

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 980

98TH GENERAL ASSEMBLY

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Reported from the Committee on General Laws and Pensions, February 25, 2016, with recommendation that the Senate Committee Substitute do pass.

4511S.07C

ADRIANE D. CROUSE, Secretary.

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## AN ACT

To repeal sections 105.661, 105.666, and 105.683, RSMo, and to enact in lieu thereof three new sections relating to public pension plans.

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

Section A. Sections 105.661, 105.666, and 105.683, RSMo, are repealed  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

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

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

18 description, and such other data as the plan shall deem necessary or desirable for  
19 a proper understanding of the condition of the plan. In the event a plan is unable  
20 to comply with any of the disclosure requirements outlined above, a detailed  
21 statement must be included in the report as to the reason for such noncompliance.

22         2. Any rule or portion of rule promulgated by any plan pursuant to the  
23 authority of chapter 536, or of any other provision of law, shall be submitted to  
24 the joint committee on public employee retirement prior to or concurrent with the  
25 filing of a notice of proposed rulemaking with the secretary of state's office  
26 pursuant to section 536.021. The requirement of this subsection is intended  
27 solely for the purpose of notifying the joint committee on public employee  
28 retirement with respect to a plan's proposed rulemaking so that the joint  
29 committee on public employee retirement has ample opportunity to submit  
30 comments with respect to such proposed rulemaking in accordance with the  
31 normal process. Any plan not required to file a notice of proposed rulemaking  
32 with the secretary of state's office shall submit any proposed rule or portion of a  
33 rule to the joint committee on public employee retirement within ten days of its  
34 promulgation.

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

39         4. Each defined benefit plan shall submit a quarterly report regarding the  
40 plan's investment performance to the joint committee on public employee  
41 retirement in the form and manner requested by the committee. If the plan fails  
42 to submit this report, the committee may subpoena witnesses, take testimony  
43 under oath, and compel the production of records regarding this information,  
44 pursuant to its authority under section 21.561.

45         **5. Each plan shall provide active participants with a pension**  
46 **statement which shall be written in a manner calculated to be**  
47 **understood by the average plan participant and may be delivered in**  
48 **written, electronic, or other appropriate form to the extent such form**  
49 **is reasonably accessible. The statement shall be provided**  
50 **annually. Such pension benefit and information statement shall**  
51 **include, but not be limited to, the following information:**

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

53             **(2) The date the participant is first eligible for a normal**

54 retirement benefit;

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

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

59 (5) The plan's funded ratio;

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

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

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

68 (9) An electronic link or website address to view the plan's  
69 comprehensive annual financial report required under subsection 1 of  
70 this section.

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

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

15 programs each year in the areas described in this section.

16           2. Routine annual presentation by outside plan service providers shall not  
17 be used to satisfy board member education or continuing education program  
18 requirements contained in subsection 1 of this section. Such service providers  
19 may be utilized to perform education programs with such programs being  
20 separate and apart from routine annual presentations.

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

27           4. A board member who is knowingly not participating in the required  
28 education programs under this section may be removed from such board by a  
29 majority of the board members which shall result in a vacancy to be filled in  
30 accordance with plan provisions except that ex officio board members shall not  
31 be removed under this subsection.

32           [5. Each plan shall, upon the request of any individual participant,  
33 provide an annual pension benefit statement which shall be written in a manner  
34 calculated to be understood by the average plan participant and may be delivered  
35 in written, electronic, or other appropriate form to the extent such form is  
36 reasonably accessible to each participant or beneficiary. Such pension benefit  
37 statement shall include, but not be limited to, accrued participant contributions  
38 to the plan, total benefits accrued, date first eligible for a normal retirement  
39 benefit, and projected benefit at normal retirement. Any plan failing to do so  
40 shall submit in writing to the joint committee on public employee retirement as  
41 to why the information may not be provided as requested.]

          105.683. Any plan, other than a plan created under sections 169.010 to  
2 169.141 or sections 169.600 to 169.715, whose actuary determines that the plan  
3 has a funded ratio below [~~sixty~~] **seventy** percent and the political subdivision  
4 has failed to make one hundred percent of the actuarially required contribution  
5 payment for [~~five~~] **two** successive plan years [~~with a descending funded ratio for~~  
6 ~~five successive plan years,~~] shall be deemed delinquent in the contribution  
7 payment and such delinquency in the contribution payment shall constitute a  
8 first lien on the funds of the political subdivision, and the board as defined under  
9 section 105.660 is authorized to compel payment by application for a writ of

10 mandamus; and in addition, such delinquency in the contribution payment shall  
11 be certified by the board to the state treasurer and director of the department of  
12 revenue. Until such delinquency in the contribution payment, together with  
13 regular interest, is satisfied, the state treasurer and director of the department  
14 of revenue shall withhold twenty-five percent of the certified contribution  
15 deficiency from the total moneys due the political subdivision from the state.

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