the retirement system, and in each five-year period thereafter, the board of
84 trustees shall cause to be made an actuarial investigation into the mortality,

85 service, and compensation experience of the members and beneficiaries of the
86 system, and shall make any changes in the mortality, service, and other tables
87 then in use which the results of the investigation show to be necessary.

88 14. Subject to the limitations of sections 169.010 to 169.141 and 169.600
89 to 169.715, the board of trustees shall formulate and adopt rules and regulations
90 for the government of its own proceedings and for the administration of the
91 retirement system.

92 15. The board of trustees shall determine and decide all questions of
93 doubt as to what constitutes employment within the meaning of sections 169.010
94 to 169.141 and 169.600 to 169.715, the amount of benefits to be paid to members,
95 retired members, beneficiaries and survivors and the amount of contributions to
96 be paid by employer and employee. The executive director shall notify by
97 certified mail both employer and member, retired member, beneficiary or survivor
98 interested in such determination. Any member, retired member, beneficiary or
99 survivor, district or employer adversely affected by such determination, at any
100 time within thirty days after being notified of such determination, may appeal to
101 the circuit court of Cole County. Such appeal shall be tried and determined anew
102 in the circuit court and such court shall hear and consider any and all competent
103 testimony relative to the issues in the case, which may be offered by either party
104 thereto. The circuit court shall determine the rights of the parties under sections
105 169.010 to 169.141 and 169.600 to 169.715 using the same standard provided in
106 section 536.150, RSMo, and the judgment or order of such circuit court shall be
107 binding upon the parties and the board shall carry out such judgment or order
108 unless an appeal is taken from such decision of the circuit court. Appeals may
109 be had from the circuit court by the employer, member, retired member,
110 beneficiary, survivor or the board, in the manner provided by the civil code.

111 16. The board of trustees shall keep a record of all its proceedings, which
112 shall be open to public inspection. It shall prepare annually a comprehensive
113 annual financial report, the financial section of which shall be prepared in
114 accordance with applicable accounting standards and shall include the
115 independent auditor's opinion letter. The report shall also include information
116 on the actuarial status and the investments of the system. The reports shall be
117 preserved by the executive director and made available for public inspection.

118 17. The board of trustees shall provide for the maintenance of an
119 individual account with each member, setting forth such data as may be
120 necessary for a ready determination of the member's earnings, contributions, and

121 interest accumulations. It shall also collect and keep in convenient form such
122 data as shall be necessary for the preparation of the required mortality and
123 service tables and for the compilation of such other information as shall be
124 required for the valuation of the system's assets and liabilities. All individually
125 identifiable information pertaining to members, retirees, beneficiaries and
126 survivors shall be confidential.

127 18. The board of trustees shall meet regularly at least twice each year,
128 with the dates of such meetings to be designated in the rules and regulations
129 adopted by the board. Such other meetings as are deemed necessary may be
130 called by the chairman of the board or by any four members acting jointly.

131 19. The headquarters of the retirement system shall be in Jefferson City,
132 where suitable office space, utilities and other services and equipment necessary
133 for the operation of the system shall be provided by the board of trustees and all
134 costs shall be paid from funds of the system. All suits [in which] **or**
135 **proceedings directly or indirectly against** the board of trustees, the board's
136 members or employees or the retirement system established by sections 169.010
137 to 169.141 or 169.600 to 169.715 [are parties] shall be brought in Cole County.

138 20. The board may appoint an attorney or firm of attorneys to be the legal
139 advisor to the board and to represent the board in legal proceedings, however, if
140 the board does not make such an appointment, the attorney general shall be the
141 legal advisor of the board of trustees, and shall represent the board in all legal
142 proceedings.

143 21. The board of trustees shall arrange for adequate surety bonds covering
144 the executive director. When approved by the board, such bonds shall be
145 deposited in the office of the secretary of state of this state.

146 22. The board shall arrange for annual audits of the records and accounts
147 of the system by a firm of certified public accountants, the state auditor shall
148 review the audit of the records and accounts of the system at least once every
149 three years and shall report the results to the board of trustees and the governor.

150 23. The board by its rules may establish an interest charge to be paid by
151 the employer on any payments of contributions which are delinquent. The rate
152 charged shall not exceed the actuarially assumed rate of return on invested funds
153 of the pertinent system.

169.040. 1. All funds arising from the operation of sections 169.010 to
2 169.141 shall belong to the retirement system herein created and shall be
3 controlled by the board of trustees of that system which board shall provide for

4 the collection of such funds, shall see that they are safely preserved, and shall
5 permit their disbursement only for the purposes herein authorized. Such funds
6 and all other funds received by the retirement system are declared and shall be
7 deemed to be the moneys and funds of the retirement system and not revenue
8 collected or moneys received by the state and shall not be commingled with state
9 funds.

10 2. The board shall invest all funds under its control which are in excess
11 of a safe operating balance. The funds shall be invested only in those
12 investments which a prudent person acting in a like capacity and familiar with
13 these matters would use in the conduct of an enterprise of a like character and
14 with like aims, as provided in section 105.688, RSMo. The board of trustees may
15 delegate to duly appointed investment counselors authority to act in place of the
16 board in the investment and reinvestment of all or part of the moneys of the
17 system, and may also delegate to such counselors the authority to act in place of
18 the board in the holding, purchasing, selling, assigning, transferring or disposing
19 of any or all of the securities and investments in which such moneys shall have
20 been invested, as well as the proceeds of such investments and such
21 moneys. Such investment counselors shall be registered as investment advisors
22 with the United States Securities and Exchange Commission. In exercising or
23 delegating its investment powers and authority, members of the board shall
24 exercise ordinary business care and prudence under the facts and circumstances
25 prevailing at the time of the action or decision. No member of the board shall be
26 liable for any action taken or omitted with respect to the exercise of, or delegation
27 of, these powers and authority if such member shall have discharged the duties
28 of his or her position in good faith and with that degree of diligence, care and
29 skill which a prudent person acting in a like capacity and familiar with these
30 matters would use in the conduct of an enterprise of a like character and with
31 like aims.

32 3. **Notwithstanding the provisions of section 105.662, RSMo, the**
33 **board may set up and maintain a public school and education employee**
34 **retirement systems of Missouri investment fund account in which**
35 **investment and reinvestment of all or part of the moneys of the system**
36 **may be placed and be available for investment purposes. For the**
37 **purpose of investing the funds of the retirement system, the funds may**
38 **be combined with the funds of the public education employee**
39 **retirement system of Missouri, but the funds of each system shall be**

40 **accounted for separately and for all other reporting purposes shall be**
41 **separate. The board of trustees may promulgate such and regulations**
42 **consistent with the provisions of section 169.040 as deemed necessary**
43 **for its proper administration, pursuant to the provisions of this section**
44 **and this chapter. Any rule or portion of a rule, as that term is defined**
45 **in section 536.010, RSMo, that is created under the authority delegated**
46 **in this section shall become effective only if it complies with and is**
47 **subject to all of the provisions of chapter 536, RSMo, and, if applicable,**
48 **section 536.028, RSMo. This section and chapter 536, RSMo, are**
49 **nonseverable and if any of the powers vested with the general assembly**
50 **pursuant to chapter 536, RSMo, to review, to delay the effective date,**
51 **or to disapprove and annul a rule are subsequently held**
52 **unconstitutional, then the grant of rulemaking authority and any rule**
53 **proposed or adopted after August 28, 2008, shall be invalid and void.**

