

SECOND REGULAR SESSION

SENATE BILL NO. 1059

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHAAF.

Read 1st time February 15, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6494S.011

AN ACT

To repeal sections 169.460 and 169.490, RSMo, and to enact in lieu thereof two new sections relating to the public school system of the City of St. Louis.

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

Section A. Sections 169.460 and 169.490, RSMo, are repealed and two new
2 sections enacted in lieu thereof, to be known as sections 169.460 and 169.490, to
3 read as follows:

169.460. 1. Any member may retire and receive a normal pension upon
2 his **or her** written application to the board of trustees setting forth at what time
3 not less than fifteen days nor more than one hundred eighty days subsequent to
4 the execution and filing of such application he **or she** desires to be retired;
5 provided, that the member at the time so specified for **his or her** retirement
6 either (a) shall have attained age [sixty-five] **sixty-two** or (b) shall have attained
7 an age which when added to the number of years of credited service of such
8 member shall total a sum not less than [eighty-five] **eighty**. For purposes of
9 computing any member's age under this section, the board shall, if necessary, add
10 to his **or her** actual age any accumulated and unused days of sick leave included
11 in his **or her** credited service.

12 2. Upon retirement [pursuant to] **under** subsection 1 of this section, a
13 member shall receive an annual pension payable in monthly installments **in the**
14 **following manner:**

15 (1) **A member retiring prior to January 1, 2017, shall receive an**
16 **annual pension payable in monthly installments** equal to his **or her**
17 number of years of credited service multiplied by two percent of his **or her**
18 average final compensation subject to a maximum pension of sixty percent of his

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

19 or her average final compensation[.];

20 **(2) A member hired for the first time on or after January 1, 2017,**
21 **shall receive an annual pension payable in monthly installments equal**
22 **to his or her number of years of credited service multiplied by one and**
23 **three-fourths percent of such member's average final compensation**
24 **subject to a maximum pension of sixty percent of the member's average**
25 **final compensation; or**

26 **(3) A member who earned credited service prior to January 1,**
27 **2017, and who earned credited service on or after January 1, 2017, shall**
28 **receive an annual pension payable in monthly installments. The annual**
29 **pension payable in monthly installments shall be the sum of the**
30 **following partial monthly installments, subject to a maximum pension**
31 **of sixty percent of the member's average final compensation:**

32 **(a) For credited service earned prior to January 1, 2017, the**
33 **member's partial monthly installment shall be equal to his or her**
34 **number of years of credited service multiplied by two percent of the**
35 **member's average final compensation; and**

36 **(b) For credited service earned on or after January 1, 2017, the**
37 **partial monthly installment shall be equal to his or her number of years**
38 **of credited service multiplied by one and three-fourths percent of such**
39 **member's average final compensation.**

40 3. A member who is not eligible for normal pension pursuant to subsection
41 1 of this section but who has attained age sixty and has five or more years of
42 credited service may make application in the same manner as pursuant to
43 subsection 1 of this section for an early pension. His **or her** early pension shall
44 be computed pursuant to subsection 2 of this section, but shall be reduced by
45 five-ninths of one percent for each month such member's early retirement date
46 precedes the earliest date he **or she** could have received a normal pension
47 pursuant to subsection 1 of this section had his **or her** service continued.

48 4. Upon the written application of the member or of the employing board,
49 any active member who has five or more years of credited service with such board
50 and does not qualify for a normal pension pursuant to subsection 1 of this section
51 may be retired by the board of trustees, not less than fifteen days and not more
52 than one hundred eighty days next following the date of filing such application,
53 and receive a disability pension, provided, that the medical board after a medical
54 examination of such member or such member's medical records shall certify that

55 such member is unable to further perform his **or her** duties due to mental or
56 physical incapacity, and that such incapacity is likely to be permanent and that
57 such member should be retired; or, provided the member furnishes evidence of the
58 receipt of disability benefits under the federal Old Age, Survivors and Disability
59 Insurance System of the Social Security Act. The determination of the board of
60 trustees in the matter shall be final and conclusive. A member being retired
61 pursuant to this subsection who has accumulated unused vacation and sick leave
62 may elect to have the commencement of his **or her** disability pension deferred for
63 more than one hundred eighty days during the period he **or she** is entitled to
64 vacation and sick pay.

