

SENATE SUBSTITUTE

FOR

SENATE BILL NO. 62

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:

1           Section A. Section 104.1205, RSMo, is repealed and one new  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

4           104.1205. The board of trustees of the Missouri state  
5 employees' retirement system shall:

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

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

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

14           (4) Annually establish the contribution rate used for  
15 purposes of subsection 3 of section 104.1066 for employees of  
16 institutions who are other than outside employees, which shall be  
17 done by considering all such employees to be part of the general  
18 employee population within the Missouri state employees'

1 retirement system;

2 (5) Establish the contribution rate for outside employees  
3 which shall be equal to ~~[one]~~ six percent of payroll ~~[less than~~  
4 the normal cost contribution rate established pursuant to  
5 subdivision (4) of this section; and];

6 (6) Require outside employees hired on or after July 1,  
7 2018, to contribute two percent of the employee's pay to the  
8 defined contribution plan which shall be credited to a separate  
9 account within the outside employee's individual account. The  
10 employing institution, pursuant to the provisions of 26 U.S.C.  
11 Section 414(h) (2), shall pick up and pay such contributions. The  
12 contributions so picked up shall be treated as employer  
13 contributions for purposes of determining the outside employee's  
14 pay that is includable in the outside employee's gross income for  
15 federal income tax purposes. The outside employee's  
16 contributions picked up by the employing institution shall be:

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

22 (b) Paid by the employing institution in lieu of the  
23 contributions by the outside employee, although designated as  
24 employee contributions. The outside employee shall not have the  
25 option of choosing to receive the contributed amounts directly  
26 instead of having them paid by the employing institution to the  
27 defined contribution plan;

28 (7) Establish such rules and regulations as may be

1 necessary to carry out the purposes of this section; and  
2 (8) Allow outside employees to contribute two percent of  
3 the employee's pay to a supplemental account established by the  
4 employer. Such employees may elect to change the contribution  
5 rate in accordance with the terms of the supplemental account,  
6 but shall not contribute less than two percent of his or her pay.

7 Section B. Section A of this act shall become effective  
8 July 1, 2018.