

FIRST REGULAR SESSION

HOUSE BILL NO. 519

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE FROELKER.

Read 1st time January 24, 2001, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

1390L.011

AN ACT

To repeal section 169.070, RSMo 2000, relating to the public school retirement system, and to enact in lieu thereof one new section relating to the same subject, with an emergency clause.

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

Section A. Section 169.070, RSMo 2000, is repealed and one new section enacted in lieu thereof, to be known as section 169.070, to read as follows:

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

(1) Two 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.

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

(3) Between July 1, 1998, and July 1, 2003, two and four-tenths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-nine years or more but less than thirty years, and the member has not attained age fifty-five;

18 (4) Between July 1, 1998, and July 1, 2003, two and thirty-five-hundredths percent of
19 the member's final average salary for each year of membership service, if the member's creditable
20 service is twenty-eight years or more but less than twenty-nine years, and the member has not
21 attained age fifty-five;

22 (5) Between July 1, 1998, and July 1, 2003, two and three-tenths percent of the member's
23 final average salary for each year of membership service, if the member's creditable service is
24 twenty-seven years or more but less than twenty-eight years, and the member has not attained
25 age fifty-five;

26 (6) Between July 1, 1998, and July 1, 2003, two and twenty-five-hundredths percent of
27 the member's final average salary for each year of membership service, if the member's creditable
28 service is twenty-six years or more but less than twenty-seven years, and the member has not
29 attained age fifty-five;

30 (7) Between July 1, 1998, and July 1, 2003, two and two-tenths percent of the member's
31 final average salary for each year of membership service, if the member's creditable service is
32 twenty-five years or more but less than twenty-six years, and the member has not attained age
33 fifty-five.

34 **(8) Between July 1, 2001, and July 1, 2005, two and fifty-five hundredths percent**
35 **of the member's final average salary for each year of membership service if the member's**
36 **creditable service is thirty-one years or more but less than thirty-two, regardless of age,**
37 **two and six-tenths percent of the member's final average salary for each year of**
38 **membership service if the member's creditable service is thirty-two years or more but less**
39 **than thirty-three, regardless of age, two and sixty-five hundredths percent of the member's**
40 **final average salary for each year of membership service if the member's creditable service**
41 **is thirty-three years or more but less than thirty-four, regardless of age, and two and seven-**
42 **tenths percent of the member's final average salary for each year of membership service**
43 **if the member's creditable service is thirty-four or more, regardless of age.**

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

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

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

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

53 3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this

54 section, collectively called "option 1", a member whose creditable service is twenty-five years
55 or more or who has attained the age of fifty-five with five or more years of creditable service may
56 elect in the member's application for retirement to receive the actuarial equivalent of the
57 member's retirement allowance in reduced monthly payments for life during retirement with the
58 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 retired member would be receiving had the retired member elected option 1;

OR

Option 3. Upon the death of the member three-fourths 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 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 estate of the last person to receive a monthly allowance;

OR

89 Option 6. Upon the death of the member prior to the member having received sixty

90 monthly payments of the member's reduced allowance, the remainder of the sixty monthly
91 payments of the reduced allowance shall be paid to such beneficiary as the member shall have
92 nominated in the member's election of the option or in a subsequent nomination. If there is no
93 beneficiary so nominated who survives the member for the remainder of the sixty monthly
94 payments, the reserve of the remainder of such sixty monthly payments shall be paid to the estate
95 of the last person to receive a monthly allowance.

