

FIRST REGULAR SESSION

# SENATE BILL NO. 709

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR BLACK.

2888S.01I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 169.070 and 169.670, RSMo, and to enact in lieu thereof two new sections relating to limitations on cost of living increases on retirement allowances for certain public school employees.

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

Section A. Sections 169.070 and 169.670, RSMo, are  
2 repealed and two new sections enacted in lieu thereof, to be  
3 known as sections 169.070 and 169.670, 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:

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) Two and fifty-five hundredths percent of the  
44 member's final average salary for each year of membership  
45 service, if the member's creditable service is thirty-two  
46 years or more regardless of age.

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

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

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

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

3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this section, collectively called "option 1", a member whose creditable service is twenty-five years or more or who has attained the age of fifty-five with five or more years of creditable service may elect in the member's application for retirement to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement with the provision that:

Option 2.

Upon the member's death the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member as the member shall have nominated in the member's election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the

79 retired member would be receiving had the retired member  
80 elected option 1; or

81 Option 3.

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

91 Option 4.

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

101 Option 5.

102 Upon the death of the member prior to the member having  
103 received one hundred twenty monthly payments of the member's  
104 reduced allowance, the remainder of the one hundred twenty  
105 monthly payments of the reduced allowance shall be paid to  
106 such beneficiary as the member shall have nominated in the  
107 member's election of the option or in a subsequent  
108 nomination. If there is no beneficiary so nominated who  
109 survives the member for the remainder of the one hundred  
110 twenty monthly payments, the total of the remainder of such

one hundred twenty monthly payments shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the last person, in that order of precedence, to receive a monthly allowance in a lump sum payment. If the total of the one hundred twenty payments paid to the retired individual and the beneficiary of the retired individual is less than the total of the member's accumulated contributions, the difference shall be paid to the beneficiary in a lump sum; or

Option 6.

Upon the death of the member prior to the member having received sixty monthly payments of the member's reduced allowance, the remainder of the sixty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the sixty monthly payments, the total of the remainder of such sixty monthly payments shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the last person, in that order of precedence, to receive a monthly allowance in a lump sum payment. If the total of the sixty payments paid to the retired individual and the beneficiary of the retired individual is less than the total of the member's accumulated contributions, the difference shall be paid to the beneficiary in a lump sum.

(2) The election of an option may be made only in the application for retirement and such application must be filed prior to the date on which the retirement of the member is to be effective. If either the member or the person nominated to receive the survivorship payments dies

143 before the effective date of retirement, the option shall  
144 not be effective, provided that:

145       (a) If the member or a person retired on disability  
146 retirement dies after acquiring twenty-five or more years of  
147 creditable service or after attaining the age of fifty-five  
148 years and acquiring five or more years of creditable service  
149 and before retirement, except retirement with disability  
150 benefits, and the person named by the member as the member's  
151 beneficiary has an insurable interest in the life of the  
152 deceased member, the designated beneficiary may elect to  
153 receive either survivorship benefits under option 2 or a  
154 payment of the accumulated contributions of the member. If  
155 survivorship benefits under option 2 are elected and the  
156 member at the time of death would have been eligible to  
157 receive an actuarial equivalent of the member's retirement  
158 allowance, the designated beneficiary may further elect to  
159 defer the option 2 payments until the date the member would  
160 have been eligible to receive the retirement allowance  
161 provided in subsection 1 or 2 of this section;

162       (b) If the member or a person retired on disability  
163 retirement dies before attaining age fifty-five but after  
164 acquiring five but fewer than twenty-five years of  
165 creditable service, and the person named as the member's  
166 beneficiary has an insurable interest in the life of the  
167 deceased member, the designated beneficiary may elect to  
168 receive either a payment of the member's accumulated  
169 contributions, or survivorship benefits under option 2 to  
170 begin on the date the member would first have been eligible  
171 to receive an actuarial equivalent of the member's  
172 retirement allowance, or to begin on the date the member  
173 would first have been eligible to receive the retirement  
174 allowance provided in subsection 1 or 2 of this section.

