

Retirement Reform Package

<u>Section</u>	<u>Provision</u>	<u>System(s) Affected</u>	<u>Original Bill Sponsor</u>												
104.1091	<p>Requires any employee hired for the first time on or after 01/01/11 to meet the normal retirement eligibility requirements of:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;"><u>Proposed</u></td> <td style="width: 50%; text-align: center;"><u>Current</u></td> </tr> <tr> <td><u>Gen Employees:</u> Age 67 w/ 10 yrs service, or Rule of 90 - age 55</td> <td>62/5 or Rule of 80 (age 48)</td> </tr> <tr> <td><u>Unif Hwy Patrol:</u> Age 60*, or Age 55 w/ 10 yrs service</td> <td>60* or Rule of 80 (age 48)</td> </tr> <tr> <td></td> <td>*Mandatory retirement age of 60</td> </tr> <tr> <td><u>Gen Assembly:</u> Age 62 w/ 3 asmbles, or Rule of 90 - age 55</td> <td>55/3 asmbles /Rule of 80 (age 50)</td> </tr> <tr> <td><u>Elect Officials:</u> Age 62 w/ 1 term, or Rule of 90 w/ age 55</td> <td>55/1 term / Rule of 80 (age 50)</td> </tr> </table> <p>Early Retirement: <u>Gen Employees:</u> Age 62 w/ 10 years of service (reduced benefit) 57/5 yrs service (reduced ben.)</p> <p>Terminated vested member retire at age 67 w/10 yrs of service and not eligible for early retirement.</p> <p>Current 0.8% temporary supplemental benefit payable to general employees retiring under Rule of 90 or Uniformed Patrol members retiring under age 60 or age 55 w/ 10 years of service.</p> <p>Prior service purchase and transfer provisions will not apply to these members.</p> <p>Increases vesting period for an employee hired under these provisions from <u>5 to 10 years</u>.</p> <p>Employee contribution of 4% of pay on a pre-tax basis (new hires on or after 01/01/11) with refund options when separating from service. Contributions shall be credited interest annually of 4% while employed.</p> <p>Employee may elect, upon separation of service, a refund of employee's contributions. Such election will result in the forfeit of service and future rights to receive benefits and shall not be eligible for long term disability benefits. Upon return to work continuously at least 1 year, the forfeited service may be restored if refunded contributions are returned to system, plus interest.</p> <p>The General Assembly may alter, amend, increase or decrease benefits and/or contributions for those members hired on or after 01/01/11 for service on a prospective basis only.</p> <p>Employee hired under these provisions may, at retirement, elect survivor option w/ reduced annuity.</p> <p>Employee under these provisions will not be eligible to participate in BackDROP <u>option</u> which provides a lump sum payment at retirement for those working at least 2 years beyond normal retirement eligibility.</p>	<u>Proposed</u>	<u>Current</u>	<u>Gen Employees:</u> Age 67 w/ 10 yrs service, or Rule of 90 - age 55	62/5 or Rule of 80 (age 48)	<u>Unif Hwy Patrol:</u> Age 60*, or Age 55 w/ 10 yrs service	60* or Rule of 80 (age 48)		*Mandatory retirement age of 60	<u>Gen Assembly:</u> Age 62 w/ 3 asmbles, or Rule of 90 - age 55	55/3 asmbles /Rule of 80 (age 50)	<u>Elect Officials:</u> Age 62 w/ 1 term, or Rule of 90 w/ age 55	55/1 term / Rule of 80 (age 50)	MPERS & MOSERS	<u>SS SB 714</u> Crowell
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<p>104.1500</p>	<p>Establishes “Missouri State Retirement Investment Board” to manage assets of MOSERS and MPERS.</p> <p>The Board shall not provide oversight or management until an irrevocable election is made by MOSERS and MPERS Boards to transfer responsibility for the oversight and management of investment assets. In the event either MOSERS or MPERS Board elects not to transfer assets, the board shall not oversee or manage any funds.</p> <p>Board shall consist of 7 members: 2 - Executive Directors of MOSERS & MPERS 1 - Office of Administration Commissioner 4 - Members appointed by Governor who shall not be state employees (From a list of 8 persons recommended by the MOSERS & MPERS Exec. Directors)</p> <p>The Governor has the right to reject any or all persons recommended upon which Exec Directors or Board shall submit additional names to Governor for consideration. <i>Such Board appointments are made with the advice and consent of the Senate.</i></p> <p>Vacancies to Board shall be filled by Governor from list of 2 persons recommended by all board members.</p> <p>Board shall employ a chief executive officer who shall also serve as the chief investment officer. Board shall be responsible for the administration, responsibility and operation functions. MOSERS and MPERS may transfer employees to Board to provide for staffing. MOSERS & MPERS Executive Directors shall not be transferred to Board.</p> <p>The Board initial capital shall be provided by MOSERS & MPERS on equitable basis for establishment.</p> <p>Prohibits Board member as well as MOSERS or MPERS Board members from employment with the Board or work for or having a business relationship with any service provider of the board until 2 years have expired after the date of resignation or termination on Board.</p> <p>General Assembly member and Statewide Elected Official is prohibited from either serving on the Board, employment w/ Board or having a business relationship with any service provider to the Board while in office or within 5 years after last date of resignation or termination from such office.</p> <p>Board shall set compensation, benefit & reimbursements for necessary travel/expenses for Board employees. Such employees shall be both state employees and members of MOSERS.</p>	<p>MOSERS & MPERS</p>	<p><u>SS SB 714</u> Crowell</p>

