

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 625
96TH GENERAL ASSEMBLY

Reported from the Committee on Veterans' Affairs, Emerging Issues, Pensions and Urban Affairs, March 29, 2012, with recommendation that the Senate Committee Substitute do pass.

5110S.02C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 104.603, 104.1084, and 104.1091, RSMo, and to enact in lieu thereof three new sections relating to retirement.

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

Section A. Sections 104.603, 104.1084, and 104.1091, RSMo, are repealed
2 and three new sections enacted in lieu thereof, to be known as sections 104.603,
3 104.1084, and 104.1091, to read as follows:

104.603. 1. Effective with transfers of service between the Missouri
2 department of transportation and highway patrol employees' retirement system
3 and the Missouri state employees' retirement system that occur on or after
4 September 1, 2011, upon a reciprocal transfer of creditable or credited service
5 pursuant to section 104.602 or subsection 8 of section 104.1021, the sending
6 system from which the service is transferred shall pay the receiving system to
7 which the service is transferred the present value of the accrued benefit as
8 determined pursuant to subsection 2 of this section.

9 2. For purposes of this section, the present value of the accrued benefit
10 shall be determined using the actuarial assumptions of the sending system used
11 in that system's last regular valuation assuming active member status and using
12 the unit credit actuarial cost method. However, in no event shall the payment
13 amount be less than the sum of the member's accumulated contributions and
14 interest plus any purchased service payments from the member held on deposit
15 by the sending system. If the member had received a refund of accumulated
16 contributions from the sending system and forfeited service credit with that
17 system, the member would need to reestablish that service with the sending
18 system by again becoming an active member of a system covered by this chapter
19 and satisfying requirements otherwise stipulated for reestablishing service

20 credit. **However, in the event the member had previously transferred**
21 **service from the receiving system to the sending system which was not**
22 **subject to an asset transfer under this section, then that service will be**
23 **excluded from the computation of the accrued benefit. In the event any**
24 **prior payments by a sending system under this section included an**
25 **amount for previously transferred service that was not subject to this**
26 **section, the receiving system shall return to the sending system the**
27 **present value amount attributable to such service, including interest**
28 **as determined and agreed to by both systems.**

29 3. The service transfer shall not be deemed completed until the sending
30 system makes payment to the receiving system as prescribed in this
31 section. Payments shall be made within ninety days of the date that a completed
32 transfer request is submitted by a member.

33 4. When the transfer payment includes an amount identified as
34 corresponding to a member's accumulated contributions, the accumulated
35 contributions portion shall be identified, and further, the accumulated
36 contributions balance as of the preceding July first shall be identified and the
37 receiving system shall be responsible for crediting interest according to the terms
38 of the receiving plan.

39 5. The systems shall coordinate their plan administration for reciprocal
40 transfers to give full effect to the transfer including the transfer and acceptance
41 of corresponding division of benefit orders.

42 6. The member or survivor obtaining a reciprocal transfer of service
43 covered by this section shall satisfy all requirements under section 104.602 or
44 subsection 8 of section 104.1021 to obtain a transfer of credited or creditable
45 service and shall satisfy the requirements under section 104.1091 with the
46 receiving system to reestablish forfeited service previously accrued at either
47 system.

104.1084. 1. For members of the general assembly, the provisions of this
2 section shall supplement or replace the indicated other provisions of the year
3 2000 plan. "Normal retirement eligibility" means attainment of age fifty-five for
4 a member who has served at least three full biennial assemblies or the
5 attainment of at least age fifty for a member who has served at least three full
6 biennial assemblies with a total of years of age and years of credited service
7 which is at least eighty. A member shall receive two years of credited service for
8 every full biennial assembly served. A full biennial assembly shall be equal to

9 the period of time beginning on the first day the general assembly convenes for
10 a first regular session until the last day of the following year. If a member serves
11 less than a full biennial assembly, the member shall receive credited service for
12 the pro rata portion of the full biennial assembly served.

13 2. For the purposes of section 104.1024, the normal retirement annuity
14 of a member of the general assembly shall be an amount for life equal to one
15 twenty-fourth of the monthly pay for a senator or representative on the annuity
16 starting date multiplied by the years of credited service as a member of the
17 general assembly. In no event shall any such member or eligible beneficiary
18 receive annuity amounts in excess of one hundred percent of pay.

19 3. To be covered by the provisions of section 104.1030, or section 104.1036,
20 a member of the general assembly must have served at least three full biennial
21 assemblies.