54 4. No investment transaction authorized by the board shall be handled by
55 any company or firm in which a member of the board has an interest, nor shall
56 any member of the board profit directly or indirectly from any such investment.
57 All investments shall be made for the account of the retirement system, and any
58 securities or other properties obtained by the board of trustees may be held by a
59 custodian in the name of the retirement system, or in the name of a nominee in
60 order to facilitate the expeditious transfer of such securities or other
61 property. Such securities or other properties which are not available in
62 registered form may be held in bearer form or in book entry form. The retirement
63 system is further authorized to deposit, or have deposited for its account, eligible
64 securities in a central depository system or clearing corporation or in a federal
65 reserve bank under a book entry system as defined in the Uniform Commercial
66 Code, sections 400.8-102 and 400.8-109, RSMo. When such eligible securities of
67 the retirement system are so deposited with a central depository system they may
68 be merged and held in the name of the nominee of such securities depository and
69 title to such securities may be transferred by bookkeeping entry on the books of
70 such securities depository or federal reserve bank without physical delivery of the
71 certificates or documents representing such securities.

72 [4.] 5. With appropriate safeguards against loss by the system in any
73 contingency, the board may designate a bank or trust company to serve as a
74 depository of system funds and intermediary in the investment of those funds and
75 payment of system obligations.

76 [5.] 6. All retirement allowances or other periodic payments paid by the
77 board shall be paid to recipients of such payments by electronic funds transfer,
78 unless another method has been determined by the board to be appropriate. Each
79 recipient of retirement allowances or other periodic payments shall designate a
80 financial institution or other authorized payment agent and provide the board
81 information necessary for the recipient to receive electronic funds transfer
82 payments through the institution or agent designated. This subsection shall
83 apply to retirement allowances and other periodic payments first paid on or after
84 January 1, 1998, and shall apply to all retirement allowances and other periodic
85 payments on and after January 1, 1999.

86 [6.] 7. The board of trustees may deliberate about, or make tentative or
87 final decisions on, investments or other financial matters in a closed meeting
88 under chapter 610, RSMo, if disclosure of the deliberations or decisions would
89 jeopardize the ability to implement a decision or to achieve investment objectives.
90 A record of the retirement system that discloses deliberations about, or a
91 tentative decision on, investments or other financial matters is not a public record
92 under chapter 610, RSMo, to the extent and so long as its disclosure would
93 jeopardize the ability to implement a decision or to achieve investment objectives.

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

8 (1) The purchase shall be effected by the member paying to the retirement
9 system the amount the member would have contributed and the amount the
10 employer would have contributed had such member been an employee for the
11 number of years for which the member is electing to purchase credit, and had the
12 member's compensation during such period been the highest annual salary rate
13 on record with the retirement system on the date of election to purchase
14 credit. For purposes of this section, "annual salary rate" means the annual salary
15 rate for full-time service for the position of employment. The contribution rate
16 used in determining the amount to be paid shall be the contribution rate in effect
17 on the date of election to purchase credit. Notwithstanding the provisions of this
18 subsection, for all elections to purchase credit received by the retirement system

19 on or after January 1, 2006, the member shall receive credit based on the amount
20 paid by the member for such credit and received by the retirement system by the
21 close of business on June thirtieth of each year. In lieu of charging the member
22 interest on such purchase of credit, the amount to be paid by the member for any
23 remaining credit the member has elected to purchase but has not paid for by
24 **[June] September** thirtieth of each year shall be recalculated on the following
25 **[July] October** first using the contribution rate in effect on that July first and
26 the highest salary of record for the member as of that July first. For all elections
27 to purchase credit received by the retirement system prior to January 1, 2006, the
28 retirement system shall determine the cost of such purchase using the calculation
29 method in effect for elections to purchase credit received by the retirement system
30 on or after January 1, 2006, provided that the member shall have a one-time,
31 irrevocable option to continue to have the cost of such purchase be determined
32 using the calculation method in effect at the time of such election to purchase
33 such credit. To be effective, such option must be elected by the member on a form
34 approved by the retirement system and such form must be received by the
35 retirement system by the close of business on June 30, 2006. The retirement
36 system **[reserves the right to] may prohibit a purchase, impose additional**
37 **requirements for making a purchase, or** limit the amount of credit
38 purchased **[by the member in any year if the amounts paid by the member in that**
39 **year would exceed any applicable contribution limits set forth in] if necessary**
40 **for the retirement system to comply with federal law, including but not**
41 **limited to, the provisions of** Section 415 of Title 26 of the United States
42 Code. **The board of trustees may promulgate such rules and regulations**
43 **consistent with the provisions of section 169.056 as shall deem**
44 **necessary for its proper administration, pursuant to the provisions of**
45 **this section and this chapter. Any rule or portion of a rule, as that**
46 **term is defined in section 536.010, RSMo, that is created under the**
47 **authority delegated in this section shall become effective only if it**
48 **complies with and is subject to all of the provisions of chapter 536,**
49 **RSMo, and, if applicable, section 536.028, RSMo. This section and**
50 **chapter 536, RSMo, are nonseverable and if any of the powers vested**
51 **with the general assembly pursuant to chapter 536, RSMo, to review, to**
52 **delay the effective date, or to disapprove and annul a rule are**
53 **subsequently held unconstitutional, then the grant of rulemaking**
54 **authority and any rule proposed or adopted after August 28, 2008, shall**

55 **be invalid and void;**

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

59 (3) An election to purchase membership service credit pursuant to this
60 section and payment for the purchase shall be completed prior to termination of
61 membership with the retirement system with interest on the unpaid balance;

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

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

68 2. Membership service credit shall not be allowed pursuant to this section
69 or sections 169.570 and 169.577 which exceeds in length the member's
70 membership service credit for employment in a position covered by this system,
71 and in no event may the member receive membership service credit with both this
72 system and another public retirement system for the same service.

73 3. A member who was employed for at least twenty hours per week on a
74 regular basis by a public school district, public junior college, public community
75 college, public college, or public university, either inside or outside of this state,
76 may elect to purchase equivalent membership service credit.

77 4. A member who has served in the armed forces of the United States of
78 America and who was discharged or separated from the armed forces by other
79 than a dishonorable discharge may elect to purchase membership service for the
80 period of active duty service in the armed forces.

81 5. Any member granted unpaid maternity or paternity leave for a period,
82 from a position covered by the retirement system, who returned to employment
83 in such a position, may elect to purchase membership service credit for the period
84 of leave.

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

91 was in the area that the member taught or is teaching and was completed in two
92 years.

93 7. Any member who had membership service credit with the public
94 education employee retirement system of Missouri governed by sections 169.600
95 to 169.715 but which membership service credit was forfeited by withdrawal or
96 refund may elect to purchase credit for such service. The public education
97 employee retirement system of Missouri shall transfer to this system an amount
98 equal to the employer contributions for the forfeited service being purchased, plus
99 interest, which shall be applied to reduce the amount the member would
100 otherwise pay for the purchase, provided that the amount transferred shall not
101 exceed one-half of the purchase cost.