175           4. If the total of the retirement or disability  
176 allowance paid to an individual before the death of the  
177 individual is less than the accumulated contributions at the  
178 time of retirement, the difference shall be paid to the  
179 beneficiary of the individual, or to the surviving spouse,  
180 surviving children in equal shares, surviving parents in  
181 equal shares, or estate of the individual in that order of  
182 precedence. If an optional benefit as provided in option 2,  
183 3 or 4 in subsection 3 of this section had been elected, and  
184 the beneficiary dies after receiving the optional benefit,  
185 and if the total retirement allowance paid to the retired  
186 individual and the beneficiary of the retired individual is  
187 less than the total of the contributions, the difference  
188 shall be paid to the surviving spouse, surviving children in  
189 equal shares, surviving parents in equal shares, or estate  
190 of the beneficiary, in that order of precedence, unless the  
191 retired individual designates a different recipient with the  
192 board at or after retirement.

193           5. If a member dies and his or her financial  
194 institution is unable to accept the final payment or  
195 payments due to the member, the final payment or payments  
196 shall be paid to the beneficiary of the member or, if there  
197 is no beneficiary, to the surviving spouse, surviving  
198 children in equal shares, surviving parents in equal shares,  
199 or estate of the member, in that order of precedence, unless  
200 otherwise stated. If the beneficiary of a deceased member  
201 dies and his or her financial institution is unable to  
202 accept the final payment or payments, the final payment or  
203 payments shall be paid to the surviving spouse, surviving  
204 children in equal shares, surviving parents in equal shares,  
205 or estate of the member, in that order of precedence, unless  
206 otherwise stated.

207           6. If a member dies before receiving a retirement  
208 allowance, the member's accumulated contributions at the  
209 time of the death of the member shall be paid to the  
210 beneficiary of the member or, if there is no beneficiary, to  
211 the surviving spouse, surviving children in equal shares,  
212 surviving parents in equal shares, or to the estate of the  
213 member, in that order of precedence; except that, no such  
214 payment shall be made if the beneficiary elects option 2 in  
215 subsection 3 of this section, unless the beneficiary dies  
216 before having received benefits pursuant to that subsection  
217 equal to the accumulated contributions of the member, in  
218 which case the amount of accumulated contributions in excess  
219 of the total benefits paid pursuant to that subsection shall  
220 be paid to the surviving spouse, surviving children in equal  
221 shares, surviving parents in equal shares, or estate of the  
222 beneficiary, in that order of precedence.

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

228           8. Notwithstanding any provisions of sections 169.010  
229 to 169.141 to the contrary, if a member ceases to be a  
230 public school employee after acquiring five or more years of  
231 membership service in Missouri, the member may at the option  
232 of the member leave the member's contributions with the  
233 retirement system and claim a retirement allowance any time  
234 after reaching the minimum age for voluntary retirement.  
235 When the member's claim is presented to the board, the  
236 member shall be granted an allowance as provided in sections  
237 169.010 to 169.141 on the basis of the member's age, years  
238 of service, and the provisions of the law in effect at the



239 time the member requests the member's retirement to become  
240 effective.

241 9. The retirement allowance of a member retired  
242 because of disability shall be nine-tenths of the allowance  
243 to which the member's creditable service would entitle the  
244 member if the member's age were sixty, or fifty percent of  
245 one-twelfth of the annual salary rate used in determining  
246 the member's contributions during the last school year for  
247 which the member received a year of creditable service  
248 immediately prior to the member's disability, whichever is  
249 greater, except that no such allowance shall exceed the  
250 retirement allowance to which the member would have been  
251 entitled upon retirement at age sixty if the member had  
252 continued to teach from the date of disability until age  
253 sixty at the same salary rate.