Retirement Reform Package

<u>Section</u>	<u>Provision</u>	<u>System(s) Affected</u>	<u>Original Bill Sponsor</u>
<p>104.1500 (continued)</p>	<p>Four board members make a quorum and matters may be decided by written consent without meeting unless any member objects, then issue will be addressed at regular board meeting.</p> <p>Board members shall serve without compensation but with reimbursement for necessary expenses.</p> <p>Any Board members who are also state employees shall not suffer loss in regular compensation associated with performance of Board duties.</p> <p>Board proceedings shall be open records pursuant to Sunshine Law provisions. Board is authorized to promulgate rules for administration.</p> <p>No Board member, employee or immediate family member shall receive any personal monetary gain or profit from any funds managed by the Board.</p> <p>Any Board member or employee accepting gratuity or compensation for influencing action shall forfeit office and be subject to applicable criminal penalties.</p> <p>Board shall establish a code of conduct policy addressing issues including conflict of interest.</p> <p>Board financial statements shall be delivered annually to Governor and participating plan boards.</p> <p>Board shall arrange annual audits and state auditor may audit Board once every 3 years.</p> <p>Board may indemnify members and employees against all claims/suits except for willful misconduct.</p>	<p>MOSERS & MPERS</p>	<p><u>SS SB 714</u> Crowell</p>
<p>104.1502</p>	<p>Board shall provide investment oversight & management of all investment assets of MOSERS & MPERS retirement plans if MOSERS & MPERS Boards make election of participation. Any public retirement plan in Missouri may apply to participate in Board upon approval subject to mutually approved written agreement.</p> <p><i>The Local Government Employees' Retirement System (LAGERS), the Public School Retirement System of Missouri (PSRS), the Public Education Employees' Retirement System (PEERS), the St. Louis Public School Retirement System (STLPSRS), the Kansas City Public School Retirement System (KCPSRS), the Bi-State Development Agency retirement plans, and the Kansas City Area Transit Authority retirement plans are excluded from electing participation in Investment Board.</i></p> <p>The Board shall administer state employee deferred compensation fund and the College & University Retirement Plan (currently administered by MOSERS).</p>	<p>MOSERS & MPERS</p>	<p><u>SS SB 714</u> Crowell</p>

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<u>Section</u>	<u>Provision</u>	<u>System(s) Affected</u>	<u>Original Bill Sponsor</u>
104.1504	<p>All Board managed assets shall be held in trust for the exclusive benefit of the plan participants.</p> <p>The Board shall invest the funds of retirement systems. Investment decisions may be deliberated in executive session if disclosure would jeopardize investment objectives.</p> <p>Assets invested by Board shall be held in a collective trust for investment purposes. Such trust shall be for the exclusive purpose of satisfying retirement plan obligations and shall not be diverted for any other purpose.</p> <p>Board shall maintain account units to determine the share of each retirement plan in the trust and maintain appropriate accounting records for such plans.</p> <p>Administrative and investment expenses shall be apportioned among participating retirement plans.</p> <p>Participating retirement systems or plans shall transfer assets to Board for investment purposes those assets which are judged not of immediate use by the plan.</p> <p>Board shall make payments to participating retirement plans as directed by plan official. Board shall not be liable for payment made due by direction of retirement plan official.</p>	MOSERS & MPERS	<u>SS SB 714</u> Crowell
104.1506	<p>A transition period shall exist after election by the MOSERS and MPERS Board to participate in the investment board during which time systems' assets are transferred to Board. The responsibility to manage such assets shall remain with each respective system until the assets are transferred to Board.</p>	MOSERS & MPERS	<u>SS SB 714</u> Crowell