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

100 (a) If the member or a person retired on disability retirement dies after acquiring
101 twenty-five or more years of creditable service or after attaining the age of fifty-five years and
102 acquiring five or more years of creditable service and before retirement, except retirement with
103 disability benefits, and the person named by the member as the member's primary beneficiary
104 has an insurable interest in the life of the deceased member, the designated beneficiary may elect
105 to receive either survivorship benefits under option 2 or a payment of the accumulated
106 contributions of the member. If survivorship benefits under option 2 are elected and the member
107 at the time of death would have been eligible to receive an actuarial equivalent of the member's
108 retirement allowance, the designated beneficiary may further elect to defer the option 2 payments
109 until the date the member would have been eligible to receive the retirement allowance provided
110 in subsection 1 or 2 of this section;

111 (b) If the member or a person retired on disability retirement dies before attaining age
112 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the
113 person named as the member's primary beneficiary has an insurable interest in the life of the
114 deceased member, the designated beneficiary may elect to receive either a payment of the
115 member's accumulated contributions, or survivorship benefits under option 2 to begin on the date
116 the member would first have been eligible to receive an actuarial equivalent of the member's
117 retirement allowance, or to begin on the date the member would first have been eligible to
118 receive the retirement allowance provided in subsection 1 or 2 of this section.

119 4. If the total of the retirement allowance paid to an individual before the death of the
120 individual is less than the accumulated contributions at the time of retirement, the difference
121 shall be paid to the beneficiary of the individual, or to the estate of the individual, if there be no
122 beneficiary. If an optional benefit as provided in option 2, 3 or 4 in subsection 3 of this section
123 had been elected, and the beneficiary dies after receiving the optional benefit, and if the total
124 retirement allowance paid to the retired individual and the beneficiary of the retired individual
125 is less than the total of the contributions, the difference shall be paid to the estate of the

126 beneficiary unless the retired individual designates a different recipient with the board at or after
127 retirement.

128 5. If a member dies before receiving a retirement allowance, the member's accumulated
129 contributions at the time of the death of the member shall be paid to the beneficiary of the
130 member or to the estate of the member, if there be no beneficiary; except that, no such payment
131 shall be made if the beneficiary elects option 2 in subsection 3 of this section, unless the
132 beneficiary dies before having received benefits pursuant to that subsection equal to the
133 accumulated contributions of the member, in which case the amount of accumulated
134 contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the
135 estate of the beneficiary.

136 6. If a member ceases to be a public school employee as herein defined and certifies to
137 the board of trustees that such cessation is permanent, or if the membership of the person is
138 otherwise terminated, the member shall be paid the member's accumulated contributions with
139 interest.

140 7. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, if a
141 member ceases to be a public school employee after acquiring five or more years of membership
142 service in Missouri, the member may at the option of the member leave the member's
143 contributions with the retirement system and claim a retirement allowance any time after
144 reaching the minimum age for voluntary retirement. When the member's claim is presented to
145 the board, the member shall be granted an allowance as provided in sections 169.010 to 169.141
146 on the basis of the member's age, years of service, and the provisions of the law in effect at the
147 time the member requests the member's retirement to become effective.

148 8. The retirement allowance of a member retired because of disability shall be
149 nine-tenths of the allowance to which the member's creditable service would entitle the member
150 if the member's age were sixty, or fifty percent of one-twelfth of the annual salary rate used in
151 determining the member's contributions during the last school year for which the member
152 received a year of creditable service immediately prior to the member's disability, whichever is
153 greater, except that no such allowance shall exceed the retirement allowance to which the
154 member would have been entitled upon retirement at age sixty if the member had continued to
155 teach from the date of disability until age sixty at the same salary rate.

156 9. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, from
157 October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be
158 multiplied by the factor of two-thirds for any member of the system for whom federal Old Age
159 and Survivors Insurance tax is paid from state or local tax funds on account of the member's
160 employment entitling the person to membership in the system. The monetary benefits for a
161 member who elected not to exercise an option to pay into the system a retroactive contribution

of four percent on that part of the member's annual salary rate which was in excess of four thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each year of employment in a position covered by this system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of this section as it appears in RSMo 1969, shall be the sum of:

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

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

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

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

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

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

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

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

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

12. If the board of trustees determines that the cost of living, as measured by generally

accepted standards, increases two percent or more in the preceding fiscal year, the board shall increase the retirement allowances which the retired members or beneficiaries are receiving by two percent of the amount being received by the retired member or the beneficiary at the time the annual increase is granted by the board with the provision that the increases provided for in this subsection shall not become effective until the fourth January first following the member's retirement or January 1, 1977, whichever later occurs, or in the case of any member retiring on or after July 1, 2000, and not for any member retiring before July 1, 2000, the increase provided for in this subsection shall not become effective until the third 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. 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.