254 10. Notwithstanding any provisions of sections 169.010  
255 to 169.141 to the contrary, from October 13, 1961, the  
256 contribution rate pursuant to sections 169.010 to 169.141  
257 shall be multiplied by the factor of two-thirds for any  
258 member of the system for whom federal Old Age and Survivors  
259 Insurance tax is paid from state or local tax funds on  
260 account of the member's employment entitling the person to  
261 membership in the system. The monetary benefits for a  
262 member who elected not to exercise an option to pay into the  
263 system a retroactive contribution of four percent on that  
264 part of the member's annual salary rate which was in excess  
265 of four thousand eight hundred dollars but not in excess of  
266 eight thousand four hundred dollars for each year of  
267 employment in a position covered by this system between July  
268 1, 1957, and July 1, 1961, as provided in subsection 10 of  
269 this section as it appears in RSMo, 1969, shall be the sum  
270 of:

271           (1) For years of service prior to July 1, 1946, six-  
272 tenths of the full amount payable for years of membership  
273 service;

274           (2) For years of membership service after July 1,  
275 1946, in which the full contribution rate was paid, full  
276 benefits under the formula in effect at the time of the  
277 member's retirement;

278           (3) For years of membership service after July 1,  
279 1957, and prior to July 1, 1961, the benefits provided in  
280 this section as it appears in RSMo, 1959; except that if the  
281 member has at least thirty years of creditable service at  
282 retirement the member shall receive the benefit payable  
283 pursuant to that section as though the member's age were  
284 sixty-five at retirement;

285           (4) For years of membership service after July 1,  
286 1961, in which the two-thirds contribution rate was paid,  
287 two-thirds of the benefits under the formula in effect at  
288 the time of the member's retirement.

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

294           (1) For years of service prior to July 1, 1946, six-  
295 tenths of the full amount payable for years of membership  
296 service;

297           (2) For years of membership service after July 1,  
298 1946, in which the full contribution rate was paid, full  
299 benefits under the formula in effect at the time of the  
300 member's retirement;

301           (3) For years of membership service after July 1,  
302 1957, in which the two-thirds contribution rate was paid,

303 two-thirds of the benefits under the formula in effect at  
304 the time of the member's retirement.

305       12. Any retired member of the system who was retired  
306 prior to September 1, 1972, or beneficiary receiving  
307 payments under option 1 or option 2 of subsection 3 of this  
308 section, as such option existed prior to September 1, 1972,  
309 will be eligible to receive an increase in the retirement  
310 allowance of the member of two percent for each year, or  
311 major fraction of more than one-half of a year, which the  
312 retired member has been retired prior to July 1, 1975. This  
313 increased amount shall be payable commencing with January,  
314 1976, and shall thereafter be referred to as the member's  
315 retirement allowance. The increase provided for in this  
316 subsection shall not affect the retired member's eligibility  
317 for compensation provided for in section 169.580 or 169.585,  
318 nor shall the amount being paid pursuant to these sections  
319 be reduced because of any increases provided for in this  
320 section.

321       13. **(1)** If the board of trustees determines that the  
322 cost of living, as measured by generally accepted standards,  
323 increases two percent or more in the preceding fiscal year,  
324 the board shall increase the retirement allowances which the  
325 retired members or beneficiaries are receiving by two  
326 percent of the amount being received by the retired member  
327 or the beneficiary at the time the annual increase is  
328 granted by the board with the provision that the increases  
329 provided for in this subsection shall not become effective  
330 until the fourth January first following the member's  
331 retirement or January 1, 1977, whichever later occurs, or in  
332 the case of any member retiring on or after July 1, 2000,  
333 the increase provided for in this subsection shall not  
334 become effective until the third January first following the

member's retirement, or in the case of any member retiring on or after July 1, 2001, the increase provided for in this subsection shall not become effective until the second January first following the member's retirement. Commencing with January 1, 1992, if the board of trustees determines that the cost of living has increased five percent or more in the preceding fiscal year, the board shall increase the retirement allowances by five percent. The total of the increases granted to a retired member or the beneficiary after December 31, 1976, may not exceed eighty percent of the retirement allowance established at retirement or as previously adjusted by other subsections.

