

FIRST REGULAR SESSION

SENATE BILL NO. 556

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BECK.

2208S.01H

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 169.070, RSMo, and to enact in lieu thereof one new section relating to public school retirement systems.

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

Section A. Section 169.070, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 169.070,
3 to read as follows:

169.070. 1. The retirement allowance of a member
2 whose age at retirement is sixty years or more and whose
3 creditable service is five years or more, or whose sum of
4 age and creditable service equals eighty years or more, or
5 who has attained age fifty-five and whose creditable service
6 is twenty-five years or more or whose creditable service is
7 thirty years or more regardless of age, may be the sum of
8 the following items, not to exceed one hundred percent of
9 the member's final average salary:

10 (1) Two and five-tenths percent of the member's final
11 average salary for each year of membership service;

12 (2) Six-tenths of the amount payable for a year of
13 membership service for each year of prior service not
14 exceeding thirty years.

15 In lieu of the retirement allowance otherwise provided in
16 subdivisions (1) and (2) of this subsection, a member may
17 elect to receive a retirement allowance of:

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

18 (3) Two and four-tenths percent of the member's final
19 average salary for each year of membership service, if the
20 member's creditable service is twenty-nine years or more but
21 less than thirty years, and the member has not attained age
22 fifty-five;

23 (4) Two and thirty-five-hundredths percent of the
24 member's final average salary for each year of membership
25 service, if the member's creditable service is twenty-eight
26 years or more but less than twenty-nine years, and the
27 member has not attained age fifty-five;

28 (5) Two and three-tenths percent of the member's final
29 average salary for each year of membership service, if the
30 member's creditable service is twenty-seven years or more
31 but less than twenty-eight years, and the member has not
32 attained age fifty-five;

33 (6) Two and twenty-five-hundredths percent of the
34 member's final average salary for each year of membership
35 service, if the member's creditable service is twenty-six
36 years or more but less than twenty-seven years, and the
37 member has not attained age fifty-five;

38 (7) Two and two-tenths percent of the member's final
39 average salary for each year of membership service, if the
40 member's creditable service is twenty-five years or more but
41 less than twenty-six years, and the member has not attained
42 age fifty-five;

43 (8) [Between July 1, 2001, and July 1, 2014,] Two and
44 [fifty-five hundredths] **fifty-three-hundredths** percent of
45 the member's final average salary for each year of
46 membership service, if the member's creditable service is
47 thirty-one years or more **but less than thirty-two years**
48 regardless of age;

49 (9) Two and fifty-six-hundredths percent of the
50 member's final average salary for each year of membership
51 service, if the member's creditable service is thirty-two
52 years or more but less than thirty-three years regardless of
53 age;

54 (10) Two and six-tenths percent of the member's final
55 average salary for each year of membership service, if the
56 member's creditable service is thirty-three years or more
57 regardless of age.

58 2. In lieu of the retirement allowance provided in
59 subsection 1 of this section, a member whose age is sixty
60 years or more on September 28, 1975, may elect to have the
61 member's retirement allowance calculated as a sum of the
62 following items:

63 (1) Sixty cents plus one and five-tenths percent of
64 the member's final average salary for each year of
65 membership service;

66 (2) Six-tenths of the amount payable for a year of
67 membership service for each year of prior service not
68 exceeding thirty years;

69 (3) Three-fourths of one percent of the sum of
70 subdivisions (1) and (2) of this subsection for each month
71 of attained age in excess of sixty years but not in excess
72 of age sixty-five.

73 3. (1) In lieu of the retirement allowance provided
74 either in subsection 1 or 2 of this section, collectively
75 called "option 1", a member whose creditable service is
76 twenty-five years or more or who has attained the age of
77 fifty-five with five or more years of creditable service may
78 elect in the member's application for retirement to receive
79 the actuarial equivalent of the member's retirement

80 allowance in reduced monthly payments for life during
81 retirement with the provision that:

82 Option 2.

83 Upon the member's death the reduced retirement
84 allowance shall be continued throughout the life
85 of and paid to such person as has an insurable
86 interest in the life of the member as the member
87 shall have nominated in the member's election of
88 the option, and provided further that if the
89 person so nominated dies before the retired
90 member, the retirement allowance will be
91 increased to the amount the retired member would
92 be receiving had the retired member elected
93 option 1; or