65 5. Upon retirement for disability, a member shall receive a disability
66 pension until such time as he **or she** meets the requirements for a normal
67 pension pursuant to subsection 1 of this section, at which time his **or her**
68 disability pension will be deemed to be a normal pension. The member's
69 disability pension shall be the larger of:

70 (1) A normal pension based on his **or her** credited service to the date of
71 his **or her** retirement for disability and calculated as if he **or she** were age
72 sixty-five; or

73 (2) One-fourth of his **or her** average final compensation; except that such
74 benefit shall not exceed the normal pension which he **or she** would have received
75 upon retirement if his **or her** service had continued and he **or she** had satisfied
76 the eligibility requirements of subsection 1 of this section and had his **or her**
77 final average compensation been unchanged.

78 6. Once each year during the first five years following retirement for
79 disability and once in every three-year period thereafter while receiving a
80 disability pension, the board of trustees may, and shall, require any member
81 receiving a disability pension who has not yet become eligible for a normal
82 pension pursuant to subsection 1 of this section to undergo a medical examination
83 at a place designated by the medical board or by a physician or physicians
84 designated by such board. If any such member receiving a disability pension
85 refuses to submit to such medical examination, his **or her** benefit may be
86 discontinued until his **or her** withdrawal of such refusal, and if his **or her**
87 refusal continues for one year, all rights in and to his **or her** pension may be
88 revoked by the board of trustees.

89 7. If the board of trustees finds that any member receiving a disability
90 pension is engaged in or is able to engage in a gainful occupation paying more

91 than the difference between his **or her** disability pension plus benefits, if any,
92 to which he **or she** and his **or her** family are eligible under the federal Old Age,
93 Survivors and Disability Insurance System of the Social Security Act and the
94 current rate of monthly compensation for the position he **or she** held at
95 retirement, then the amount of his **or her** disability pension shall be reduced to
96 an amount which together with the amount earnable by him **or her** shall equal
97 such current rate of monthly compensation. The decisions of the board of trustees
98 in regard to such modification of disability benefits shall be final and conclusive.

99 8. If any member receiving a disability pension is restored to service as
100 an employee, he **or she** shall again become an active member of the retirement
101 system and contribute thereunder. His **or her** credited service at the time of his
102 **or her** retirement for disability shall be restored and the excess of his **or her**
103 accumulated contributions at his **or her** retirement for disability over the total
104 disability pension payments which he **or she** received shall be credited to his **or**
105 **her** account.

106 9. If a member with fewer than five years credited service ceases to be an
107 employee, except by death, he **or she** shall be paid the amount of his **or her**
108 accumulated contributions in accordance with applicable provisions of the
109 Internal Revenue Code.

110 10. If a member with five years or more credited service ceases to be an
111 employee, except by death or retirement, he **or she** shall be paid on demand the
112 amount of his **or her** accumulated contributions, or he **or she** may leave his **or**
113 **her** accumulated contributions with the retirement system and be an inactive
114 member and claim a retirement benefit at any time after he **or she** reaches the
115 minimum age for retirement, except that if such a member's accumulated
116 contributions do not exceed the involuntary distribution limits under provisions
117 of the Internal Revenue Code, the member must elect to become an inactive
118 member within thirty days of employment separation to avoid application of the
119 involuntary distribution provisions of the Internal Revenue Code. When an
120 inactive member presents his **or her** valid claim to the board of trustees, he **or**
121 **she** shall be granted a benefit at such time and for such amount as is available
122 pursuant to subsection 2 or 3 of this section in accordance with the provisions of
123 law in effect at the time his **or her** active membership ceased. The accumulated
124 contributions of an inactive member may be withdrawn at any time upon ninety
125 days' notice or such shorter notice as is approved by the board of trustees. If an
126 inactive member dies before retirement, his **or her** accumulated contributions

127 shall be paid to his **or her** designated beneficiary, if living, otherwise to the
128 estate of the member. A member's accumulated contributions shall not be paid
129 to him **or her** so long as he **or she** remains in service as an employee.

130 11. Any member upon retirement shall receive his **or her** pension payable
131 throughout life subject to the provision that if his **or her** death occurs before he
132 **or she** has received total benefits at least as large as his **or her** accumulated
133 contributions at retirement, the difference shall be paid in one sum to his **or her**
134 designated beneficiary, if living, otherwise to the estate of the retired member.