22 4. For members who are statewide elected officials, the provisions of this
23 section shall supplement or replace the indicated other provisions of the year
24 2000 plan. "Normal retirement eligibility" means attainment of age fifty-five for
25 a member who has served at least four years as a statewide elected official, or the
26 attainment of age fifty with a total of years of age and years of such credited
27 service which is at least eighty.

28 5. For the purposes of section 104.1024, the normal retirement annuity
29 of a member who is a statewide elected official shall be an amount for life equal
30 to one twenty-fourth of the monthly pay in the highest office held by such member
31 on the annuity starting date multiplied by the years of credited service as a
32 statewide elected official not to exceed twelve years.

33 6. To be covered by the provisions of sections 104.1030 and 104.1036, a
34 member who is a statewide elected official must have at least four years as a
35 statewide elected official.

36 7. The provisions of section 104.1045 shall not apply to persons covered
37 by the general assembly and statewide elected official provisions of this
38 section. Persons covered by the general assembly provisions and receiving a year
39 2000 plan annuity shall be entitled to a cost-of-living adjustment (COLA) when
40 there are increases in pay for members of the general assembly. Persons covered
41 by the statewide elected official provisions and receiving a year 2000 plan annuity
42 shall be entitled to COLAs when there are increases in the pay for statewide
43 elected officials in the highest office held by such person. The COLA described
44 in this subsection shall be equal to and concurrent with the percentage increase

45 in pay as described in section 105.005. No COLA shall be less than zero.

46 8. Any member who serves under this chapter as a member of the general
47 assembly or as a statewide elected official on or after August 28, 1999, shall not
48 be eligible to receive any retirement benefits from the system under either the
49 closed plan or the year 2000 plan based on service rendered on or after August
50 28, 1999, as a member of the general assembly or as a statewide elected official
51 if such member is convicted of a felony that is determined by a court of law to
52 have been committed in connection with the member's duties either as a member
53 of the general assembly or as a statewide elected official, unless such conviction
54 is later reversed by a court of law.

55 9. A member of the general assembly who has purchased or transferred
56 creditable service shall not be subject to the cap on benefits pursuant to
57 subsection 2 of this section for that portion of the benefit attributable to the
58 purchased or transferred service.

59 **10. Notwithstanding any provision of this chapter to the**
60 **contrary, any member of the general assembly who first becomes a**
61 **member of the general assembly on or after January 1, 2013, shall not**
62 **be eligible for retirement benefits pursuant to this section. Such**
63 **member of the general assembly shall be eligible for retirement**
64 **coverage under this chapter from the Missouri state employees**
65 **retirement system that would otherwise be applicable to a member who**
66 **is not either a member of the general assembly or a statewide elected**
67 **official.**

68 **11. Notwithstanding any provision of this chapter to the**
69 **contrary, any statewide elected official who first becomes a statewide**
70 **elected official on or after January 1, 2013, shall not be eligible for**
71 **retirement benefits pursuant to this section. Such statewide elected**
72 **official shall be eligible for retirement coverage under this chapter**
73 **from the Missouri state employees retirement system that would**
74 **otherwise be applicable to a member who is not either a member of the**
75 **general assembly or a statewide elected official.**

104.1091. 1. Notwithstanding any provision of the year 2000 plan to the
2 contrary, each person who first becomes an employee on or after January 1, 2011,
3 shall be a member of the year 2000 plan subject to the provisions of this section.

4 2. A member's normal retirement eligibility shall be as follows:

5 (1) The member's attainment of at least age sixty-seven and the

6 completion of at least ten years of credited service; or the member's attainment
7 of at least age fifty-five with the sum of the member's age and credited service
8 equaling at least ninety; or, in the case of a member who is serving as a
9 uniformed member of the highway patrol and subject to the mandatory retirement
10 provisions of section 104.081, such member's attainment of at least age sixty or
11 the attainment of at least age fifty-five with ten years of credited service;

12 (2) For members of the general assembly, the member's attainment of at
13 least age sixty-two and the completion of at least three full biennial assemblies;
14 or the member's attainment of at least age fifty-five with the sum of the member's
15 age and credited service equaling at least ninety;

16 (3) For statewide elected officials, the official's attainment of at least age
17 sixty-two and the completion of at least four years of credited service; or the
18 official's attainment of at least age fifty-five with the sum of the official's age and
19 credited service equaling at least ninety.

20 3. A vested former member's normal retirement eligibility shall be based
21 on the attainment of at least age sixty-seven and the completion of at least ten
22 years of credited service.