94 Option 3.

95 Upon the death of the member three-fourths of
96 the reduced retirement allowance shall be
97 continued throughout the life of and paid to
98 such person as has an insurable interest in the
99 life of the member and as the member shall have
100 nominated in an election of the option, and
101 provided further that if the person so nominated
102 dies before the retired member, the retirement
103 allowance will be increased to the amount the
104 retired member would be receiving had the member
105 elected option 1; or

106 Option 4.

107 Upon the death of the member one-half of the
108 reduced retirement allowance shall be continued
109 throughout the life of, and paid to, such person
110 as has an insurable interest in the life of the
111 member and as the member shall have nominated in

112 an election of the option, and provided further
113 that if the person so nominated dies before the
114 retired member, the retirement allowance shall
115 be increased to the amount the retired member
116 would be receiving had the member elected option
117 1; or

118 Option 5.

119 Upon the death of the member prior to the member
120 having received one hundred twenty monthly
121 payments of the member's reduced allowance, the
122 remainder of the one hundred twenty monthly
123 payments of the reduced allowance shall be paid
124 to such beneficiary as the member shall have
125 nominated in the member's election of the option
126 or in a subsequent nomination. If there is no
127 beneficiary so nominated who survives the member
128 for the remainder of the one hundred twenty
129 monthly payments, the total of the remainder of
130 such one hundred twenty monthly payments shall
131 be paid to the surviving spouse, surviving
132 children in equal shares, surviving parents in
133 equal shares, or estate of the last person, in
134 that order of precedence, to receive a monthly
135 allowance in a lump sum payment. If the total
136 of the one hundred twenty payments paid to the
137 retired individual and the beneficiary of the
138 retired individual is less than the total of the
139 member's accumulated contributions, the
140 difference shall be paid to the beneficiary in a
141 lump sum; or

142 Option 6.

143 Upon the death of the member prior to the member
144 having received sixty monthly payments of the
145 member's reduced allowance, the remainder of the
146 sixty monthly payments of the reduced allowance
147 shall be paid to such beneficiary as the member
148 shall have nominated in the member's election of
149 the option or in a subsequent nomination. If
150 there is no beneficiary so nominated who
151 survives the member for the remainder of the
152 sixty monthly payments, the total of the
153 remainder of such sixty monthly payments shall
154 be paid to the surviving spouse, surviving
155 children in equal shares, surviving parents in
156 equal shares, or estate of the last person, in
157 that order of precedence, to receive a monthly
158 allowance in a lump sum payment. If the total
159 of the sixty payments paid to the retired
160 individual and the beneficiary of the retired
161 individual is less than the total of the
162 member's accumulated contributions, the
163 difference shall be paid to the beneficiary in a
164 lump sum.

165 (2) The election of an option may be made only in the
166 application for retirement and such application must be
167 filed prior to the date on which the retirement of the
168 member is to be effective. If either the member or the
169 person nominated to receive the survivorship payments dies
170 before the effective date of retirement, the option shall
171 not be effective, provided that:

172 (a) If the member or a person retired on disability
173 retirement dies after acquiring twenty-five or more years of
174 creditable service or after attaining the age of fifty-five

175 years and acquiring five or more years of creditable service
176 and before retirement, except retirement with disability
177 benefits, and the person named by the member as the member's
178 beneficiary has an insurable interest in the life of the
179 deceased member, the designated beneficiary may elect to
180 receive either survivorship benefits under option 2 or a
181 payment of the accumulated contributions of the member. If
182 survivorship benefits under option 2 are elected and the
183 member at the time of death would have been eligible to
184 receive an actuarial equivalent of the member's retirement
185 allowance, the designated beneficiary may further elect to
186 defer the option 2 payments until the date the member would
187 have been eligible to receive the retirement allowance
188 provided in subsection 1 or 2 of this section;

189 (b) If the member or a person retired on disability
190 retirement dies before attaining age fifty-five but after
191 acquiring five but fewer than twenty-five years of
192 creditable service, and the person named as the member's
193 beneficiary has an insurable interest in the life of the
194 deceased member, the designated beneficiary may elect to
195 receive either a payment of the member's accumulated
196 contributions, or survivorship benefits under option 2 to
197 begin on the date the member would first have been eligible
198 to receive an actuarial equivalent of the member's
199 retirement allowance, or to begin on the date the member
200 would first have been eligible to receive the retirement
201 allowance provided in subsection 1 or 2 of this section.