**(2) Notwithstanding any other provision of this chapter to the contrary, the limitation on the total of the increases granted to a retired member or beneficiary as provided by subdivision (1) of this subsection shall be subject to an annual increase approved by the board of trustees beginning on December 31, 2025, and on each December thirty-first thereafter, except that such annual increase shall not exceed one percent per year. Any increase to the limitation shall depend on the performance of the system's investments. If the system's investments earn two percent or greater returns in excess of the investment return rate adopted by the board of trustees in the immediately prior fiscal year, then the percentage of the retirement allowance for the total of increases granted to a retired member or beneficiary shall be increased by one percent. The one percent increase shall be incorporated in the calculation applicable to the retirement allowances in the calendar year that immediately follows the fiscal year in which the system's investments met or exceeded by two percent the investment return rate. The total of the**

increases granted to a retired member or beneficiary shall not exceed one hundred percent of the retirement allowance established at retirement or as previously adjusted by other sections. The percentage of the retirement allowance for the total of increases granted to a retired member or beneficiary shall not be decreased. Any reference to the limitation on the total of increases granted to a retired member or beneficiary in any other section of this chapter shall be construed to be the percentage of the retirement allowance in effect as increased pursuant to this subdivision, unless such increase to the percentage of the retirement allowance is otherwise expressly excluded.

(3) If the cost of living increases less than five percent, the board of trustees may determine the percentage of increase to be made in retirement allowances, but at no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no increase in allowances for retired members on the following January first.

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

15. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was

398 aware of the application and the plan of retirement elected  
399 in the application.

400       16. Notwithstanding any other provision of law, any  
401 person retired prior to September 28, 1983, who is receiving  
402 a reduced retirement allowance under option 1 or option 2 of  
403 subsection 3 of this section, as such option existed prior  
404 to September 28, 1983, and whose beneficiary nominated to  
405 receive continued retirement allowance payments under the  
406 elected option dies or has died, shall upon application to  
407 the board of trustees have his or her retirement allowance  
408 increased to the amount he or she would have been receiving  
409 had the option not been elected, actuarially adjusted to  
410 recognize any excessive benefits which would have been paid  
411 to him or her up to the time of application.

412       17. Benefits paid pursuant to the provisions of the  
413 public school retirement system of Missouri shall not exceed  
414 the limitations of Section 415 of Title 26 of the United  
415 States Code except as provided pursuant to this subsection.  
416 Notwithstanding any other law to the contrary, the board of  
417 trustees may establish a benefit plan pursuant to Section  
418 415(m) of Title 26 of the United States Code. Such plan  
419 shall be created solely for the purpose described in Section  
420 415(m) (3) (A) of Title 26 of the United States Code. The  
421 board of trustees may promulgate regulations necessary to  
422 implement the provisions of this subsection and to create  
423 and administer such benefit plan.

424       18. Notwithstanding any other provision of law to the  
425 contrary, any person retired before, on, or after May 26,  
426 1994, shall be made, constituted, appointed and employed by  
427 the board as a special consultant on the matters of  
428 education, retirement and aging, and upon request shall give  
429 written or oral opinions to the board in response to such

requests. As compensation for such duties the person shall receive an amount based on the person's years of service so that the total amount received pursuant to sections 169.010 to 169.141 shall be at least the minimum amounts specified in subdivisions (1) to (4) of this subsection. In determining the minimum amount to be received, the amounts in subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance. In determining the minimum amount to be received, beginning September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance due to election of an optional form of retirement having a continued monthly payment after the person's death. Notwithstanding any other provision of law to the contrary, no person retired before, on, or after May 26, 1994, and no beneficiary of such a person, shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based on the person's years of service less than the following amounts:

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

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

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

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

19. Notwithstanding any other provisions of law to the contrary, any person retired prior to May 26, 1994, and any designated beneficiary of such a retired member who was

462 deceased prior to July 1, 1999, shall be made, constituted,  
463 appointed and employed by the board as a special consultant  
464 on the matters of education, retirement or aging and upon  
465 request shall give written or oral opinions to the board in  
466 response to such requests. Beginning September 1, 1996, as  
467 compensation for such service, the member shall have added,  
468 pursuant to this subsection, to the member's monthly annuity  
469 as provided by this section a dollar amount equal to the  
470 lesser of sixty dollars or the product of two dollars  
471 multiplied by the member's number of years of creditable  
472 service. Beginning September 1, 1999, the designated  
473 beneficiary of the deceased member shall as compensation for  
474 such service have added, pursuant to this subsection, to the  
475 monthly annuity as provided by this section a dollar amount  
476 equal to the lesser of sixty dollars or the product of two  
477 dollars multiplied by the member's number of years of  
478 creditable service. The total compensation provided by this  
479 section including the compensation provided by this  
480 subsection shall be used in calculating any future cost-of-  
481 living adjustments provided by subsection 13 of this section.