102 8. A member may elect to purchase membership service credit for service
103 rendered while on leave from an employer, as defined in section 169.010, for a
104 not-for-profit corporation or agency whose primary purpose is support of
105 education or education research, if the member was employed by that
106 organization to serve twenty or more hours per week on a regular basis.

107 9. A member who was employed by a private school, private junior college,
108 private community college, private college, or private university, either inside or
109 outside of this state, for at least twenty hours per week on a regular basis, may
110 elect to purchase equivalent membership service credit for such service rendered.

111 10. A member who was employed in nonfederal public employment for at
112 least twenty hours a week on a regular basis shall be permitted to purchase
113 equivalent creditable service in the retirement system for such employment
114 subject to provisions of this section.

115 11. A member who, while eighteen years of age or older, was employed in
116 a position covered by Social Security for at least twenty hours a week on a
117 regular basis shall be permitted to purchase equivalent creditable service in the
118 retirement system for such employment subject to provisions of this section.

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

8 (1) Two and five-tenths percent of the member's final average salary for

9 each year of membership service;

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

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

14 (3) Between July 1, 1998, and July 1, 2013, two and four-tenths percent
15 of the member's final average salary for each year of membership service, if the
16 member's creditable service is twenty-nine years or more but less than thirty
17 years, and the member has not attained age fifty-five;

18 (4) Between July 1, 1998, and July 1, 2013, two and
19 thirty-five-hundredths percent of the member's final average salary for each year
20 of membership service, if the member's creditable service is twenty-eight years
21 or more but less than twenty-nine years, and the member has not attained age
22 fifty-five;

23 (5) Between July 1, 1998, and July 1, 2013, two and three-tenths percent
24 of the member's final average salary for each year of membership service, if the
25 member's creditable service is twenty-seven years or more but less than
26 twenty-eight years, and the member has not attained age fifty-five;

27 (6) Between July 1, 1998, and July 1, 2013, two and
28 twenty-five-hundredths percent of the member's final average salary for each year
29 of membership service, if the member's creditable service is twenty-six years or
30 more but less than twenty-seven years, and the member has not attained age
31 fifty-five;

32 (7) Between July 1, 1998, and July 1, 2013, two and two-tenths percent
33 of the member's final average salary for each year of membership service, if the
34 member's creditable service is twenty-five years or more but less than twenty-six
35 years, and the member has not attained age fifty-five;

36 (8) Between July 1, 2001, and July 1, 2013, two and fifty-five hundredths
37 percent of the member's final average salary for each year of membership service,
38 if the member's creditable service is thirty-one years or more regardless of age.

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

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

OR

OR

(2) The election of an option may be made only in the application for annuity and such application must be filed prior to the date on which the annuity of the member is to be effective. If either the member or the person designated to receive the survivorship payments dies before the effective date of annuity, 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

117 retirement, except retirement with disability benefits, and the person named by
118 the member as the member's beneficiary has an insurable interest in the life of
119 the deceased member, the designated beneficiary may elect to receive either
120 survivorship benefits under option 2 or a payment of the accumulated
121 contributions of the member. If survivorship benefits under option 2 are elected
122 and the member at the time of death would have been eligible to receive an
123 actuarial equivalent of the member's retirement allowance, the designated
124 beneficiary may further elect to defer the option 2 payments until the date the
125 member would have been eligible to receive the retirement allowance provided in
126 subsection 1 or 2 of this section;

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

137 4. If the total of the retirement or disability allowance paid to an
138 individual before the death of the individual is less than the accumulated
139 contributions at the time of retirement, the difference shall be paid to the
140 beneficiary of the individual, or to the (1) surviving spouse, (2) surviving children
141 in equal shares, (3) surviving parents in equal shares, or (4) estate of the
142 individual in that order of precedence. If an optional benefit as provided in
143 option 2, 3 or 4 in subsection 3 of this section had been elected, and the
144 beneficiary dies after receiving the optional benefit, and if the total retirement
145 allowance paid to the retired individual and the beneficiary of the retired
146 individual is less than the total of the contributions, the difference shall be paid
147 to the (1) surviving spouse, (2) surviving children in equal shares, (3) surviving
148 parents in equal shares, or (4) estate of the beneficiary, in that order of
149 precedence, unless the retired individual designates a different recipient with the
150 board at or after retirement.

151 5. **If a member dies and their financial institution is unable to**
152 **accept the final payment or payments due to the member, the final**

153 **payment or payments shall be paid to the beneficiary of the member or,**
154 **if there is no beneficiary, to the (1) surviving spouse, (2) surviving**
155 **children in equal shares, (3) surviving parents in equal shares, or (4)**
156 **estate of the member in that order of precedence, unless otherwise**
157 **stated. If the beneficiary of a deceased member dies and their financial**
158 **institution is unable to accept the final payment or payments, the final**
159 **payment or payments shall be paid to the (1) surviving spouse, (2)**
160 **surviving children in equal shares, (3) surviving parents in equal**
161 **shares, or (4) estate of the member in that order of precedence, unless**
162 **otherwise stated.**

163 **6.** If a member dies before receiving a retirement allowance, the member's
164 accumulated contributions at the time of the death of the member shall be paid
165 to the beneficiary of the member or, if there is no beneficiary, to the (1) surviving
166 spouse, (2) surviving children in equal shares, (3) surviving parents in equal
167 shares, or (4) to the estate of the member in that order of precedence; except that,
168 no such payment shall be made if the beneficiary elects option 2 in subsection 3
169 of this section, unless the beneficiary dies before having received benefits
170 pursuant to that subsection equal to the accumulated contributions of the
171 member, in which case the amount of accumulated contributions in excess of the
172 total benefits paid pursuant to that subsection shall be paid to the (1) surviving
173 spouse, (2) surviving children in equal shares, (3) surviving parents in equal
174 shares, or (4) estate of the beneficiary, in that order of precedence.

175 **[6.] 7.** If a member ceases to be a public school employee as herein
176 defined and certifies to the board of trustees that such cessation is permanent,
177 or if the membership of the person is otherwise terminated, the member shall be
178 paid the member's accumulated contributions with interest.

179 **[7.] 8.** Notwithstanding any provisions of sections 169.010 to 169.141 to
180 the contrary, if a member ceases to be a public school employee after acquiring
181 five or more years of membership service in Missouri, the member may at the
182 option of the member leave the member's contributions with the retirement
183 system and claim a retirement allowance any time after reaching the minimum
184 age for voluntary retirement. When the member's claim is presented to the
185 board, the member shall be granted an allowance as provided in sections 169.010
186 to 169.141 on the basis of the member's age, years of service, and the provisions
187 of the law in effect at the time the member requests the member's retirement to
188 become effective.

189 **[8.] 9.** The retirement allowance of a member retired because of disability
190 shall be nine-tenths of the allowance to which the member's creditable service
191 would entitle the member if the member's age were sixty, or fifty percent of
192 one-twelfth of the annual salary rate used in determining the member's
193 contributions during the last school year for which the member received a year
194 of creditable service immediately prior to the member's disability, whichever is
195 greater, except that no such allowance shall exceed the retirement allowance to
196 which the member would have been entitled upon retirement at age sixty if the
197 member had continued to teach from the date of disability until age sixty at the
198 same salary rate.

