FIRST REGULAR SESSION

# HOUSE BILL NO. 348

## 92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES DEMPSEY AND WRIGHT (Co-sponsors).

Read 1st time January 30, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1405L.01I

## AN ACT

To repeal section 70.660, RSMo, and to enact in lieu thereof one new section relating to local government employees' retirement system.

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

Section A. Section 70.660, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 70.660, to read as follows:

70.660. 1. **Except as otherwise provided herein,** before the date the first payment of a person's allowance becomes due but not thereafter, a person about to become a retirant may elect to **[**have**]** **receive** his or her allowance for life **[**reduced but not any temporary allowance which may be payable, and nominate a beneficiary, as provided by option A or option B or option C or option D set forth below**]** **with or without a partial lump-sum distribution, as provided in this subsection a person about to become a retirant may elect to receive a partial lump-sum distribution equal to twenty-four times the amount of his or her monthly allowance for life, not including any monthly temporary allowance which may be payable. Such lump sum shall be paid to the retirant, upon written application to the board, not fewer than ninety days nor more than one hundred fifty days after the date the first payment of his or her monthly allowance becomes due. The retirant's monthly life allowance shall be reduced to eighty-four percent if the retirant's age at the time of retirement is sixty, which percent shall be decreased by four-tenths of one percent for each year the retirant's age at the time of retirement is greater than sixty, or which percent shall be increased by four-tenths of one percent for each year the retirant's age at the time of retirement is less than sixty. The reductions in monthly life allowance in this subsection**

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law. Matter in boldface type in the above law is new proposed language.

**shall be calculated and applied before any reductions under subsection 2 of this section are calculated and applied.**

**2. Before the date the first payment of a person's allowance becomes due but not thereafter, a person about to become a retirant may elect to have his or her allowance for life reduced but not any temporary allowance which may be payable, and nominate a beneficiary, as provided by option A, B, C, or D set forth below**:

(1) Option A. Under option A, a retirant's allowance payable to the retirant shall be reduced to a certain percent of the allowance otherwise payable to the retirant. **[**If such first payment due date is before October 1, 1998, such percent shall be eighty percent if the retirant's age and the retirant's beneficiary's age are the same on such first due date, which shall be decreased by three-quarters of one percent for each year that the beneficiary's age is less than the retirant's age, or which shall be increased by three-quarters of one percent, up to a maximum of ninety percent, for each year that the beneficiary's age is more than the retirant's age.**]** If such first payment due date is on or after October 1, 1998, such percent shall be eighty-five percent if the retirant's age and the retirant's beneficiary's age are the same on such first due date, which shall be decreased by three-quarters of one percent for each year that the beneficiary's age is less than the retirant's age, or which shall be increased by three-quarters of one percent, up to a maximum of ninety percent, for each year that the beneficiary's age is more than the retirant's age. Upon the retirant's death three-quarters of the retirant's reduced allowance to which the retirant would have been entitled had the retirant lived shall be paid to his or her surviving beneficiary, nominated before such first payment due date but not thereafter, who was the retirant's spouse for not less than the two years immediately preceding such first payment due date, or another person aged forty years or older receiving more than one-half support from the retirant for not less than the two years immediately preceding such first payment due date.

(2) Option B. Under option B, a retirant's allowance payable to the retirant shall be reduced to a certain percent of the allowance otherwise payable to the retirant. **[**If such first payment due date is before October 1, 1998, such percent shall be eighty-five percent if the retirant's age and the retirant's beneficiary's age are the same on such first payment due date, which shall be decreased by one-half of one percent for each year that the beneficiary's age is less than the retirant's age, or which shall be increased by one-half of one percent, up to a maximum of ninety-five percent, for each year that the beneficiary's age is more than the retirant's age.**]** If such first payment due date is on or after October 1, 1998, such percent shall be ninety percent if the retirant's age and the retirant's beneficiary's age are the same on such first payment due date, which shall be decreased by one-half of one percent for each year that the beneficiary's age is less than the retirant's age, or which shall be increased by one-half of one percent, up to a maximum of ninety-five percent for each year that the beneficiary's age is more than the retirant's

age. Upon the retirant's death one-half of his or her reduced allowance to which the retirant would have been entitled had the retirant lived shall be paid to the retirant's surviving beneficiary, nominated before such first payment due date but not thereafter, who was either the retirant's spouse for not less than the two years immediately preceding such first payment due date, or another person aged forty years or older receiving more than one-half support from the retirant for not less than the two years immediately preceding such first payment due date.

(3) Option C. Under option C, a retirant's allowance payable to the retirant shall be reduced to **[**ninety percent of the allowance otherwise payable to the retirant if such first payment due date is before October 1, 1998, or**]** ninety-five percent of the allowance otherwise payable to the retirant if such first payment due date is on or after October 1, 1998. If the retirant dies before having received one hundred twenty monthly payments of his or her reduced allowance, his or her reduced allowance to which the retirant would have been entitled had the retirant lived shall be paid for the remainder of the one hundred twenty months' period to such person as the retirant shall have nominated by written designation duly executed and filed with the board. If there is no such beneficiary surviving the retirant, the reserve for such allowance for the remainder of such one hundred twenty months' period shall be paid to the retirant's estate.

(4) Option D. Some other option approved by the board which shall be the actuarial equivalent of the allowance to which the member is entitled under this system.

**[**2.**] 3.** The death of the beneficiary **designated under option A or B of subsection 2 of this section** before the death of the retirant after retirement shall, **[**at the written election of the retirant,**] upon written notification to the system of the death of the beneficiary,** cancel any optional plan elected at retirement to provide continuing lifetime benefits to the beneficiary and shall return the retirant to his or her single lifetime benefit equivalent, to be effective the month following receipt of the **[**retirant's election to cancel**] written notification of the death of the beneficiary** by the system.

**[**3.**] 4.** If a member fails to elect **[**an**] a benefit** option **under subsection 2 of this section**, his or her allowance for life shall be paid to the member as a single lifetime benefit.