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



493 this section for the purposes of the limit on the total  
494 amount of increases which may be received.

495       21. Any member who has retired shall be made,  
496 constituted, appointed and employed by the board as a  
497 special consultant on the matters of education, retirement  
498 and aging, and upon request shall give written or oral  
499 opinions to the board in response to such request. As  
500 compensation for such duties, the beneficiary of the retired  
501 member, or, if there is no beneficiary, the surviving  
502 spouse, surviving children in equal shares, surviving  
503 parents in equal shares, or estate of the retired member, in  
504 that order of precedence, shall receive as a part of  
505 compensation for these duties a death benefit of five  
506 thousand dollars.

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

518       23. Any member who has retired prior to July 1, 2000,  
519 and the designated beneficiary of a deceased retired member  
520 shall be made, constituted, appointed and employed by the  
521 board as a special consultant on the matters of education,  
522 retirement and aging, and upon request shall give written or  
523 oral opinions to the board in response to such requests. As  
524 compensation for such duties, the person shall receive a

525 payment equivalent to three and five-tenths percent of the  
526 previous month's benefit, which shall be added to the member  
527 or beneficiary's monthly annuity and which shall not be  
528 subject to the provisions of subsections 13 and 14 of this  
529 section for the purposes of the limit on the total amount of  
530 increases which may be received.

531         24. Any member who has retired prior to July 1, 2001,  
532 and the designated beneficiary of a deceased retired member  
533 shall be made, constituted, appointed and employed by the  
534 board as a special consultant on the matters of education,  
535 retirement and aging, and upon request shall give written or  
536 oral opinions to the board in response to such requests. As  
537 compensation for such duties, the person shall receive a  
538 dollar amount equal to three dollars times the member's  
539 number of years of creditable service, which shall be added  
540 to the member's or beneficiary's monthly annuity and which  
541 shall not be subject to the provisions of subsections 13 and  
542 14 of this section for the purposes of the limit on the  
543 total amount of increases which may be received.

169.670. 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 whose creditable service is thirty years or more regardless  
6 of age, shall be the sum of the following items:

7         (1) For each year of membership service, one and sixty-  
8 one hundredths percent of the member's final average salary;

9         (2) Six-tenths of the amount payable for a year of  
10 membership service for each year of prior service;

11         (3) Eighty-five one-hundredths of one percent of any  
12 amount by which the member's average compensation for  
13 services rendered prior to July 1, 1973, exceeds the average

14 monthly compensation on which federal Social Security taxes  
15 were paid during the period over which such average  
16 compensation was computed, for each year of membership  
17 service credit for services rendered prior to July 1, 1973,  
18 plus six-tenths of the amount payable for a year of  
19 membership service for each year of prior service credit;

20 (4) In lieu of the retirement allowance otherwise  
21 provided by subdivisions (1) to (3) of this subsection, a  
22 member may elect to receive a retirement allowance of:

23 (a) One and fifty-nine 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-nine  
26 years or more but less than thirty years and the member has  
27 not attained the age of fifty-five;

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

33 (c) One and fifty-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-seven  
36 years or more but less than twenty-eight years and the  
37 member has not attained the age of fifty-five;

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

43 (e) One and fifty-one hundredths percent of the  
44 member's final average salary for each year of membership  
45 service, if the member's creditable service is twenty-five

46 years or more but less than twenty-six years and the member  
47 has not attained the age of fifty-five; and

48 (5) In addition to the retirement allowance provided  
49 in subdivisions (1) to (3) of this subsection, a member  
50 retiring on or after July 1, 2001, whose creditable service  
51 is thirty years or more or whose sum of age and creditable  
52 service is eighty years or more, shall receive a temporary  
53 retirement allowance equivalent to eight-tenths of one  
54 percent of the member's final average salary multiplied by  
55 the member's years of service until such time as the member  
56 reaches the minimum age for Social Security retirement  
57 benefits.