Retirement Reform Package

<u>Section</u>	<u>Provision</u>	<u>System(s) Affected</u>	<u>Original Bill Sponsor</u>		
<p>476.521</p>	<p>Requires any judge hired for the first time on or after 01/01/11 must meet the <u>normal retirement</u> eligibility requirements of:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; border-right: 1px solid black; padding-right: 10px;"> <p align="center"><u>Proposed</u></p> <p>Age 67 w/ 12 years of service, or Age 62 w/ 20 years of service, Age 70 (per Constitution)</p> <p>Early Retirement (reduced benefit): Age 67 w/ < 12 years of service, or Age 62 w/ < 20 years of service</p> </td> <td style="width: 50%; padding-left: 10px;"> <p align="center"><u>Current</u></p> <p>Age 62 /12 yrs service Age 60/15 yrs service Age 55/20 yrs service Age 70 (per Constitution)</p> <p>Age 60/ <15 yrs service Age 62/ <12 yrs service</p> </td> </tr> </table> <p>Prior service purchase and in service COLA provisions will not apply to these members.</p> <p>Judge hired under these provisions shall make an employee contribution of 4% of pay on a pre-tax basis (new hires on or after 01/01/11) with refund options for employees separating from service. Such contributions shall be credited interest annually of 4% while employed.</p> <p>Judge may elect, upon separation of service, a refund of employee's contributions. Such election will result in the forfeit of service and future rights to receive benefits and shall not be eligible for long term disability benefits. Upon return to work continuously at least 1 year, the forfeited service may be restored if refunded contributions are returned to system, plus interest.</p> <p>The General Assembly may alter, amend increase or decrease benefits and/or contributions for those members hired on or after 01/01/11 for service on a prospective basis only.</p>	<p align="center"><u>Proposed</u></p> <p>Age 67 w/ 12 years of service, or Age 62 w/ 20 years of service, Age 70 (per Constitution)</p> <p>Early Retirement (reduced benefit): Age 67 w/ < 12 years of service, or Age 62 w/ < 20 years of service</p>	<p align="center"><u>Current</u></p> <p>Age 62 /12 yrs service Age 60/15 yrs service Age 55/20 yrs service Age 70 (per Constitution)</p> <p>Age 60/ <15 yrs service Age 62/ <12 yrs service</p>	<p>Judicial</p>	<p><u>SS SB 714</u> Crowell</p>
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<p>476.527</p>	<p>Any judge receiving retirement benefits who becomes employed on or after 01/01/11, as an employee eligible for year 2000 participation (under MOSERS/MPERS) shall not receive retirement benefit for any month during such employment.</p> <p>Any judge receiving retirement benefits shall not receive retirement benefit while serving as judge, such service/salary will be recalculated into retirement benefit upon retirement.</p> <p>Any judge may continue to receive retirement benefit while serving as a senior judge or senior commissioner and receive additional service/salary credit for such service.</p>				
<p>476.529</p>	<p>A judge hired under these provisions may, at retirement, elect a survivor option with a reduced annuity. In the event of spouse's death, the member may elect to revert to an unreduced annuity.</p>	<p>Judicial</p>	<p><u>SS SB 714</u> Crowell</p>		

**Retirement Reform Package
Cost / Savings**

Projected Employer Contributions MPERS						
<u>Fiscal Year</u>	<u>Before Proposed Changes</u>		<u>After Proposed Changes</u>		<u>Difference</u>	
FY11	\$167,776,154	41.27%	\$167,334,399	41.16%	-\$441,755	
FY12	\$182,453,304	43.26%	\$180,846,679	42.88%	-\$1,606,625	
FY13	\$207,009,437	47.31%	\$204,174,424	46.66%	-\$2,835,013	
FY14	\$214,772,290	47.31%	\$210,643,932	46.40%	-\$4,128,358	
FY15	\$222,826,251	47.31%	\$217,288,822	46.13%	-\$5,537,429	
FY16	\$231,182,235	47.31%	\$224,147,414	45.87%	-\$7,034,821	
FY17	\$239,851,569	47.31%	\$231,247,882	45.61%	-\$8,603,687	
FY18	\$248,846,002	47.31%	\$238,591,169	45.36%	-\$10,254,833	
FY19	\$258,177,727	47.31%	\$246,196,686	45.11%	-\$11,981,041	
FY20	\$267,859,392	47.31%	\$254,047,191	44.87%	-\$13,812,201	

