

SENATE SUBSTITUTE

FOR

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 980

AN ACT

To repeal sections 104.1205, 105.661, 105.666, and 105.683, RSMo, and to enact in lieu thereof four new sections relating to public pension plans, with an effective date for a certain section.

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BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI, AS FOLLOWS:

1           Section A. Sections 104.1205, 105.661, 105.666, and  
2 105.683, RSMo, are repealed and four new sections enacted in lieu  
3 thereof, to be known as sections 104.1205, 105.661, 105.666, and  
4 105.683, to read as follows:

5           104.1205. The board of trustees of the Missouri state  
6 employees' retirement system shall:

7           (1) Establish a defined contribution plan for outside  
8 employees which, among other things, provides for immediate  
9 vesting;

10           (2) Select a third-party administrator to provide such  
11 services as the board determines to be necessary for the proper  
12 administration of the defined contribution plan;

13           (3) Select the investment products which shall be made  
14 available to the participants in the defined contribution plan;

15           (4) Annually establish the contribution rate used for  
16 purposes of subsection 3 of section 104.1066 for employees of

1 institutions who are other than outside employees, which shall be  
2 done by considering all such employees to be part of the general  
3 employee population within the Missouri state employees'  
4 retirement system;

5 (5) Establish the contribution rate for outside employees  
6 which shall be equal to [one] five and one-half percent of  
7 payroll [less than the normal cost contribution rate established  
8 pursuant to subdivision (4) of this section];

9 (6) Require outside employees to contribute two percent of  
10 the employee's pay to the defined contribution plan which shall  
11 be credited to a separate account within the outside employee's  
12 individual account. The employing institution, pursuant to the  
13 provisions of 26 U.S.C. Section 414(h) (2), shall pick up and pay  
14 such contributions. The contributions so picked up shall be  
15 treated as employer contributions for purposes of determining the  
16 outside employee's pay that is includable in the outside  
17 employee's gross income for federal income tax purposes. The  
18 outside employee's contributions picked up by the employing  
19 institution shall be:

20 (a) Paid from the same source of funds used for the payment  
21 of pay to an outside employee. A deduction shall be made from  
22 each outside employee's pay equal to the amount of the outside  
23 employee's contributions picked up by the employing institution;  
24 and

25 (b) Paid by the employing institution in lieu of the  
26 contributions by the outside employee, although designated as  
27 employee contributions. The outside employee shall not have the  
28 option of choosing to receive the contributed amounts directly

1 instead of having them paid by the employing institution to the  
2 defined contribution plan; and

3 [(6)] (7) Establish such rules and regulations as may be  
4 necessary to carry out the purposes of this section.

5 105.661. 1. Each plan shall annually prepare and have  
6 available as public information a comprehensive annual financial  
7 report showing the financial condition of the plan as of the end  
8 of the plan's fiscal year. The report shall contain, but not be  
9 limited to, detailed financial statements prepared in accordance  
10 with generally accepted accounting principles for public employee  
11 retirement systems including an independent auditors report  
12 thereon, prepared by a certified public accountant or a firm of  
13 certified public accountants, a detailed summary of the plan's  
14 most recent actuarial valuation including a certification letter  
15 from the actuary and a summary of actuarial assumptions and  
16 methods used in such valuation, a detailed listing of the  
17 investments, showing both cost and market value, held by the plan  
18 as of the date of the report together with a detailed statement  
19 of the annual rates of investment return from all assets and from  
20 each type of investment, a detailed list of investments acquired  
21 and disposed of during the fiscal year, a listing of the plan's  
22 board of trustees or responsible administrative body and  
23 administrative staff, a detailed list of administrative expenses  
24 of the plan including all fees paid for professional services, a  
25 detailed list of brokerage commissions paid, a summary plan  
26 description, and such other data as the plan shall deem necessary  
27 or desirable for a proper understanding of the condition of the  
28 plan. In the event a plan is unable to comply with any of the

1 disclosure requirements outlined above, a detailed statement must  
2 be included in the report as to the reason for such  
3 noncompliance.

4 2. Any rule or portion of rule promulgated by any plan  
5 pursuant to the authority of chapter 536, or of any other  
6 provision of law, shall be submitted to the joint committee on  
7 public employee retirement prior to or concurrent with the filing  
8 of a notice of proposed rulemaking with the secretary of state's  
9 office pursuant to section 536.021. The requirement of this  
10 subsection is intended solely for the purpose of notifying the  
11 joint committee on public employee retirement with respect to a  
12 plan's proposed rulemaking so that the joint committee on public  
13 employee retirement has ample opportunity to submit comments with  
14 respect to such proposed rulemaking in accordance with the normal  
15 process. Any plan not required to file a notice of proposed  
16 rulemaking with the secretary of state's office shall submit any  
17 proposed rule or portion of a rule to the joint committee on  
18 public employee retirement within ten days of its promulgation.

19 3. A copy of the comprehensive annual financial report as  
20 outlined in subsection 1 of this section shall be forwarded  
21 within six months of the end of the plan's fiscal year to the  
22 state auditor and the joint committee on public employee  
23 retirement.

24 4. Each defined benefit plan shall submit a quarterly  
25 report regarding the plan's investment performance to the joint  
26 committee on public employee retirement in the form and manner  
27 requested by the committee. If the plan fails to submit this  
28 report, the committee may subpoena witnesses, take testimony

1 under oath, and compel the production of records regarding this  
2 information, pursuant to its authority under section 21.561.