202 4. If the total of the retirement or disability
203 allowance paid to an individual before the death of the
204 individual is less than the accumulated contributions at the
205 time of retirement, the difference shall be paid to the
206 beneficiary of the individual, or to the surviving spouse,

207 surviving children in equal shares, surviving parents in
208 equal shares, or estate of the individual in that order of
209 precedence. If an optional benefit as provided in option 2,
210 3 or 4 in subsection 3 of this section had been elected, and
211 the beneficiary dies after receiving the optional benefit,
212 and if the total retirement allowance paid to the retired
213 individual and the beneficiary of the retired individual is
214 less than the total of the contributions, the difference
215 shall be paid to the surviving spouse, surviving children in
216 equal shares, surviving parents in equal shares, or estate
217 of the beneficiary, in that order of precedence, unless the
218 retired individual designates a different recipient with the
219 board at or after retirement.

220 5. If a member dies and his or her financial
221 institution is unable to accept the final payment or
222 payments due to the member, the final payment or payments
223 shall be paid to the beneficiary of the member or, if there
224 is no beneficiary, to the surviving spouse, surviving
225 children in equal shares, surviving parents in equal shares,
226 or estate of the member, in that order of precedence, unless
227 otherwise stated. If the beneficiary of a deceased member
228 dies and his or her financial institution is unable to
229 accept the final payment or payments, the final payment or
230 payments shall be paid to the surviving spouse, surviving
231 children in equal shares, surviving parents in equal shares,
232 or estate of the member, in that order of precedence, unless
233 otherwise stated.

234 6. If a member dies before receiving a retirement
235 allowance, the member's accumulated contributions at the
236 time of the death of the member shall be paid to the
237 beneficiary of the member or, if there is no beneficiary, to
238 the surviving spouse, surviving children in equal shares,

239 surviving parents in equal shares, or to the estate of the
240 member, in that order of precedence; except that, no such
241 payment shall be made if the beneficiary elects option 2 in
242 subsection 3 of this section, unless the beneficiary dies
243 before having received benefits pursuant to that subsection
244 equal to the accumulated contributions of the member, in
245 which case the amount of accumulated contributions in excess
246 of the total benefits paid pursuant to that subsection shall
247 be paid to the surviving spouse, surviving children in equal
248 shares, surviving parents in equal shares, or estate of the
249 beneficiary, in that order of precedence.

250 7. If a member ceases to be a public school employee
251 as herein defined and certifies to the board of trustees
252 that such cessation is permanent, or if the membership of
253 the person is otherwise terminated, the member shall be paid
254 the member's accumulated contributions with interest.

255 8. Notwithstanding any provisions of sections 169.010
256 to 169.141 to the contrary, if a member ceases to be a
257 public school employee after acquiring five or more years of
258 membership service in Missouri, the member may at the option
259 of the member leave the member's contributions with the
260 retirement system and claim a retirement allowance any time
261 after reaching the minimum age for voluntary retirement.
262 When the member's claim is presented to the board, the
263 member shall be granted an allowance as provided in sections
264 169.010 to 169.141 on the basis of the member's age, years
265 of service, and the provisions of the law in effect at the
266 time the member requests the member's retirement to become
267 effective.

268 9. The retirement allowance of a member retired
269 because of disability shall be nine-tenths of the allowance
270 to which the member's creditable service would entitle the

271 member if the member's age were sixty, or fifty percent of
272 one-twelfth of the annual salary rate used in determining
273 the member's contributions during the last school year for
274 which the member received a year of creditable service
275 immediately prior to the member's disability, whichever is
276 greater, except that no such allowance shall exceed the
277 retirement allowance to which the member would have been
278 entitled upon retirement at age sixty if the member had
279 continued to teach from the date of disability until age
280 sixty at the same salary rate.