135 12. Prior to the date of retirement pursuant to subsection 2, 3, or 4 of this
136 section, a member may elect to receive the actuarial equivalent of his **or her**
137 pension in a lesser amount, payable throughout life under one of the following
138 options with the provision that:

139 Option 1. Upon his **or her** death, his **or her** pension shall be continued
140 throughout the life of and paid to his **or her** beneficiary, or

141 Option 2. Upon his **or her** death, one-half of his **or her** pension shall be
142 continued throughout the life of and paid to his **or her** beneficiary, or

143 Option 3. Upon his **or her** death, his **or her** pension shall be continued
144 throughout the life of and paid to his **or her** beneficiary, provided that in the
145 event his **or her** designated beneficiary predeceases him **or her**, then his **or her**
146 pension shall be adjusted effective the first day of the month following the month
147 in which his **or her** designated beneficiary died to the amount determined
148 pursuant to subsection 2 or 3 of this section at the time of his **or her** retirement,
149 or

150 Option 4. Upon his **or her** death, one-half of his **or her** pension shall be
151 continued throughout the life of and paid to his **or her** beneficiary, provided that
152 in the event his **or her** designated beneficiary predeceases him **or her**, then his
153 **or her** pension shall be adjusted effective the first day of the month following the
154 month in which his **or her** designated beneficiary died to the amount determined
155 pursuant to subsection 2 or 3 of this section at the time of his **or her** retirement.

156 Option 5. Prior to age sixty-two the member will receive an increased
157 pension, where the total pension prior to age sixty-two is approximately equal to
158 the pension after age sixty-two plus the member's estimated federal Social
159 Security benefit, provided that the reduced pension after age sixty-two is not less
160 than one-half the pension the member could have received had no option been
161 elected. A member may elect a combination of Option 1 and Option 5, or Option
162 2 and Option 5. The survivor benefits payable to a beneficiary, other than the

163 spouse of the retired member, under any of the foregoing options shall in no event
164 exceed fifty percent of the actuarial equivalent of the pension determined
165 pursuant to subsection 2 or 3 of this section at the time of retirement.

166 13. If an option has been elected pursuant to subsection 12 of this section,
167 and both the retired member and beneficiary die before receiving total benefits
168 as large as the member's accumulated contributions at retirement, the difference
169 shall be paid to the designated beneficiary of the person last entitled to benefits,
170 if living, otherwise to the estate of the person last entitled to benefits.

171 14. If an active member dies while an employee and with five or more
172 years of credited service and a dependent of the member is designated as
173 beneficiary to receive his **or her** accumulated contributions, such beneficiary
174 may, in lieu thereof, request that benefits be paid under option 1, subsection 12
175 of this section, as if the member had attained age sixty, if the member was less
176 than sixty years of age at the time of his **or her** death, and had retired under
177 such option as of the date of death, provided that under the same circumstances
178 a member may provide by written designation that benefits must be paid
179 pursuant to option 1 to such beneficiary. In addition to benefits received under
180 option 1, subsection 12 of this section, a surviving spouse receiving benefits under
181 this subsection shall receive sixty dollars per month for each unmarried
182 dependent child of the deceased member who is under twenty-two years of age
183 and is in the care of the surviving spouse; provided, that if there are more than
184 three such unmarried dependent children one hundred eighty dollars shall be
185 divided equally among them. A "dependent beneficiary" for the purpose of this
186 subsection only shall mean either the surviving spouse or a person who at the
187 time of the death of the member was receiving at least one-half of his **or her**
188 support from the member, and the determination of the board of trustees as to
189 whether a person is a dependent shall be final.

190 15. In lieu of accepting the payment of the accumulated contributions of
191 a member who dies after having at least eighteen months of credited service and
192 while an employee, an eligible beneficiary or, if no surviving eligible beneficiary,
193 the unmarried dependent children of the member under twenty-two years of age
194 may elect to receive the benefits pursuant to subdivision (1), (2), (3), or (4) of this
195 subsection. An "eligible beneficiary" is the surviving spouse, unmarried
196 dependent children under twenty-two years of age or dependent parents of the
197 member, if designated as beneficiary. A "dependent" is one receiving at least
198 one-half of his **or her** support from the member at his **or her** death.