199 **[9.] 10.** Notwithstanding any provisions of sections 169.010 to 169.141
200 to the contrary, from October 13, 1961, the contribution rate pursuant to sections
201 169.010 to 169.141 shall be multiplied by the factor of two-thirds for any member
202 of the system for whom federal Old Age and Survivors Insurance tax is paid from
203 state or local tax funds on account of the member's employment entitling the
204 person to membership in the system. The monetary benefits for a member who
205 elected not to exercise an option to pay into the system a retroactive contribution
206 of four percent on that part of the member's annual salary rate which was in
207 excess of four thousand eight hundred dollars but not in excess of eight thousand
208 four hundred dollars for each year of employment in a position covered by this
209 system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of
210 this section as it appears in RSMo, 1969, shall be the sum of:

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

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

216 (3) For years of membership service after July 1, 1957, and prior to July
217 1, 1961, the benefits provided in this section as it appears in RSMo, 1959; except
218 that if the member has at least thirty years of creditable service at retirement the
219 member shall receive the benefit payable pursuant to that section as though the
220 member's age were sixty-five at retirement;

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

224 **[10.] 11.** The monetary benefits for each other member for whom federal

225 Old Age and Survivors Insurance tax is or was paid at any time from state or
226 local funds on account of the member's employment entitling the member to
227 membership in the system shall be the sum of:

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

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

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

236 [11.] 12. Any retired member of the system who was retired prior to
237 September 1, 1972, or beneficiary receiving payments under option 1 or option 2
238 of subsection 3 of this section, as such option existed prior to September 1, 1972,
239 will be eligible to receive an increase in the retirement allowance of the member
240 of two percent for each year, or major fraction of more than one-half of a year,
241 which the retired member has been retired prior to July 1, 1975. This increased
242 amount shall be payable commencing with January, 1976, and shall thereafter
243 be referred to as the member's retirement allowance. The increase provided for
244 in this subsection shall not affect the retired member's eligibility for
245 compensation provided for in section 169.580 or 169.585, nor shall the amount
246 being paid pursuant to these sections be reduced because of any increases
247 provided for in this section.

248 [12.] 13. If the board of trustees determines that the cost of living, as
249 measured by generally accepted standards, increases two percent or more in the
250 preceding fiscal year, the board shall increase the retirement allowances which
251 the retired members or beneficiaries are receiving by two percent of the amount
252 being received by the retired member or the beneficiary at the time the annual
253 increase is granted by the board with the provision that the increases provided
254 for in this subsection shall not become effective until the fourth January first
255 following the member's retirement or January 1, 1977, whichever later occurs, or
256 in the case of any member retiring on or after July 1, 2000, the increase provided
257 for in this subsection shall not become effective until the third January first
258 following the member's retirement, or in the case of any member retiring on or
259 after July 1, 2001, the increase provided for in this subsection shall not become
260 effective until the second January first following the member's

261 retirement. Commencing with January 1, 1992, if the board of trustees
262 determines that the cost of living has increased five percent or more in the
263 preceding fiscal year, the board shall increase the retirement allowances by five
264 percent. The total of the increases granted to a retired member or the beneficiary
265 after December 31, 1976, may not exceed eighty percent of the retirement
266 allowance established at retirement or as previously adjusted by other
267 subsections. If the cost of living increases less than five percent, the board of
268 trustees may determine the percentage of increase to be made in retirement
269 allowances, but at no time can the increase exceed five percent per year. If the
270 cost of living decreases in a fiscal year, there will be no increase in allowances for
271 retired members on the following January first.

272 **[13.] 14.** The board of trustees may reduce the amounts which have been
273 granted as increases to a member pursuant to subsection **[12] 13** of this section
274 if the cost of living, as determined by the board and as measured by generally
275 accepted standards, is less than the cost of living was at the time of the first
276 increase granted to the member; except that, the reductions shall not exceed the
277 amount of increases which have been made to the member's allowance after
278 December 31, 1976.

279 **[14.] 15.** Any application for retirement shall include a sworn statement
280 by the member certifying that the spouse of the member at the time the
281 application was completed was aware of the application and the plan of
282 retirement elected in the application.

283 **[15.] 16.** Notwithstanding any other provision of law, any person retired
284 prior to September 28, 1983, who is receiving a reduced retirement allowance
285 under option 1 or option 2 of subsection 3 of this section, as such option existed
286 prior to September 28, 1983, and whose beneficiary nominated to receive
287 continued retirement allowance payments under the elected option dies or has
288 died, shall upon application to the board of trustees have his or her retirement
289 allowance increased to the amount he or she would have been receiving had the
290 option not been elected, actuarially adjusted to recognize any excessive benefits
291 which would have been paid to him or her up to the time of application.

292 **[16.] 17.** Benefits paid pursuant to the provisions of the public school
293 retirement system of Missouri shall not exceed the limitations of Section 415 of
294 Title 26 of the United States Code except as provided pursuant to this
295 subsection. Notwithstanding any other law to the contrary, the board of trustees
296 may establish a benefit plan pursuant to Section 415(m) of Title 26 of the United

297 States Code. Such plan shall be created solely for the purpose described in
298 Section 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees
299 may promulgate regulations necessary to implement the provisions of this
300 subsection and to create and administer such benefit plan.

301 **[17.] 18.** Notwithstanding any other provision of law to the contrary, any
302 person retired before, on, or after May 26, 1994, shall be made, constituted,
303 appointed and employed by the board as a special consultant on the matters of
304 education, retirement and aging, and upon request shall give written or oral
305 opinions to the board in response to such requests. As compensation for such
306 duties the person shall receive an amount based on the person's years of service
307 so that the total amount received pursuant to sections 169.010 to 169.141 shall
308 be at least the minimum amounts specified in subdivisions (1) to (4) of this
309 subsection. In determining the minimum amount to be received, the amounts in
310 subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the
311 actuarial adjustment, if any, that was applied to the person's retirement
312 allowance. In determining the minimum amount to be received, beginning
313 September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection
314 shall be adjusted in accordance with the actuarial adjustment, if any, that was
315 applied to the person's retirement allowance due to election of an optional form
316 of retirement having a continued monthly payment after the person's
317 death. Notwithstanding any other provision of law to the contrary, no person
318 retired before, on, or after May 26, 1994, and no beneficiary of such a person,
319 shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based
320 on the person's years of service less than the following amounts:

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

327 **[18.] 19.** Notwithstanding any other provisions of law to the contrary,
328 any person retired prior to May 26, 1994, and any designated beneficiary of such
329 a retired member who was deceased prior to July 1, 1999, shall be made,
330 constituted, appointed and employed by the board as a special consultant on the
331 matters of education, retirement or aging and upon request shall give written or
332 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.] **20.** 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 **and 14** of this section for the purposes of the limit on the total amount of increases which may be received.

[20.] **21.** 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 beneficiary of the retired member, or, if there is no beneficiary, the (1) surviving spouse, (2) surviving children in equal shares, (3) surviving parents in equal shares, or (4) estate of the retired member, in that order of precedence, shall receive as a part of compensation for these duties a death benefit of five thousand dollars.

[21.] **22.** 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

369 requests. As compensation for such duties, the person shall have added,
370 pursuant to this subsection, to the monthly annuity as provided by this section
371 a dollar amount equal to five dollars times the member's number of years of
372 creditable service.