58 2. (1) If the board of trustees determines that the  
59 cost of living, as measured by generally accepted standards,  
60 increases five percent or more in the preceding fiscal year,  
61 the board shall increase the retirement allowances which the  
62 retired members or beneficiaries are receiving by five  
63 percent of the amount being received by the retired member  
64 or the beneficiary at the time the annual increase is  
65 granted by the board; provided that, the increase provided  
66 in this subsection shall not become effective until the  
67 fourth January first following a member's retirement or  
68 January 1, 1982, whichever occurs later, and the total of  
69 the increases granted to a retired member or the beneficiary  
70 after December 31, 1981, may not exceed eighty percent of  
71 the retirement allowance established at retirement or as  
72 previously adjusted by other provisions of law.

73 (2) **Notwithstanding any other provision of this**  
74 **chapter to the contrary, the limitation on the total of the**  
75 **increases granted to a retired member or beneficiary as**  
76 **provided by subdivision (1) of this subsection shall be**  
77 **subject to an annual increase approved by the board of**

trustees beginning on December 31, 2025, and on each December thirty-first thereafter, except that such annual increase shall not exceed one percent per year. Any increase to the limitation shall depend on the performance of the system's investments. If the system's investments earn two percent or greater returns in excess of the investment return rate adopted by the board of trustees in the immediately prior fiscal year, then the percentage of the retirement allowance for the total of increases granted to a retired member or beneficiary shall be increased by one percent. The one percent increase shall be incorporated in the calculation applicable to the retirement allowances in the calendar year that immediately follows the fiscal year in which the system's investments met or exceeded by two percent the investment return rate. The total of the increases granted to a retired member or beneficiary shall not exceed one hundred percent of the retirement allowance established at retirement or as previously adjusted by other sections. The percentage of the retirement allowance for the total of increases granted to a retired member or beneficiary shall not be decreased. Any reference to the limitation on the total of increases granted to a retired member or beneficiary in any other section of this chapter shall be construed to be the percentage of the retirement allowance in effect as increased pursuant to this subdivision, unless such increase to the percentage of the retirement allowance is otherwise expressly excluded.

(3) If the cost of living increases less than five percent, the board of trustees may determine the percentage of increase to be made in retirement allowances, but at no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no

110 increase in allowances for retired members on the following  
111 January first.

112 3. The board of trustees may reduce the amounts which  
113 have been granted as increases to a member pursuant to  
114 subsection 2 of this section if the cost of living, as  
115 determined by the board and as measured by generally  
116 accepted standards, is less than the cost of living was at  
117 the time of the first increase granted to the member;  
118 provided that, the reductions shall not exceed the amount of  
119 increases which have been made to the member's allowance  
120 after December 31, 1981.

121 4. (1) In lieu of the retirement allowance provided  
122 in subsection 1 of this section, called option 1, a member  
123 whose creditable service is twenty-five years or more or who  
124 has attained age fifty-five with five or more years of  
125 creditable service may elect, in the application for  
126 retirement, to receive the actuarial equivalent of the  
127 member's retirement allowance in reduced monthly payments  
128 for life during retirement with the provision that:

129 Option 2.

130 Upon the member's death, the reduced retirement  
131 allowance shall be continued throughout the life of and paid  
132 to such person as has an insurable interest in the life of  
133 the member as the member shall have nominated in the  
134 member's election of the option, and provided further that  
135 if the person so nominated dies before the retired member,  
136 the retirement allowance will be increased to the amount the  
137 retired member would be receiving had the member elected  
138 option 1; or

139 Option 3.

140 Upon the death of the member three-fourths of the  
141 reduced retirement allowance shall be continued throughout

the life of and paid to such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the member elected option 1; or

Option 4.

Upon the death of the member one-half of the reduced retirement allowance shall be continued throughout the life of, and paid to, such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance shall be increased to the amount the retired member would be receiving had the member elected option 1; or

Option 5.