199 (1) A surviving spouse who is sixty-two years of age at the death of the
200 member or upon becoming such age thereafter, and who was married to the
201 member at least one year, may receive sixty dollars per month for life. A spouse
202 may receive this benefit after receiving benefits pursuant to subdivision (2) of this
203 subsection;

204 (2) A surviving spouse who has in his or her care an unmarried dependent
205 child of the deceased member under twenty-two years of age may receive sixty
206 dollars per month plus sixty dollars per month for each child under twenty-two
207 years of age but not more than a total of two hundred forty dollars per month;

208 (3) If no benefits are payable pursuant to subdivision (2) of this
209 subsection, unmarried dependent children under the age of twenty-two may
210 receive sixty dollars each per month; provided that if there are more than three
211 such children one hundred eighty dollars per month shall be divided equally
212 among them;

213 (4) A dependent parent upon attaining sixty-two years of age may receive
214 sixty dollars per month as long as not remarried provided no benefits are payable
215 at any time pursuant to subdivision (1), (2), or (3) of this subsection. If there are
216 two dependent parents entitled to benefits, sixty dollars per month shall be
217 divided equally between them;

218 (5) If the benefits pursuant to this subsection are elected and the total
219 amount paid is less than an amount equal to the accumulated contributions of a
220 member at his **or her** death, the difference shall be payable to the beneficiary or
221 the estate of the beneficiary last entitled to benefits.

222 16. If a member receiving a normal pension again becomes an active
223 member, his **or her** pension benefit payments shall cease during such
224 membership and shall be resumed upon subsequent retirement together with
225 such pension benefit as shall accrue by reason of his **or her** latest period of
226 membership. Except as otherwise provided in section 105.269, a retired member
227 may not receive a pension benefit for any month for which he **or she** receives
228 compensation from an employing board, except he **or she** may serve as a
229 part-time or temporary employee for not to exceed sixty days in any calendar year
230 without becoming a member and without having his **or her** pension benefit
231 discontinued. A retired member may also serve as a member of the board of
232 trustees and receive any reimbursement for expenses allowed him **or her** because
233 of such service without becoming an active member and without having his **or**
234 **her** pension benefit discontinued or reduced.

235 17. Upon approval of the board of trustees, any member may make
236 contributions in addition to those required. Any additional contributions shall
237 be accumulated at interest and paid in addition to the benefits provided
238 hereunder. The board of trustees shall make such rules and regulations as it
239 deems appropriate in connection with additional contributions including
240 limitations on amounts of contributions and methods of payment of benefits.

241 18. Notwithstanding any other provisions of this section, any member
242 retiring on or after age sixty-five who has five or more years of credited service
243 shall be entitled to an annual pension of the lesser of (a) an amount equal to his
244 **or her** number of years of credited service multiplied by one hundred twenty
245 dollars, or (b) one thousand eight hundred dollars. Upon the death of such
246 member, any benefits payable to the beneficiary of such member shall be
247 computed as otherwise provided.

169.490. 1. All the assets of the retirement system shall be held as one
2 fund.

3 **[1.] 2. (1) For any member hired before January 1, 2017, the**
4 **employing board shall cause to be deducted from the compensation of each**
5 **member at every payroll period five percent of his or her compensation[, and].**

6 **(2) Beginning January 1, 2017, the percentage in subdivision (1)**
7 **of this subsection shall increase one-half of one percent annually until**
8 **such time as the percentage equals eight percent.**

9 **(3) For any member hired for the first time on or after January**
10 **1, 2017, the employing board shall cause to be deducted from the**
11 **compensation of each member at every payroll period eight percent of**
12 **such member's compensation.**

13 **(4) The amounts so deducted shall be transferred to the board of trustees**
14 **and credited to the individual account of each member from whose compensation**
15 **the deduction was made. In determining the amount earnable by a member in**
16 **any payroll period, the board of trustees may consider the rate of earnable**
17 **compensation payable to such member on the first day of the payroll period as**
18 **continuing throughout such payroll period; it may omit deduction from**
19 **compensation for any period less than a full payroll period if the employee was**
20 **not a member on the first day of the payroll period; and to facilitate the making**
21 **of the deductions, it may modify the deduction required of any member by such**
22 **amount as shall not exceed one-tenth of one percent of the compensation upon the**
23 **basis of which such deduction was made.**