23 4. A temporary annuity paid pursuant to subsection 4 of section 104.1024
24 shall be payable if the member has attained at least age fifty-five with the sum
25 of the member's age and credited service equaling at least ninety; or in the case
26 of a member who is serving as a uniformed member of the highway patrol and
27 subject to the mandatory retirement provisions of section 104.081, the temporary
28 annuity shall be payable if the member has attained at least age sixty, or at least
29 age fifty-five with ten years of credited service.

30 5. A member, other than a member who is serving as a uniformed member
31 of the highway patrol and subject to the mandatory retirement provisions of
32 section 104.081, shall be eligible for an early retirement annuity upon the
33 attainment of at least age sixty-two and the completion of at least ten years of
34 credited service. A vested former member shall not be eligible for early
35 retirement.

36 6. The provisions of subsection 6 of section 104.1021 and section 104.344
37 as applied pursuant to subsection 7 of section 104.1021 and section 104.1090 shall
38 not apply to members covered by this section.

39 7. The minimum credited service requirements of five years contained in
40 sections 104.1018, 104.1030, 104.1036, and 104.1051 shall be ten years for
41 members covered by this section. The normal and early retirement eligibility

42 requirements in this section shall apply for purposes of administering section
43 104.1087.

44 8. A member shall be required to contribute four percent of the member's
45 pay to the retirement system, which shall stand to the member's credit in his or
46 her individual account with the system, together with investment credits thereon,
47 for purposes of funding retirement benefits payable under the year 2000 plan,
48 subject to the following provisions:

49 (1) The state of Missouri employer, pursuant to the provisions of 26 U.S.C.
50 Section 414(h)(2), shall pick up and pay the contributions that would otherwise
51 be payable by the member under this section. The contributions so picked up
52 shall be treated as employer contributions for purposes of determining the
53 member's pay that is includable in the member's gross income for federal income
54 tax purposes;

55 (2) Member contributions picked up by the employer shall be paid from
56 the same source of funds used for the payment of pay to a member. A deduction
57 shall be made from each member's pay equal to the amount of the member's
58 contributions picked up by the employer. This deduction, however, shall not
59 reduce the member's pay for purposes of computing benefits under the retirement
60 system pursuant to this chapter;

61 (3) Member contributions so picked up shall be credited to a separate
62 account within the member's individual account so that the amounts contributed
63 pursuant to this section may be distinguished from the amounts contributed on
64 an after-tax basis;

65 (4) The contributions, although designated as employee contributions,
66 shall be paid by the employer in lieu of the contributions by the member. The
67 member shall not have the option of choosing to receive the contributed amounts
68 directly instead of having them paid by the employer to the retirement system;

69 (5) Interest shall be credited annually on June thirtieth based on the
70 value in the account as of July first of the immediately preceding year at a rate
71 of four percent. **Effective June thirtieth of 2014, and each June thirtieth**
72 **thereafter, the interest crediting rate shall be equal to the investment**
73 **rate that is published by the United States Department of Treasury, or**
74 **its successor agency, for fifty-two week treasury bills for the relevant**
75 **auction that is nearest to the preceding July first, or a successor**
76 **treasury bill investment rate as approved by the board if the fifty-two**
77 **week treasury bill is no longer issued.** Interest credits shall cease upon

78 termination of employment if the member is not a vested former
79 member. Otherwise, interest credits shall cease upon retirement **or death**;

80 (6) A vested former member or a former member who is not vested may
81 request a refund of his or her contributions and interest credited thereon. If such
82 member is married at the time of such request, such request shall not be
83 processed without consent from the spouse. Such member is not eligible to
84 request a refund if such member's retirement benefit is subject to a division of
85 benefit order pursuant to section 104.1051. Such refund shall be paid by the
86 system after ninety days from the date of termination of employment or the
87 request, whichever is later, and shall include all contributions made to any
88 retirement plan administered by the system and interest credited thereon. A
89 vested former member may not request a refund after such member becomes
90 eligible for normal retirement. A vested former member or a former member who
91 is not vested who receives a refund shall forfeit all the member's credited service
92 and future rights to receive benefits from the system and shall not be eligible to
93 receive any long-term disability benefits; provided that any member or vested
94 former member receiving long-term disability benefits shall not be eligible for a
95 refund. If such member subsequently becomes an employee and works
96 continuously for at least one year, the credited service previously forfeited shall
97 be restored if the member returns to the system the amount previously refunded
98 plus interest at a rate established by the board;

99 (7) The beneficiary of any member who made contributions shall receive
100 a refund upon the member's death equal to the amount, if any, of such
101 contributions **and interest credited thereon** less any retirement benefits
102 received by the member unless an annuity is payable to a survivor or beneficiary
103 as a result of the member's death. In that event, the beneficiary of the survivor
104 or beneficiary who received the annuity shall receive a refund upon the survivor's
105 or beneficiary's death equal to the amount, if any, of the member's contributions
106 less any annuity amounts received by the member and the survivor or beneficiary.