Upon the death of the member prior to the member having received one hundred twenty monthly payments of the member's reduced allowance, the remainder of the one hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred twenty monthly payments shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the last person, in that order of precedence, to receive a monthly allowance in a lump sum payment. If the total of the one

174 hundred twenty payments paid to the retired individual and  
175 the beneficiary of the retired individual is less than the  
176 total of the member's accumulated contributions, the  
177 difference shall be paid to the beneficiary in a lump sum; or

178 Option 6.

179 Upon the death of the member prior to the member having  
180 received sixty monthly payments of the member's reduced  
181 allowance, the remainder of the sixty monthly payments of  
182 the reduced allowance shall be paid to such beneficiary as  
183 the member shall have nominated in the member's election of  
184 the option or in a subsequent nomination. If there is no  
185 beneficiary so nominated who survives the member for the  
186 remainder of the sixty monthly payments, the reserve for the  
187 remainder of such sixty monthly payments shall be paid to  
188 the surviving spouse, surviving children in equal shares,  
189 surviving parents in equal shares, or estate of the last  
190 person, in that order of precedence, to receive a monthly  
191 allowance in a lump sum payment. If the total of the sixty  
192 payments paid to the retired individual and the beneficiary  
193 of the retired individual is less than the total of the  
194 member's accumulated contributions, the difference shall be  
195 paid to the beneficiary in a lump sum; or

196 Option 7.

197 A plan of variable monthly benefit payments which  
198 provides, in conjunction with the member's retirement  
199 benefits under the federal Social Security laws, level or  
200 near-level retirement benefit payments to the member for  
201 life during retirement, and if authorized, to an appropriate  
202 beneficiary designated by the member. Such a plan shall be  
203 actuarially equivalent to the retirement allowance under  
204 option 1 and shall be available for election only if



205 established by the board of trustees under duly adopted  
206 rules.

207 (2) The election of an option may be made only in the  
208 application for retirement and such application must be  
209 filed prior to the date on which the retirement of the  
210 member is to be effective. If either the member or the  
211 person nominated dies before the effective date of  
212 retirement, the option shall not be effective, provided that:

213 (a) If the member or a person retired on disability  
214 retirement dies after attaining age fifty-five and acquiring  
215 five or more years of creditable service or after acquiring  
216 twenty-five or more years of creditable service and before  
217 retirement, except retirement with disability benefits, and  
218 the person named by the member as the member's beneficiary  
219 has an insurable interest in the life of the deceased  
220 member, the designated beneficiary may elect to receive  
221 either survivorship payments under option 2 or a payment of  
222 the member's accumulated contributions. If survivorship  
223 benefits under option 2 are elected and the member at the  
224 time of death would have been eligible to receive an  
225 actuarial equivalent of the member's retirement allowance,  
226 the designated beneficiary may further elect to defer the  
227 option 2 payments until the date the member would have been  
228 eligible to receive the retirement allowance provided in  
229 subsection 1 of this section.

230 (b) If the member or a person retired on disability  
231 retirement dies before attaining age fifty-five but after  
232 acquiring five but fewer than twenty-five years of  
233 creditable service, and the person named as the beneficiary  
234 has an insurable interest in the life of the deceased member  
235 or disability retiree, the designated beneficiary may elect  
236 to receive either a payment of the person's accumulated

contributions or survivorship benefits under option 2 to begin on the date the member would first have been eligible to receive an actuarial equivalent of the person's retirement allowance, or to begin on the date the member would first have been eligible to receive the retirement allowance provided in subsection 1 of this section.

5. If the total of the retirement or disability allowances paid to an individual before the person's death is less than the person's accumulated contributions at the time of the person's retirement, the difference shall be paid to the person's beneficiary or, if there is no beneficiary, to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or person's estate, in that order of precedence; provided, however, that if an optional benefit, as provided in option 2, 3 or 4 in subsection 4 of this section, had been elected and the beneficiary dies after receiving the optional benefit, then, if the total retirement allowances paid to the retired individual and the individual's beneficiary are less than the total of the contributions, the difference shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the beneficiary, in that order of precedence, unless the retired individual designates a different recipient with the board at or after retirement.

6. If a member dies and his or her financial institution is unable to accept the final payment or payments due to the member, the final payment or payments shall be paid to the beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the member, in that order of precedence, unless

otherwise stated. If the beneficiary of a deceased member dies and his or her financial institution is unable to accept the final payment or payments, the final payment or payments shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the member, in that order of precedence, unless otherwise stated.