3 5. Beginning on January 1, 2017, each plan shall provide  
4 active participants with an annual pension statement which shall  
5 be written in a manner calculated to be understood by the average  
6 plan participant and may be delivered in written, electronic, or  
7 other appropriate form to the extent such form is reasonably  
8 accessible. Such pension benefit and information statement shall  
9 include, but not be limited to, the following information:

10 (1) The participant's accrued contributions to the plan;

11 (2) The date the participant is first eligible for a normal  
12 retirement benefit;

13 (3) The participant's projected benefit at normal  
14 retirement and may include the percentage of the participant's  
15 salary that will be replaced by the pension benefit upon reaching  
16 normal retirement;

17 (4) The date of the plan's valuation;

18 (5) The plan's funded ratio;

19 (6) The plan's assumed rate of return on investments used  
20 in the most recent annual actuarial valuation;

21 (7) A notice if the plan is on the joint committee for  
22 public employee retirement's annual watch list;

23 (8) A notice if the actuarially determined contribution to  
24 fund the plan has not been made as of the most recent annual  
25 actuarial valuation unless such plan is unable to make such  
26 contribution due to statutory limitations; and

27 (9) An electronic link or website address to view the  
28 plan's comprehensive annual financial report required under

1 subsection 1 of this section.

2 6. Any plan failing to provide an annual pension statement  
3 to each active participant as required in subsection 5 of this  
4 section shall submit in writing to the joint committee on public  
5 employee retirement as to why the information may not be provided  
6 as required under this section.

7 105.666. 1. Each plan shall, in conjunction with its staff  
8 and advisors, establish a board member education program, which  
9 shall be in effect on or after January 1, 2008. The curriculum  
10 shall include, at a minimum, education in the areas of duties and  
11 responsibilities of board members as trustees, ethics, governance  
12 process and procedures, pension plan design and administration of  
13 benefits, investments including but not limited to the fiduciary  
14 duties as defined under section 105.688, legal liability and  
15 risks associated with the administration of a plan, sunshine law  
16 requirements under chapter 610, actuarial principles and methods  
17 related to plan administration, and the role of staff and  
18 consultants in plan administration. Board members appointed or  
19 elected on a board on or after January 1, 2008, shall complete a  
20 board member education program designated to orient new board  
21 members in the areas described in this section within ninety days  
22 of becoming a new board member. Board members who have served  
23 one or more years shall attend at least a total of six hours of  
24 continuing education programs each year in the areas described in  
25 this section.

26 2. Routine annual presentation by outside plan service  
27 providers shall not be used to satisfy board member education or  
28 continuing education program requirements contained in subsection

1 of this section. Such service providers may be utilized to  
2 perform education programs with such programs being separate and  
3 apart from routine annual presentations.

4 3. Plan governing body or staff shall maintain a record of  
5 board member education including, but not limited to, date, time  
6 length, location, education material, and any facilitator  
7 utilized. The record shall be signed and attested to by the  
8 attending board member or board chairperson or designee. Such  
9 information shall be maintained for public record and disclosure  
10 for at least three years or until the expiration of such board  
11 member's term, whichever occurs first.

12 4. A board member who is knowingly not participating in the  
13 required education programs under this section may be removed  
14 from such board by a majority of the board members which shall  
15 result in a vacancy to be filled in accordance with plan  
16 provisions except that ex officio board members shall not be  
17 removed under this subsection.

18 [5. Each plan shall, upon the request of any individual  
19 participant, provide an annual pension benefit statement which  
20 shall be written in a manner calculated to be understood by the  
21 average plan participant and may be delivered in written,  
22 electronic, or other appropriate form to the extent such form is  
23 reasonably accessible to each participant or beneficiary. Such  
24 pension benefit statement shall include, but not be limited to,  
25 accrued participant contributions to the plan, total benefits  
26 accrued, date first eligible for a normal retirement benefit, and  
27 projected benefit at normal retirement. Any plan failing to do  
28 so shall submit in writing to the joint committee on public

1 employee retirement as to why the information may not be provided  
2 as requested.]

3 105.683. Any plan, other than a plan created under sections  
4 169.010 to 169.141 or sections 169.600 to 169.715, whose actuary  
5 determines that the plan has a funded ratio below [~~sixty~~] seventy  
6 percent and the political subdivision has failed to make one  
7 hundred percent of the actuarially required contribution payment  
8 for [~~five~~] two successive plan years [with a descending funded  
9 ratio for five successive plan years,] shall be deemed delinquent  
10 in the contribution payment and such delinquency in the  
11 contribution payment shall constitute a first lien on the funds  
12 of the political subdivision, and the board as defined under  
13 section 105.660 is authorized to compel payment by application  
14 for a writ of mandamus; and in addition, such delinquency in the  
15 contribution payment shall be certified by the board to the state  
16 treasurer and director of the department of revenue. Until such  
17 delinquency in the contribution payment, together with regular  
18 interest, is satisfied, the state treasurer and director of the  
19 department of revenue shall withhold twenty-five percent of the  
20 certified contribution deficiency from the total moneys due the  
21 political subdivision from the state.

22 Section B. The repeal and reenactment of section 104.1205  
23 of this act shall become effective July 1, 2017.