373 [22.] **23.** Any member who has retired prior to July 1, 2000, and the
374 designated beneficiary of a deceased retired member shall be made, constituted,
375 appointed and employed by the board as a special consultant on the matters of
376 education, retirement and aging, and upon request shall give written or oral
377 opinions to the board in response to such requests. As compensation for such
378 duties, the person shall receive a payment equivalent to three and five-tenths
379 percent of the previous month's benefit, which shall be added to the member or
380 beneficiary's monthly annuity and which shall not be subject to the provisions of
381 subsections [12 and] 13 **and 14** of this section for the purposes of the limit on the
382 total amount of increases which may be received.

383 [23.] **24.** Any member who has retired prior to July 1, 2001, and the
384 designated beneficiary of a deceased retired member shall be made, constituted,
385 appointed and employed by the board as a special consultant on the matters of
386 education, retirement and aging, and upon request shall give written or oral
387 opinions to the board in response to such requests. As compensation for such
388 duties, the person shall receive a dollar amount equal to three dollars times the
389 member's number of years of creditable service, which shall be added to the
390 member's or beneficiary's monthly annuity and which shall not be subject to the
391 provisions of subsections [12 and] 13 **and 14** of this section for the purposes of
392 the limit on the total amount of increases which may be received.

169.090. Neither the funds belonging to the retirement system nor any
2 benefit accrued or accruing to any person under the provisions of sections 169.010
3 to 169.130 shall be subject to execution, garnishment, attachment or any other
4 process whatsoever, nor shall they be assignable, except **in a proceeding**
5 **instituted for spousal maintenance or child support and** as in sections
6 169.010 to 169.130 specifically provided.

169.130. 1. Any person, duly certified under the law governing the
2 certification of teachers, employed full time as a teacher by the division of youth
3 services prior to August 13, 1986, who did not become a member of the Missouri
4 state employees' retirement system under section 104.342, RSMo, is a member of
5 the public school retirement system of Missouri. Any such person who becomes
6 a member before the end of the school year next following July 18, 1948, may

7 claim and receive credit for prior service. The contributions required to be made
8 by the member's employer shall be paid from appropriations to the institution by
9 which the member is employed.

10 2. Any person, duly certified under the law governing the certification of
11 teachers, employed full time as a teacher by a division of the state department
12 of social services prior to August 13, 1986, who did not become a member of the
13 Missouri state employees' retirement system under section 104.342, RSMo, who
14 renders services in a school whose standards of education are set and which is
15 supervised by a public school officer of the county in which the school is located,
16 by the department of elementary and secondary education or by the coordinating
17 board for higher education is a member of the public school retirement system of
18 Missouri. Any such member who becomes a member before the end of the school
19 year next following August 29, 1953, may claim and receive credit for prior
20 service.

21 3. Any person, duly certified under the law governing the certification of
22 teachers, employed full time as a teacher by the section of inmate education of the
23 department of corrections prior to August 13, 1986, who did not become a member
24 of the Missouri state employees' retirement system under section 104.342, RSMo,
25 is a member of the public school retirement system of Missouri. Any such person
26 who becomes a member before the end of the school year next following August
27 29, 1959, may claim and receive credit for prior service. For purposes of this
28 subsection "prior service" means service rendered by a member of the retirement
29 system before the system becomes operative with respect to persons employed by
30 the section of inmate education, and may include service rendered by a member
31 of the armed forces during a period of war, if the member was a teacher at the
32 time he was inducted, for which credit has been approved by the board of
33 trustees.

34 4. Any person, duly certificated under the law governing the certification
35 of teachers, employed full time by any statewide nonprofit educational association
36 or organization serving on an educational professional basis through its
37 membership the active members of the public school retirement system of
38 Missouri or the public school districts maintaining high schools in this state, may
39 be a member of the public school retirement system of Missouri. Any such person
40 who becomes a member before July 1, 1955, may claim and receive credit for prior
41 service. The contributions required to be made by the member's employer shall
42 be paid by the association or organization. **After June 30, 2009, no additional**

43 **nonprofit educational associations or organizations may have their**
44 **employees become members of the public school retirement system of**
45 **Missouri or the public education employee retirement system of**
46 **Missouri.**

47 5. Any person, duly certificated under the law governing the certification
48 of teachers, employed full time, and whose duties include participation in the
49 educational program of the department of mental health, in either a teaching or
50 supervisory teaching capacity prior to August 13, 1986, who did not become a
51 member of the Missouri state employees' retirement system under section
52 104.342, RSMo, shall, after August 7, 1969, be a member of the public school
53 retirement system, but any such person whose employment with the department
54 of mental health commenced prior to August 7, 1969, may elect not to become a
55 member by so notifying the department of mental health in writing within thirty
56 days after August 7, 1969.

169.630. 1. All funds arising from the operation of sections 169.600 to
2 169.715 shall belong to the retirement system created in sections 169.600 to
3 169.715 and shall be controlled by the board of trustees and that board shall
4 provide for the collection of these funds, see that they are safely preserved, and
5 shall permit their disbursement only for the purposes authorized in sections
6 169.600 to 169.715. These funds are declared and shall be deemed to be the
7 moneys and funds of this retirement system and not general funds of the state
8 and shall not be commingled with any state funds or other retirement
9 funds. Solely for the purpose of investing the funds of the retirement system, the
10 funds may be combined with the funds of the public school retirement system of
11 Missouri, but the funds of each system shall be accounted for separately and for
12 all other purposes shall be separate.

13 2. The board shall invest all funds under its control which are in excess
14 of a safe operating balance. The investment shall be made only in securities
15 authorized and pursuant to the same standards set for investment by section
16 169.040.

17 3. **Notwithstanding the provisions of section 105.662, RSMo, the**
18 **board may set up and maintain a public school and education employee**
19 **retirement systems of Missouri investment fund account in which**
20 **investment and reinvestment of all or part of the moneys of the system**
21 **may be placed and be available for investment purposes. For the**
22 **purpose of investing the funds of the retirement system, the funds may**

23 **be combined with the funds of the public school retirement system of**
24 **Missouri, but the funds of each system shall be accounted for separately**
25 **and for all other reporting purposes shall be separate. The board of**
26 **trustees may promulgate such and regulations consistent with the**
27 **provisions of sections 169.040 as shall deem necessary for its proper**
28 **administration, pursuant to the provisions of this section and this**
29 **chapter. Any rule or portion of a rule, as that term is defined in section**
30 **536.010, RSMo, that is created under the authority delegated in this**
31 **section shall become effective only if it complies with and is subject to**
32 **all of the provisions of chapter 536, RSMo, and, if applicable, section**
33 **536.028, RSMo. This section and chapter 536, RSMo, are nonseverable**
34 **and if any of the powers vested with the general assembly pursuant to**
35 **chapter 536, RSMo, to review, to delay the effective date, or to**
36 **disapprove and annul a rule are subsequently held unconstitutional,**
37 **then the grant of rulemaking authority and any rule proposed or**
38 **adopted after August 28, 2008, shall be invalid and void.**

39 4. No investment transaction authorized by the board shall be handled by
40 any company or firm in which a member of the board has an interest, nor shall
41 any member of the board profit directly or indirectly from any such investment.
42 All investments shall be made for the account of the retirement system, and any
43 securities or other properties obtained by the board of trustees may be held by a
44 custodian in the name of the retirement system, or in the name of a nominee in
45 order to facilitate the expeditious transfer of such securities or other
46 property. Such securities or other properties which are not available in
47 registered form may be held in bearer form or in book entry form. The retirement
48 system is further authorized to deposit, or have deposited for its account, eligible
49 securities in a central depository system or clearing corporation or in a federal
50 reserve bank under a book entry system as defined in the Uniform Commercial
51 Code, sections 400.8-102 and 400.8-108, RSMo. When such eligible securities of
52 the retirement system are so deposited with a central depository system, the
53 securities may be merged and held in the name of the nominee of such securities
54 depository and title to such securities may be transferred by bookkeeping entry
55 on the books of such securities depository or federal reserve bank without
56 physical delivery of the certificates or documents representing such securities.