281 10. Notwithstanding any provisions of sections 169.010
282 to 169.141 to the contrary, from October 13, 1961, the
283 contribution rate pursuant to sections 169.010 to 169.141
284 shall be multiplied by the factor of two-thirds for any
285 member of the system for whom federal Old Age and Survivors
286 Insurance tax is paid from state or local tax funds on
287 account of the member's employment entitling the person to
288 membership in the system. The monetary benefits for a
289 member who elected not to exercise an option to pay into the
290 system a retroactive contribution of four percent on that
291 part of the member's annual salary rate which was in excess
292 of four thousand eight hundred dollars but not in excess of
293 eight thousand four hundred dollars for each year of
294 employment in a position covered by this system between July
295 1, 1957, and July 1, 1961, as provided in subsection 10 of
296 this section as it appears in RSMo, 1969, shall be the sum
297 of:

298 (1) For years of service prior to July 1, 1946, six-
299 tenths of the full amount payable for years of membership
300 service;

301 (2) For years of membership service after July 1,
302 1946, in which the full contribution rate was paid, full

303 benefits under the formula in effect at the time of the
304 member's retirement;

305 (3) For years of membership service after July 1,
306 1957, and prior to July 1, 1961, the benefits provided in
307 this section as it appears in RSMo, 1959; except that if the
308 member has at least thirty years of creditable service at
309 retirement the member shall receive the benefit payable
310 pursuant to that section as though the member's age were
311 sixty-five at retirement;

312 (4) For years of membership service after July 1,
313 1961, in which the two-thirds contribution rate was paid,
314 two-thirds of the benefits under the formula in effect at
315 the time of the member's retirement.

316 11. The monetary benefits for each other member for
317 whom federal Old Age and Survivors Insurance tax is or was
318 paid at any time from state or local funds on account of the
319 member's employment entitling the member to membership in
320 the system shall be the sum of:

321 (1) For years of service prior to July 1, 1946, six-
322 tenths of the full amount payable for years of membership
323 service;

324 (2) For years of membership service after July 1,
325 1946, in which the full contribution rate was paid, full
326 benefits under the formula in effect at the time of the
327 member's retirement;

328 (3) For years of membership service after July 1,
329 1957, in which the two-thirds contribution rate was paid,
330 two-thirds of the benefits under the formula in effect at
331 the time of the member's retirement.

332 12. Any retired member of the system who was retired
333 prior to September 1, 1972, or beneficiary receiving
334 payments under option 1 or option 2 of subsection 3 of this

335 section, as such option existed prior to September 1, 1972,
336 will be eligible to receive an increase in the retirement
337 allowance of the member of two percent for each year, or
338 major fraction of more than one-half of a year, which the
339 retired member has been retired prior to July 1, 1975. This
340 increased amount shall be payable commencing with January,
341 1976, and shall thereafter be referred to as the member's
342 retirement allowance. The increase provided for in this
343 subsection shall not affect the retired member's eligibility
344 for compensation provided for in section 169.580 or 169.585,
345 nor shall the amount being paid pursuant to these sections
346 be reduced because of any increases provided for in this
347 section.

348 13. If the board of trustees determines that the cost
349 of living, as measured by generally accepted standards,
350 increases two percent or more in the preceding fiscal year,
351 the board shall increase the retirement allowances which the
352 retired members or beneficiaries are receiving by two
353 percent of the amount being received by the retired member
354 or the beneficiary at the time the annual increase is
355 granted by the board with the provision that the increases
356 provided for in this subsection shall not become effective
357 until the fourth January first following the member's
358 retirement or January 1, 1977, whichever later occurs, or in
359 the case of any member retiring on or after July 1, 2000,
360 the increase provided for in this subsection shall not
361 become effective until the third January first following the
362 member's retirement, or in the case of any member retiring
363 on or after July 1, 2001, the increase provided for in this
364 subsection shall not become effective until the second
365 January first following the member's retirement. Commencing
366 with January 1, 1992, if the board of trustees determines