7. If a member dies before receiving a retirement allowance, the member's accumulated contributions at the time of the member's death shall be paid to the member's beneficiary or, if there is no beneficiary, to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or to the member's estate; provided, however, that no such payment shall be made if the beneficiary elects option 2 in subsection 4 of this section, unless the beneficiary dies before having received benefits pursuant to that subsection equal to the accumulated contributions of the member, in which case the amount of accumulated contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the beneficiary, in that order of precedence.

8. If a member ceases to be an employee as defined in section 169.600 and certifies to the board of trustees that such cessation is permanent or if the person's membership is otherwise terminated, the person shall be paid the person's accumulated contributions with interest.

9. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, if a member ceases to be an employee as defined in section 169.600 after acquiring five or more years of creditable service, the member may, at the

option of the member, leave the member's contributions with the retirement system and claim a retirement allowance any time after the member reaches the minimum age for voluntary retirement. When the member's claim is presented to the board, the member shall be granted an allowance as provided in sections 169.600 to 169.715 on the basis of the member's age and years of service.

10. The retirement allowance of a member retired because of disability shall be nine-tenths of the allowance to which the member's creditable service would entitle the member if the member's age were sixty.

11. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, any member who is a member prior to October 13, 1969, may elect to have the member's retirement allowance computed in accordance with sections 169.600 to 169.715 as they existed prior to October 13, 1969.

12. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

13. Notwithstanding any other provision of law, any person retired prior to August 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4 of this section, as the option existed prior to August 14, 1984, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have the person's retirement allowance increased to the amount the person would have been receiving had the person not elected the option actuarially adjusted to

332 recognize any excessive benefits which would have been paid  
333 to the person up to the time of the application.

334 14. Benefits paid pursuant to the provisions of the  
335 public education employee retirement system of Missouri  
336 shall not exceed the limitations of Section 415 of Title 26  
337 of the United States Code, except as provided under this  
338 subsection. Notwithstanding any other law, the board of  
339 trustees may establish a benefit plan under Section 415(m)  
340 of Title 26 of the United States Code. Such plan shall be  
341 credited solely for the purpose described in Section  
342 415(m) (3) (A) of Title 26 of the United States Code. The  
343 board of trustees may promulgate regulations necessary to  
344 implement the provisions of this subsection and to create  
345 and administer such benefit plan.

346 15. Any member who has retired prior to July 1, 1999,  
347 and the designated beneficiary of a deceased retired member  
348 upon request shall be made, constituted, appointed and  
349 employed by the board as a special consultant on the matters  
350 of education, retirement and aging. As compensation for  
351 such duties the person shall receive a payment equivalent to  
352 seven and four-tenths percent of the previous month's  
353 benefit, which shall be added to the member's or  
354 beneficiary's monthly annuity and which shall not be subject  
355 to the provisions of subsections 2 and 3 of this section for  
356 the purposes of the limit on the total amount of increases  
357 which may be received.

358 16. Any member who has retired prior to July 1, 2000,  
359 and the designated beneficiary of a deceased retired member  
360 upon request shall be made, constituted, appointed and  
361 employed by the board as a special consultant on the matters  
362 of education, retirement and aging. As compensation for  
363 such duties the person shall receive a payment equivalent to

364 three and four-tenths percent of the previous month's  
365 benefit, which shall be added to the member's or  
366 beneficiary's monthly annuity and which shall not be subject  
367 to the provisions of subsections 2 and 3 of this section for  
368 the purposes of the limit on the total amount of increases  
369 which may be received.

370 17. Any member who has retired prior to July 1, 2001,  
371 and the designated beneficiary of a deceased retired member  
372 upon request shall be made, constituted, appointed and  
373 employed by the board as a special consultant on the matters  
374 of education, retirement and aging. As compensation for  
375 such duties the person shall receive a payment equivalent to  
376 seven and one-tenth percent of the previous month's benefit,  
377 which shall be added to the member's or beneficiary's  
378 monthly annuity and which shall not be subject to the  
379 provisions of subsections 2 and 3 of this section for the  
380 purposes of the limit on the total amount of increases which  
381 may be received.

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