57 [4.] 5. With appropriate safeguards against loss by the system in any
58 contingency, the board may designate a bank or trust company to serve as a

59 depository of system funds and intermediary in the investment of those funds and
60 payment of system obligations.

61 [5.] 6. All retirement allowances or other periodic payments paid by the
62 board shall be paid to recipients of such payments by electronic funds transfer,
63 unless another method has been determined by the board to be appropriate. Each
64 recipient of retirement allowances or other periodic payments shall designate a
65 financial institution or other authorized payment agent and provide the board
66 information necessary for the recipient to receive electronic funds transfer
67 payments through the institution or agent designated. This subsection shall
68 apply to retirement allowances and other periodic payments first paid on or after
69 January 1, 1998, and shall apply to all retirement allowances and other periodic
70 payments on and after January 1, 1999.

71 [6.] 7. The board of trustees may deliberate about, or make tentative or
72 final decisions on, investments or other financial matters in a closed meeting
73 under chapter 610, RSMo, if disclosure of the deliberations or decisions would
74 jeopardize the ability to implement a decision or to achieve investment objectives.
75 A record of the retirement system that discloses deliberations about, or a
76 tentative or final decision on, investments or other financial matters is not a
77 public record under chapter 610, RSMo, to the extent and so long as its disclosure
78 would jeopardize the ability to implement a decision or to achieve investment
79 objectives.

169.650. 1. On and after October 13, 1965, all employees as defined in
2 section 169.600 of districts included in this retirement system shall be members
3 of the system by virtue of their employment, and all persons who had five years
4 of prior service who were employees of districts included in sections 169.600 to
5 169.710 during the school year next preceding October 13, 1965, but who ceased
6 to be employees prior to October 13, 1965, because of physical disability, shall be
7 members of this system by virtue of that prior service. Individuals who qualify
8 as independent contractors under the common law and are treated as such by
9 their employer shall not be considered employees for purposes of membership in
10 or contributions to the retirement system.

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

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

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

22 4. If a member withdraws or is refunded the member's contributions, the
23 member shall thereby forfeit any creditable service the member may have;
24 provided, however, if such person again becomes a member of the system, the
25 member may elect prior to retirement to reinstate any creditable service forfeited
26 at the times of previous withdrawals or refunds. The reinstatement shall be
27 effected by the member paying to the retirement system, with interest, the
28 amount of accumulated contributions withdrawn by the member or refunded to
29 the member with respect to the service being reinstated. A member may
30 reinstate less than the total service previously forfeited, in accordance with rules
31 promulgated by the board of trustees. The payment shall be completed prior to
32 termination of membership with the retirement system with interest on the
33 unpaid balance; provided, however, that if a member is retired on disability
34 before completing such payments, the balance due, with interest, shall be
35 deducted from the member's disability retirement allowance.

36 5. Any person who is an employee of any statewide nonprofit educational
37 association or organization serving the active membership of the public education
38 employee retirement system of Missouri and who works at least twenty hours per
39 week on a regular basis in a position which is not covered by the public school
40 retirement system of Missouri may be a member of the public education employee
41 retirement system of Missouri. Certificated employees of such statewide
42 nonprofit educational association or organization may not be members of the
43 public school retirement system of Missouri unless such association or
44 organization makes separate application pursuant to subsection 4 of section
45 169.130. The contributions required to be made by the employee will be deducted
46 from salary and matched by the association or organization. **After June 30,**
47 **2009, no additional nonprofit educational associations or organizations**
48 **may have their employee become members of the public school**
49 **retirement system of Missouri or the public education employee**
50 **retirement system of Missouri.**

169.655. 1. Members who have accrued at least one year of membership

2 service credit for employment in a position covered by this retirement system and
3 who have covered employment with this retirement system following the service
4 for which credit is being purchased may purchase membership service credit
5 under the circumstances, terms and conditions provided in this section. With
6 respect to each such purchase authorized by this section the following provisions
7 apply:

8 (1) The purchase shall be effected by the member paying to the retirement
9 system the amount the member would have contributed and the amount the
10 employer would have contributed had such member been an employee for the
11 number of years for which the member is electing to purchase credit, and had the
12 member's compensation during such period been the highest annual salary rate
13 on record with the retirement system on the date of election to purchase
14 credit. The contribution rate used in determining the amount to be paid shall be
15 the contribution rate in effect on the date of election to purchase
16 credit. Notwithstanding the provisions of this subsection, for all elections to
17 purchase credit received by the retirement system on or after January 1, 2006,
18 the member shall receive credit based on the amount paid by the member for such
19 credit and received by the retirement system by the close of business on June
20 thirtieth of each year. In lieu of charging the member interest on such purchase
21 of credit, the amount to be paid by the member for any remaining credit the
22 member has elected to purchase but has not paid for by **[June] September**
23 thirtieth of each year shall be recalculated on the following **[July] October** first
24 using the contribution rate in effect on that July first and the highest salary of
25 record for the member as of that July first. For all elections to purchase credit
26 received by the retirement system prior to January 1, 2006, the retirement system
27 shall determine the cost of such purchase using the calculation method in effect
28 for elections to purchase credit received by the retirement system on or after
29 January 1, 2006, provided that the member shall have a one-time, irrevocable
30 option to continue to have the cost of such purchase be determined using the
31 calculation method in effect at the time of such election to purchase such credit.
32 To be effective, such option must be elected by the member on a form approved
33 by the retirement system and such form must be received by the retirement
34 system by the close of business on June 30, 2006. The retirement system reserves
35 the right to **prohibit a purchase, impose additional requirements for**
36 **making a purchase, or** limit the amount of credit purchased [by the member
37 in any year if the amounts paid by the member in that year would exceed any

38 applicable contribution limits set forth in] **if necessary for the retirement**
39 **system to comply with federal law, including but not limited to, the**
40 **provisions of** Section 415 of Title 26 of the United States Code;

41 (2) Membership service credit purchased pursuant to this section shall be
42 deemed to be membership service as defined in subdivision (10) of section
43 169.600;

44 (3) An election to purchase membership service credit pursuant to this
45 section and payment for the purchase shall be completed prior to termination of
46 membership with the retirement system with interest on the unpaid balance;

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

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

53 2. Membership service credit shall not be allowed pursuant to this section
54 or sections 169.570 and 169.577 which exceeds in length the member's
55 membership service credit for employment in a position covered by this system,
56 and in no event may the member receive membership service credit with both this
57 system and another public retirement system for the same service.