367 that the cost of living has increased five percent or more
368 in the preceding fiscal year, the board shall increase the
369 retirement allowances by five percent. The total of the
370 increases granted to a retired member or the beneficiary
371 after December 31, 1976, may not exceed eighty percent of
372 the retirement allowance established at retirement or as
373 previously adjusted by other subsections. If the cost of
374 living increases less than five percent, the board of
375 trustees may determine the percentage of increase to be made
376 in retirement allowances, but at no time can the increase
377 exceed five percent per year. If the cost of living
378 decreases in a fiscal year, there will be no increase in
379 allowances for retired members on the following January
380 first.

381 14. The board of trustees may reduce the amounts which
382 have been granted as increases to a member pursuant to
383 subsection 13 of this section if the cost of living, as
384 determined by the board and as measured by generally
385 accepted standards, is less than the cost of living was at
386 the time of the first increase granted to the member; except
387 that, the reductions shall not exceed the amount of
388 increases which have been made to the member's allowance
389 after December 31, 1976.

390 15. Any application for retirement shall include a
391 sworn statement by the member certifying that the spouse of
392 the member at the time the application was completed was
393 aware of the application and the plan of retirement elected
394 in the application.

395 16. Notwithstanding any other provision of law, any
396 person retired prior to September 28, 1983, who is receiving
397 a reduced retirement allowance under option 1 or option 2 of
398 subsection 3 of this section, as such option existed prior

399 to September 28, 1983, and whose beneficiary nominated to
400 receive continued retirement allowance payments under the
401 elected option dies or has died, shall upon application to
402 the board of trustees have his or her retirement allowance
403 increased to the amount he or she would have been receiving
404 had the option not been elected, actuarially adjusted to
405 recognize any excessive benefits which would have been paid
406 to him or her up to the time of application.

407 17. Benefits paid pursuant to the provisions of the
408 public school retirement system of Missouri shall not exceed
409 the limitations of Section 415 of Title 26 of the United
410 States Code except as provided pursuant to this subsection.
411 Notwithstanding any other law to the contrary, the board of
412 trustees may establish a benefit plan pursuant to Section
413 415(m) of Title 26 of the United States Code. Such plan
414 shall be created solely for the purpose described in Section
415 415(m) (3) (A) of Title 26 of the United States Code. The
416 board of trustees may promulgate regulations necessary to
417 implement the provisions of this subsection and to create
418 and administer such benefit plan.

419 18. Notwithstanding any other provision of law to the
420 contrary, any person retired before, on, or after May 26,
421 1994, shall be made, constituted, appointed and employed by
422 the board as a special consultant on the matters of
423 education, retirement and aging, and upon request shall give
424 written or oral opinions to the board in response to such
425 requests. As compensation for such duties the person shall
426 receive an amount based on the person's years of service so
427 that the total amount received pursuant to sections 169.010
428 to 169.141 shall be at least the minimum amounts specified
429 in subdivisions (1) to (4) of this subsection. In
430 determining the minimum amount to be received, the amounts

431 in subdivisions (3) and (4) of this subsection shall be
432 adjusted in accordance with the actuarial adjustment, if
433 any, that was applied to the person's retirement allowance.
434 In determining the minimum amount to be received, beginning
435 September 1, 1996, the amounts in subdivisions (1) and (2)
436 of this subsection shall be adjusted in accordance with the
437 actuarial adjustment, if any, that was applied to the
438 person's retirement allowance due to election of an optional
439 form of retirement having a continued monthly payment after
440 the person's death. Notwithstanding any other provision of
441 law to the contrary, no person retired before, on, or after
442 May 26, 1994, and no beneficiary of such a person, shall
443 receive a retirement benefit pursuant to sections 169.010 to
444 169.141 based on the person's years of service less than the
445 following amounts:

446 (1) Thirty or more years of service, one thousand two
447 hundred dollars;

448 (2) At least twenty-five years but less than thirty
449 years, one thousand dollars;

450 (3) At least twenty years but less than twenty-five
451 years, eight hundred dollars;

452 (4) At least fifteen years but less than twenty years,
453 six hundred dollars.