107 9. The employee contribution rate, the benefits provided under the year
108 2000 plan to members covered under this section, and any other provision of the
109 year 2000 plan with regard to members covered under this section may be
110 altered, amended, increased, decreased, or repealed, but only with respect to
111 services rendered by the member after the effective date of such alteration,
112 amendment, increase, decrease, or repeal, or, with respect to interest credits, for
113 periods of time after the effective date of such alteration, amendment, increase,

114 decrease, or repeal.

115 10. For purposes of members covered by this section, the options under
116 section 104.1027 shall be as follows:

117 Option 1. A retiree's life annuity shall be reduced to a certain percent of
118 the annuity otherwise payable. Such percent shall be eighty-eight and one half
119 percent adjusted as follows: if the retiree's age on the annuity starting date is
120 younger than sixty-seven years, an increase of three-tenths of one percent for
121 each year the retiree's age is younger than age sixty-seven years; and if the
122 beneficiary's age is younger than the retiree's age on the annuity starting date,
123 a decrease of three-tenths of one percent for each year of age difference; and if the
124 retiree's age is younger than the beneficiary's age on the annuity starting date,
125 an increase of three-tenths of one percent for each year of age difference;
126 provided, after all adjustments the option 1 percent cannot exceed ninety-four and
127 one quarter percent. Upon the retiree's death, fifty percent of the retiree's
128 reduced annuity shall be paid to such beneficiary who was the retiree's spouse on
129 the annuity starting date or as otherwise provided by subsection 5 of this section.

130 Option 2. A retiree's life annuity shall be reduced to a certain percent of
131 the annuity otherwise payable. Such percent shall be eighty-one percent adjusted
132 as follows: if the retiree's age on the annuity starting date is younger than
133 sixty-seven years, an increase of four-tenths of one percent for each year the
134 retiree's age is younger than sixty-seven years; and if the beneficiary's age is
135 younger than the retiree's age on the annuity starting date, a decrease of
136 five-tenths of one percent for each year of age difference; and if the retiree's age
137 is younger than the beneficiary's age on the annuity starting date, an increase of
138 five-tenths of one percent for each year of age difference; provided, after all
139 adjustments the option 2 percent cannot exceed eighty-seven and three quarter
140 percent. Upon the retiree's death one hundred percent of the retiree's reduced
141 annuity shall be paid to such beneficiary who was the retiree's spouse on the
142 annuity starting date or as otherwise provided by subsection 5 of this section.

143 Option 3. A retiree's life annuity shall be reduced to ninety-three percent
144 of the annuity otherwise payable. If the retiree dies before having received one
145 hundred twenty monthly payments, the reduced annuity shall be continued for
146 the remainder of the one hundred twenty-month period to the retiree's designated
147 beneficiary provided that if there is no beneficiary surviving the retiree, the
148 present value of the remaining annuity payments shall be paid as provided under
149 subsection 3 of section 104.620. If the beneficiary survives the retiree but dies

150 before receiving the remainder of such one hundred twenty monthly payments,
151 the present value of the remaining annuity payments shall be paid as provided
152 under subsection 3 of section 104.620.

153 Option 4. A retiree's life annuity shall be reduced to eighty-six percent of
154 the annuity otherwise payable. If the retiree dies before having received one
155 hundred eighty monthly payments, the reduced annuity shall be continued for the
156 remainder of the one hundred eighty-month period to the retiree's designated
157 beneficiary provided that if there is no beneficiary surviving the retiree, the
158 present value of the remaining annuity payments shall be paid as provided under
159 subsection 3 of section 104.620. If the beneficiary survives the retiree but dies
160 before receiving the remainder of such one hundred eighty monthly payments, the
161 present value of the remaining annuity payments shall be paid as provided under
162 subsection 3 of section 104.620.

163 11. The provisions of subsection 6 of section 104.1024 shall not apply to
164 members covered by this section.

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