24 [(2)] (5) The deductions provided for herein are declared to be a part of
25 the salary of the member and the making of such deductions shall constitute
26 payments by the member out of his **or her** salary or earnings and such
27 deductions shall be made notwithstanding that the minimum compensation
28 provided by law for any member shall be reduced thereby. Every member shall
29 be deemed to consent to the deductions made and provided for herein, and shall
30 receipt for his **or her** full salary or compensation, and the making of said
31 deductions and the payment of salary or compensation less said deduction shall
32 be a full and complete discharge and acquittance of all claims and demands
33 whatsoever for services rendered during the period covered by the payment except
34 as to benefits provided by sections 169.410 to 169.540.

35 [(3)] (6) The employing board may elect to pay member contributions
36 required by this section as an employer pick up of employee contributions under
37 Section 414(h)(2) of the Internal Revenue Code of 1986, as amended, and such
38 contributions picked up by the employing board shall be treated as contributions
39 made by members for all purposes of sections 169.410 to 169.540.

40 [2] 3. If a retired member receiving a pension pursuant to sections
41 169.410 to 169.540 is restored to active service and again becomes an active
42 member of the retirement system, there shall be credited to his **or her** individual
43 account an amount equal to the excess, if any, of his **or her** accumulated
44 contributions at retirement over the total pension benefits paid to him **or her**.

45 [3] 4. Annually, the actuary for the retirement system shall calculate
46 each employer's contribution as an amount equal to a certain percentage of the
47 total compensation of all members employed by that employer. The percentage
48 shall be fixed on the basis of the liabilities of the retirement system as shown by
49 the annual actuarial valuation. The annual actuarial valuation shall be made on
50 the basis of such actuarial assumptions and the actuarial cost method adopted by
51 the board of trustees, provided that the actuarial cost method adopted shall be
52 in accordance with generally accepted actuarial standards and that the unfunded
53 actuarial accrued liability, if any, shall be amortized by level annual payments
54 over a period not to exceed thirty years. **The provisions of this subsection**
55 **shall expire on January first of the year immediately following the year**
56 **in which the required employer contribution percentage total becomes**
57 **greater than fifteen percent. Thereafter, subsection 5 of this section**
58 **shall apply.**

59 5. **Beginning January first of the year immediately following the**

60 year in which the required employer contribution percentage total
61 under subsection 4 of this section becomes greater than fifteen percent,
62 the actuary for the retirement system shall annually calculate the rate
63 of employer contributions and member contributions for such year and
64 for each subsequent calendar year, expressed as a level percentage of
65 the annualized compensation of the members, subject to the following:

66 (1) The rate of contribution for any calendar year shall be
67 determined based on an actuarial valuation of the retirement system
68 as of the first day of the preceding calendar year. Such actuarial
69 valuation shall be performed using the actuarial cost method and
70 actuarial assumptions adopted by the board of trustees and in
71 accordance with accepted actuarial standards of practice in effect at
72 the time the valuation is performed, as promulgated by the actuarial
73 standards board or its successor;

74 (2) The level rate of contribution to be paid by the employers
75 shall be limited as follows:

76 (a) The contribution rate shall not exceed nine percent; and

77 (b) Beginning the second year immediately following the
78 occurrence described under subsection 4 of this section, changes in the
79 contribution rate from year to year shall be in increments of one-half
80 percent such that the contribution rate for any year shall not be
81 greater than or less than the rate in effect for the preceding year by
82 more than one-half percent; and

83 (3) The board of trustees shall certify to the employers the
84 contribution rate for the following calendar year no later than six
85 months prior to the date such rate is to take effect.

86 [4.] 6. The expense and contingency reserve shall be a reserve for
87 investment contingencies and estimated expenses of administration of the
88 retirement system as determined annually by the board of trustees.

89 [5.] 7. Gifts, devises, bequests and legacies may be accepted by the board
90 of trustees to be held and invested as a part of the assets of the retirement
91 system and shall not be separately accounted for except where specific direction
92 for the use of a gift is made by a donor.

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