454 19. Notwithstanding any other provisions of law to the
455 contrary, any person retired prior to May 26, 1994, and any
456 designated beneficiary of such a retired member who was
457 deceased prior to July 1, 1999, shall be made, constituted,
458 appointed and employed by the board as a special consultant
459 on the matters of education, retirement or aging and upon
460 request shall give written or oral opinions to the board in
461 response to such requests. Beginning September 1, 1996, as
462 compensation for such service, the member shall have added,

463 pursuant to this subsection, to the member's monthly annuity
464 as provided by this section a dollar amount equal to the
465 lesser of sixty dollars or the product of two dollars
466 multiplied by the member's number of years of creditable
467 service. Beginning September 1, 1999, the designated
468 beneficiary of the deceased member shall as compensation for
469 such service have added, pursuant to this subsection, to the
470 monthly annuity as provided by this section a dollar amount
471 equal to the lesser of sixty dollars or the product of two
472 dollars multiplied by the member's number of years of
473 creditable service. The total compensation provided by this
474 section including the compensation provided by this
475 subsection shall be used in calculating any future cost-of-
476 living adjustments provided by subsection 13 of this section.

477 20. Any member who has retired prior to July 1, 1998,
478 and the designated beneficiary of a deceased retired member
479 shall be made, constituted, appointed and employed by the
480 board as a special consultant on the matters of education,
481 retirement and aging, and upon request shall give written or
482 oral opinions to the board in response to such requests. As
483 compensation for such duties the person shall receive a
484 payment equivalent to eight and seven-tenths percent of the
485 previous month's benefit, which shall be added to the
486 member's or beneficiary's monthly annuity and which shall
487 not be subject to the provisions of subsections 13 and 14 of
488 this section for the purposes of the limit on the total
489 amount of increases which may be received.

490 21. Any member who has retired shall be made,
491 constituted, appointed and employed by the board as a
492 special consultant on the matters of education, retirement
493 and aging, and upon request shall give written or oral
494 opinions to the board in response to such request. As

495 compensation for such duties, the beneficiary of the retired
496 member, or, if there is no beneficiary, the surviving
497 spouse, surviving children in equal shares, surviving
498 parents in equal shares, or estate of the retired member, in
499 that order of precedence, shall receive as a part of
500 compensation for these duties a death benefit of five
501 thousand dollars.

502 22. Any member who has retired prior to July 1, 1999,
503 and the designated beneficiary of a retired member who was
504 deceased prior to July 1, 1999, shall be made, constituted,
505 appointed and employed by the board as a special consultant
506 on the matters of education, retirement and aging, and upon
507 request shall give written or oral opinions to the board in
508 response to such requests. As compensation for such duties,
509 the person shall have added, pursuant to this subsection, to
510 the monthly annuity as provided by this section a dollar
511 amount equal to five dollars times the member's number of
512 years of creditable service.

513 23. Any member who has retired prior to July 1, 2000,
514 and the designated beneficiary of a deceased retired member
515 shall be made, constituted, appointed and employed by the
516 board as a special consultant on the matters of education,
517 retirement and aging, and upon request shall give written or
518 oral opinions to the board in response to such requests. As
519 compensation for such duties, the person shall receive a
520 payment equivalent to three and five-tenths percent of the
521 previous month's benefit, which shall be added to the member
522 or beneficiary's monthly annuity and which shall not be
523 subject to the provisions of subsections 13 and 14 of this
524 section for the purposes of the limit on the total amount of
525 increases which may be received.

526 24. Any member who has retired prior to July 1, 2001,
527 and the designated beneficiary of a deceased retired member
528 shall be made, constituted, appointed and employed by the
529 board as a special consultant on the matters of education,
530 retirement and aging, and upon request shall give written or
531 oral opinions to the board in response to such requests. As
532 compensation for such duties, the person shall receive a
533 dollar amount equal to three dollars times the member's
534 number of years of creditable service, which shall be added
535 to the member's or beneficiary's monthly annuity and which
536 shall not be subject to the provisions of subsections 13 and
537 14 of this section for the purposes of the limit on the
538 total amount of increases which may be received.

✓