13. The board of trustees may reduce the amounts which have been granted as increases to a member pursuant to subsection 12 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.

14. 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.

15. Notwithstanding any other provision of law, any person retired prior to September 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of subsection 3 of this section, as such option existed prior to September 28, 1983, 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 his or her retirement allowance increased to the amount he or she would have been receiving had the option not been elected, actuarially adjusted to recognize any excessive benefits which would have been paid to him or her up to the time of application.

16. Benefits paid pursuant to the provisions of the public school retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code.

17. Notwithstanding any other provision of law to the contrary, any person retired before,

on, or after May 26, 1994, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give 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.

18. 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 deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement or aging and upon request shall give written or oral opinions to the board in response to such requests. Beginning September 1, 1996, as compensation for such service, the member shall have added, pursuant to this subsection, to the member's monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of years of creditable service. Beginning September 1, 1999, the designated beneficiary of the deceased member shall as compensation for such service have added, pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of years of creditable service. The total compensation provided by this section including the compensation provided by this subsection shall be used in calculating any future cost-of-living adjustments provided by subsection 12 of this section.

19. Any member who has retired prior to July 1, 1998, and the designated beneficiary

270 of a deceased retired member shall be made, constituted, appointed and employed by the board
271 as a special consultant on the matters of education, retirement and aging, and upon request shall
272 give written or oral opinions to the board in response to such requests. As compensation for such
273 duties the person shall receive a payment equivalent to eight and seven-tenths percent of the
274 previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity
275 and which shall not be subject to the provisions of subsections 12 and 13 of this section for the
276 purposes of the limit on the total amount of increases which may be received.

277 20. Any member who has retired shall be made, constituted, appointed and employed
278 by the board as a special consultant on the matters of education, retirement and aging, and upon
279 request shall give written or oral opinions to the board in response to such request. As
280 compensation for such duties, the person shall receive as a part of compensation for these duties
281 a death benefit of five thousand dollars.

282 21. Any member who has retired prior to July 1, 1999, and the designated beneficiary
283 of a retired member who was deceased prior to July 1, 1999, shall be made, constituted,
284 appointed and employed by the board as a special consultant on the matters of education,
285 retirement and aging, and upon request shall give written or oral opinions to the board in
286 response to such requests.

287
288 As compensation for such duties, the person shall have added, pursuant to this subsection, to the
289 monthly annuity as provided by this section a dollar amount equal to five dollars times the
290 member's number of years of creditable service.

291 22. Any member who has retired prior to July 1, 2000, and the designated beneficiary
292 of a deceased retired member shall be made, constituted, appointed and employed by the board
293 as a special consultant on the matters of education, retirement and aging, and upon request shall
294 give written or oral opinions to the board in response to such requests. As compensation for such
295 duties, the person shall receive a payment equivalent to three and five-tenths percent of the
296 previous month's benefit, which shall be added to the member or beneficiary's monthly annuity
297 and which shall not be subject to the provisions of subsections 12 and 13 of this section for the
298 purposes of the limit on the total amount of increases which may be received.

Section B. Because immediate action is necessary to provide equitable treatment and
2 timely application of certain pension benefits and compensation, section A of this act is deemed
3 necessary for the immediate preservation of the public health, welfare, peace and safety, and is
4 hereby declared to be an emergency act within the meaning of the constitution, and section A of
5 this act shall be in full force and effect on July 1, 2001, or upon its passage and approval,
6 whichever later occurs.