

SECOND REGULAR SESSION

# SENATE BILL NO. 1090

## 98TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR HEGEMAN.

Read 1st time February 25, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

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### AN ACT

To repeal section 104.1205, RSMo, and to enact in lieu thereof one new section relating to retirement of higher education employees, with an effective date.

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

Section A. Section 104.1205, RSMo, is repealed and one new section 2 enacted in lieu thereof, to be known as section 104.1205, to read as follows:

104.1205. The board of trustees of the Missouri state employees' 2 retirement system shall:

3 (1) Establish a defined contribution plan for outside employees which, 4 among other things, provides for immediate vesting;

5 (2) Select a third-party administrator to provide such services as the 6 board determines to be necessary for the proper administration of the defined 7 contribution plan;

8 (3) Select the investment products which shall be made available to the 9 participants in the defined contribution plan;

10 (4) Annually establish the contribution rate used for purposes of 11 subsection 3 of section 104.1066 for employees of institutions who are other than 12 outside employees, which shall be done by considering all such employees to be 13 part of the general employee population within the Missouri state employees' 14 retirement system;

15 (5) Establish the contribution rate for outside employees which shall be 16 equal to [one] **five and one-half** percent of payroll [less than the normal cost 17 contribution rate established pursuant to subdivision (4) of this section];

18 (6) **Require outside employees to contribute two percent of the 19 employee's pay to the defined contribution plan which shall be credited**

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

20 to a separate account within the outside employee's individual  
21 account. The employing institution, pursuant to the provisions of 26  
22 U.S.C. Section 414(h)(2), shall pick up and pay such contributions. The  
23 contributions so picked up shall be treated as employer contributions  
24 for purposes of determining the outside employee's pay that is  
25 includable in the outside employee's gross income for federal income  
26 tax purposes. The outside employee's contributions picked up by the  
27 employing institution shall be:

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

32 (b) Paid by the employing institution in lieu of the contributions  
33 by the outside employee, although designated as employee  
34 contributions. The outside employee shall not have the option of  
35 choosing to receive the contributed amounts directly instead of having  
36 them paid by the employing institution to the defined contribution  
37 plan; and

38 [(6)] (7) Establish such rules and regulations as may be necessary to  
39 carry out the purposes of this section.

Section B. Section A of this act shall become effective July 1, 2017.

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