58 3. A member who was employed for at least twenty hours per week on a
59 regular basis by a public school district, public junior college, public community
60 college, public college, or public university, either inside or outside of this state,
61 may elect to purchase equivalent membership service credit.

62 4. A member who has served in the armed forces of the United States of
63 America and who was discharged or separated from the armed forces by other
64 than a dishonorable discharge may elect to purchase membership service credit
65 for the period of active duty service in the armed forces.

66 5. Any member granted unpaid maternity or paternity leave for a period,
67 from a position covered by the retirement system, who returned to employment
68 in such a position, may elect to purchase membership service credit for the period
69 of leave.

70 6. Any member who is or was certified as a vocational-technical teacher
71 on the basis of having a college degree or who was required to have a period of
72 work experience of at least two years in the area of the subject being taught in
73 order to qualify for such certification may, upon written application to the board,

74 purchase equivalent membership service credit for such work experience which
75 shall not exceed the two years necessary for certification if the work experience
76 was in the area that the member taught or is teaching and was completed in two
77 years.

78 7. Any member who had membership service credit with the public school
79 retirement system of Missouri governed by sections 169.010 to 169.141 but which
80 membership service credit was forfeited by withdrawal or refund may elect to
81 purchase credit for such service. The public school retirement system of Missouri
82 shall transfer to this system an amount equal to the employer contributions for
83 the forfeited service being purchased, plus interest, which shall be applied to
84 reduce the amount the member would otherwise pay for the purchase, provided
85 that the amount transferred shall not exceed one-half of the purchase cost.

86 8. A member may elect to purchase membership service credit for service
87 rendered while on leave from an employer, as defined in section 169.600, for a
88 not-for-profit corporation or agency whose primary purpose is support of
89 education or education research if the member was employed by that organization
90 to serve twenty or more hours per week on a regular basis.

91 9. A member who was employed by a private school, private junior college,
92 private community college, private college, or private university, either inside or
93 outside of this state, for at least twenty or more hours per week on a regular
94 basis, may elect to purchase membership service credit for such service rendered.

95 10. A member who was employed in nonfederal public employment for at
96 least twenty hours a week on a regular basis shall be permitted to purchase
97 equivalent creditable service in the retirement system for such employment
98 subject to provisions of this section.

99 11. A member who, while eighteen years of age or older, was employed in
100 a position covered by Social Security for at least twenty hours a week on a
101 regular basis shall be permitted to purchase equivalent creditable service in the
102 retirement system for such employment subject to provisions of this section.

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

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

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

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

17 (4) In lieu of the retirement allowance otherwise provided by subdivisions
18 (1) to (3) of this subsection, between July 1, 2001, and July 1, 2013, a member
19 may elect to receive a retirement allowance of:

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

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

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

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

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

40 (5) In addition to the retirement allowance provided in subdivisions (1)
41 to (3) of this subsection, a member retiring on or after July 1, 2001, whose
42 creditable service is thirty years or more or whose sum of age and creditable
43 service is eighty years or more, shall receive a temporary retirement allowance

44 equivalent to eight-tenths of one percent of the member's final average salary
45 multiplied by the member's years of service until such time as the member
46 reaches the minimum age for Social Security retirement benefits.

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

63 3. The board of trustees may reduce the amounts which have been granted
64 as increases to a member pursuant to subsection 2 of this section if the cost of
65 living, as determined by the board and as measured by generally accepted
66 standards, is less than the cost of living was at the time of the first increase
67 granted to the member; provided that, the reductions shall not exceed the amount
68 of increases which have been made to the member's allowance after December 31,
69 1981.

70 4. (1) In lieu of the retirement allowance provided in subsection 1 of this
71 section, called "option 1", a member whose creditable service is twenty-five years
72 or more or who has attained age fifty-five with five or more years of creditable
73 service may elect, in the application for retirement, to receive the actuarial
74 equivalent of the member's retirement allowance in reduced monthly payments
75 for life during retirement with the provision that:

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

80 nominated dies before the retired member, the retirement allowance will be
81 increased to the amount the retired member would be receiving had the member
82 elected option 1;

83 OR

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

91 OR

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

99 OR

100 Option 5. Upon the death of the member prior to the member having
101 received one hundred twenty monthly payments of the member's reduced
102 allowance, the remainder of the one hundred twenty monthly payments of the
103 reduced allowance shall be paid to such beneficiary as the member shall have
104 nominated in the member's election of the option or in a subsequent nomination.
105 If there is no beneficiary so nominated who survives the member for the
106 remainder of the one hundred twenty monthly payments, the reserve for the
107 remainder of such one hundred twenty monthly payments shall be paid to the **(1)**
108 **surviving spouse, (2) surviving children in equal shares, (3) surviving**
109 **parents in equal shares, or (4) estate of the last person to receive a monthly**
110 **allowance in a lump sum payment.** If the total of the one hundred twenty
111 payments paid to the retired individual and the beneficiary of the retired
112 individual is less than the total of the member's accumulated contributions, the
113 difference shall be paid to the beneficiary in a lump sum;

114 OR

115 Option 6. Upon the death of the member prior to the member having

116 received sixty monthly payments of the member's reduced allowance, the
117 remainder of the sixty monthly payments of the reduced allowance shall be paid
118 to such beneficiary as the member shall have nominated in the member's election
119 of the option or in a subsequent nomination. If there is no beneficiary so
120 nominated who survives the member for the remainder of the sixty monthly
121 payments, the reserve for the remainder of such sixty monthly payments shall be
122 paid to the **(1) surviving spouse, (2) surviving children in equal shares,**
123 **(3) surviving parents in equal shares, or (4)** estate of the last person to
124 receive a monthly allowance **in a lump sum payment.** If the total of the sixty
125 payments paid to the retired individual and the beneficiary of the retired
126 individual is less than the total of the member's accumulated contributions, the
127 difference shall be paid to the beneficiary in a lump sum;

128 OR

129 Option 7. A plan of variable monthly benefit payments which provides, in
130 conjunction with the member's retirement benefits under the federal Social
131 Security laws, level or near-level retirement benefit payments to the member for
132 life during retirement, and if authorized, to an appropriate beneficiary designated
133 by the member. Such a plan shall be actuarially equivalent to the retirement
134 allowance under option 1 and shall be available for election only if established by
135 the board of trustees under duly adopted rules.

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

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

152 eligible to receive the retirement allowance provided in subsection 1 of this
153 section.

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

164 5. If the total of the retirement or disability allowances paid to an
165 individual before the person's death is less than the person's accumulated
166 contributions at the time of the person's retirement, the difference shall be paid
167 to the person's beneficiary or, if there is no beneficiary, to the (1) surviving
168 spouse, (2) surviving children in equal shares, (3) surviving parents in equal
169 shares, or (4) person's estate in that order of precedence; provided, however, that
170 if an optional benefit, as provided in option 2, 3 or 4 in subsection 4, had been
171 elected and the beneficiary dies after receiving the optional benefit, then, if the
172 total retirement allowances paid to the retired individual and the individual's
173 beneficiary are less than the total of the contributions, the difference shall be
174 paid to the (1) surviving spouse, (2) surviving children in equal shares, (3)
175 surviving parents in equal shares, or (4) estate of the beneficiary, in that order
176 of precedence, unless the retired individual designates a different recipient with
177 the board at or after retirement.