Projected Employer Contributions MOSERS						
<u>Fiscal Year</u>	<u>Before Proposed Changes</u>		<u>After Proposed Changes</u>		<u>Difference</u>	
FY11	\$287,592,997	13.81%	\$281,553,752	13.52%	-\$6,039,245	
FY12	\$321,621,017	14.85%	\$303,861,473	14.03%	-\$17,759,544	
FY13	\$358,812,102	15.93%	\$329,755,755	14.64%	-\$29,056,347	
FY14	\$406,194,220	17.34%	\$365,668,499	15.61%	-\$40,525,721	
FY15	\$448,509,632	18.41%	\$397,105,215	16.30%	-\$51,404,417	
FY16	\$463,409,604	18.29%	\$400,574,403	15.81%	-\$62,835,201	
FY17	\$476,939,442	18.10%	\$403,158,755	15.30%	-\$73,780,687	
FY18	\$490,810,211	17.91%	\$405,582,977	14.80%	-\$85,227,234	
FY19	\$505,027,539	17.72%	\$408,411,097	14.33%	-\$96,616,442	
FY20	\$519,893,361	17.54%	\$412,002,150	13.90%	-\$107,891,211	

Projected Employer Contributions Judicial						
<u>Fiscal Year</u>	<u>Before Proposed Changes</u>		<u>After Proposed Changes</u>		<u>Difference</u>	
FY11	\$28,411,449	60.03%	\$28,243,997	59.68%	-\$167,452	
FY12	\$29,442,829	59.82%	\$28,896,335	58.71%	-\$546,494	
FY13	\$30,419,162	59.43%	\$29,443,057	57.52%	-\$976,105	
FY14	\$31,570,309	59.30%	\$30,141,664	56.62%	-\$1,428,645	
FY15	\$32,705,026	59.07%	\$30,810,296	55.65%	-\$1,894,730	
FY16	\$33,578,158	58.32%	\$31,225,086	54.23%	-\$2,353,072	
FY17	\$34,457,902	57.54%	\$31,575,857	52.73%	-\$2,882,045	
FY18	\$35,362,884	56.78%	\$31,948,324	51.30%	-\$3,414,560	
FY19	\$36,295,183	56.04%	\$32,358,359	49.96%	-\$3,936,824	
FY20	\$37,255,810	55.31%	\$32,783,759	48.67%	-\$4,472,051	

Retirement Reform Package

Provisions relative to the establishment of the Missouri State Retirement Investment Board

MOSERS and MPERS Investment Function Merger Cost Analysis					
Category	Year 1	Year 2	Year 3	Year 4	Year 5
Transition Cost	\$ (2,301,162)	\$ -	\$ -	\$ -	\$ -
Custody Fee Savings	\$ 124,169	\$ 124,169	\$ 124,169	\$ 124,169	\$ 124,169
Consulting Fee Savings	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000	\$ 225,000
Manager Fee Savings	\$ 2,291,923	\$ 2,291,923	\$ 2,291,923	\$ 2,291,923	\$ 2,291,923
Performance Returns Increase	\$ 26,683,831	\$ 27,215,511	\$ 27,757,785	\$ 28,310,863	\$ 28,874,962
Total Yearly Net Savings	\$ 27,023,761	\$ 29,856,603	\$ 30,398,877	\$ 30,951,955	\$ 31,516,054

Total Cost / Savings Reported for Retirement Reform Package

Combined Cost Savings for Retirement Reform Package*					
Year	MOSERS New Tier Savings	MPERS New Tier Savings	Judicial New Tier Savings	Pension Trust Savings	Total Savings
2011	\$ 6,039,245	\$ 441,755	\$ 167,452	\$ 27,023,760	\$ 33,672,212
2012	\$ 17,759,544	\$ 1,606,625	\$ 546,494	\$ 29,856,603	\$ 49,769,266
2013	\$ 29,056,347	\$ 2,835,013	\$ 976,105	\$ 30,398,877	\$ 63,266,342
2014	\$ 40,525,721	\$ 4,128,358	\$ 1,428,645	\$ 30,951,955	\$ 77,034,679
2015	\$ 51,404,417	\$ 5,537,429	\$ 1,894,730	\$ 31,516,054	\$ 90,352,630
Total Savings	\$ 144,785,274	\$ 14,549,180	\$ 5,013,426	\$ 149,747,249	\$ 314,095,129

*Savings includes all funds (general revenue, federal and other funds)