178 6. **If a member dies and their financial institution is unable to**
179 **accept the final payment or payments due to the member, the final**
180 **payment or payments shall be paid to the beneficiary of the member or,**
181 **if there is no beneficiary, to the (1) surviving spouse, (2) surviving**
182 **children in equal shares, (3) surviving parents in equal shares, or (4)**
183 **estate of the member in that order of precedence, unless otherwise**
184 **stated. If the beneficiary of a deceased member dies and their financial**
185 **institution is unable to accept the final payment or payments, the final**
186 **payment or payments shall be paid to the (1) surviving spouse, (2)**
187 **surviving children in equal shares, (3) surviving parents in equal**

188 **shares, or (4) estate of the member in that order of precedence, unless**
189 **otherwise stated.**

190 7. If a member dies before receiving a retirement allowance, the member's
191 accumulated contributions at the time of the member's death shall be paid to the
192 member's beneficiary or, if there is no beneficiary, to the (1) surviving spouse, (2)
193 surviving children in equal shares, (3) surviving parents in equal shares, or (4)
194 to the member's estate; provided, however, that no such payment shall be made
195 if the beneficiary elects option 2 in subsection 4 of this section, unless the
196 beneficiary dies before having received benefits pursuant to that subsection equal
197 to the accumulated contributions of the member, in which case the amount of
198 accumulated contributions in excess of the total benefits paid pursuant to that
199 subsection shall be paid to the (1) surviving spouse, (2) surviving children in
200 equal shares, (3) surviving parents in equal shares, or (4) estate of the
201 beneficiary, in that order of precedence.

202 [7.] 8. If a member ceases to be an employee as defined in section 169.600
203 and certifies to the board of trustees that such cessation is permanent or if the
204 person's membership is otherwise terminated, the person shall be paid the
205 person's accumulated contributions with interest.

206 [8.] 9. Notwithstanding any provisions of sections 169.600 to 169.715 to
207 the contrary, if a member ceases to be an employee as defined in section 169.600
208 after acquiring five or more years of creditable service, the member may, at the
209 option of the member, leave the member's contributions with the retirement
210 system and claim a retirement allowance any time after the member reaches the
211 minimum age for voluntary retirement. When the member's claim is presented
212 to the board, the member shall be granted an allowance as provided in sections
213 169.600 to 169.715 on the basis of the member's age and years of service.

214 [9.] 10. The retirement allowance of a member retired because of
215 disability shall be nine-tenths of the allowance to which the member's creditable
216 service would entitle the member if the member's age were sixty.

217 [10.] 11. Notwithstanding any provisions of sections 169.600 to 169.715
218 to the contrary, any member who is a member prior to October 13, 1969, may
219 elect to have the member's retirement allowance computed in accordance with
220 sections 169.600 to 169.715 as they existed prior to October 13, 1969.

221 [11.] 12. Any application for retirement shall include a sworn statement
222 by the member certifying that the spouse of the member at the time the
223 application was completed was aware of the application and the plan of

224 retirement elected in the application.

225 [12.] 13. Notwithstanding any other provision of law, any person retired
226 prior to August 14, 1984, who is receiving a reduced retirement allowance under
227 option 1 or 2 of subsection 4 of this section, as the option existed prior to August
228 14, 1984, and whose beneficiary nominated to receive continued retirement
229 allowance payments under the elected option dies or has died, shall upon
230 application to the board of trustees have the person's retirement allowance
231 increased to the amount the person would have been receiving had the person not
232 elected the option actuarially adjusted to recognize any excessive benefits which
233 would have been paid to the person up to the time of the application.

234 [13.] 14. Benefits paid pursuant to the provisions of the public education
235 employee retirement system of Missouri shall not exceed the limitations of
236 Section 415 of Title 26 of the United States Code, except as provided under this
237 subsection. Notwithstanding any other law, the board of trustees may establish
238 a benefit plan under Section 415(m) of Title 26 of the United States Code. Such
239 plan shall be credited solely for the purpose described in Section 415(m)(3)(A) of
240 Title 26 of the United States Code. The board of trustees may promulgate
241 regulations necessary to implement the provisions of this subsection and to create
242 and administer such benefit plan.

243 [14.] 15. Any member who has retired prior to July 1, 1999, and the
244 designated beneficiary of a deceased retired member upon request shall be made,
245 constituted, appointed and employed by the board as a special consultant on the
246 matters of education, retirement and aging. As compensation for such duties the
247 person shall receive a payment equivalent to seven and four-tenths percent of the
248 previous month's benefit, which shall be added to the member's or beneficiary's
249 monthly annuity and which shall not be subject to the provisions of subsections
250 2 and 3 of this section for the purposes of the limit on the total amount of
251 increases which may be received.

252 [15.] 16. Any member who has retired prior to July 1, 2000, and the
253 designated beneficiary of a deceased retired member upon request shall be made,
254 constituted, appointed and employed by the board as a special consultant on the
255 matters of education, retirement and aging. As compensation for such duties the
256 person shall receive a payment equivalent to three and four-tenths percent of the
257 previous month's benefit, which shall be added to the member's or beneficiary's
258 monthly annuity and which shall not be subject to the provisions of subsections
259 2 and 3 of this section for the purposes of the limit on the total amount of

260 increases which may be received.

261 [16.] 17. Any member who has retired prior to July 1, 2001, and the
262 designated beneficiary of a deceased retired member upon request shall be made,
263 constituted, appointed and employed by the board as a special consultant on the
264 matters of education, retirement and aging. As compensation for such duties the
265 person shall receive a payment equivalent to seven and one-tenth percent of the
266 previous month's benefit, which shall be added to the member's or beneficiary's
267 monthly annuity and which shall not be subject to the provisions of subsections
268 2 and 3 of this section for the purposes of the limit on the total amount of
269 increases which may be received.

169.690. Neither the funds belonging to the retirement system nor any
2 benefit accrued or accruing to any person under the provisions of sections 169.600
3 to 169.710 shall be subject to execution, garnishment, attachment or any other
4 process whatsoever, nor shall they be assignable, except **in a proceeding**
5 **instituted for spousal maintenance or child support and** as in sections
6 169.600 to 169.710 specifically provided.

169.750. 1. **To the extent determined appropriate by the board**
2 **of trustees, the retirement systems established under sections 169.020**
3 **and 169.610 may indemnify and protect any trustee or employee of the**
4 **retirement system against any or all claims or liabilities, including**
5 **defense thereof, arising out of his or her responsibilities with respect**
6 **to the retirement system provided, however, that no trustee or**
7 **employee shall be indemnified for his or her own gross negligence or**
8 **willful misconduct. This section shall apply whether the claim is made**
9 **against the employee or trustee in his or her individual or official**
10 **capacity.**

11 2. The board of trustees is authorized to obtain and maintain
12 insurance or indemnity policies to insure the trustees and employees
13 of the retirement system against any liability or losses incurred as a
14 result of their responsibilities with respect to the retirement system.

15 3. No employee or trustee shall be entitled to indemnification
16 under this section unless within fifteen days after receipt of service of
17 process he or she shall give written notice of such proceeding to the
18 board of trustees.