

SCS HCS HB 346 & 174 -- PUBLIC SCHOOL RETIREMENT SYSTEMS

This bill revises various provisions of the Missouri Public School Retirement System.

TEACHING PERSONNEL AND RETIREMENT BENEFITS

The bill requires the State Board of Education to develop rules to facilitate job-sharing positions for classroom teachers. The bill contains a definition for "job-sharing position" and entitles teachers in these positions to certain employment benefits and retirement benefits.

PUBLIC SCHOOL RETIREMENT SYSTEMS

The bill contains provisions pertaining to certain public school districts and retirement systems.

In school districts with 300,000 residents or less, the bill:

- (1) Requires the board to determine and certify to employers the level rate of contribution and specifies the time period the rate should be established;
- (2) Requires the level rate of contribution for a fiscal year not to exceed the rate of contribution for the prior fiscal year by more than 0.5%;
- (3) Requires the board to determine and certify the level rate of contribution for a fiscal year based on an actuarial valuation. The valuation will be based on an entry age normal actuarial cost method and an asset valuation method, with the unfunded actuarial liability amortized over a period not to exceed 30 years;
- (4) Requires the board to have an actuary review the actuarial valuation of the system and perform an additional valuation at least once every 10 years;
- (5) Prohibits legislation from being enacted after July 1, 2003, which provides benefit increases to members and retirees unless there is a matching contribution rate which equals 10.5% as determined by an actuarial valuation. Legislation can be enacted after July 1, 2003, that provides an extension of time for a member to make an election for a retirement allowance;
- (6) Allows a member who is reinstated with the retirement system to effect reinstatement by repaying to the system accumulated contributions which are withdrawn or refunded prior to termination with the retirement system;

(7) Allows members who have accrued at least one year of membership service credit and who have covered employment with the system following the credit being purchased to purchase membership service credit or equivalent service credit under certain terms and conditions. Payment for the membership service credit is required prior to termination of membership with the retirement system;

(8) Allows a member who has served in the armed forces and who is no longer in service to purchase membership service credit equivalent to the period of active duty service;

(9) Extends the period of a certain retirement allowance computation provision (Option 1) from July 1, 2003, to July 1, 2008; and

(10) Allows a member eligible for retirement who has not previously received a retirement allowance to elect to receive a partial lump-sum distribution based on an option plan. This election is based on years of creditable service and age and is subject to certain terms and conditions.

Pertaining to the Kansas City School District, the bill:

(1) Allows retired certificated teachers who are receiving benefits to teach full-time for up to two years without losing retirement benefits. The total number of retired certificated teachers cannot exceed 15 at any one time;

(2) Requires the district to make a good faith effort to fill current positions with non-retired certificated teachers, declare a shortage of certificated teachers, and follow certain recruitment requirements;

(3) Requires the district to pay the employer's contribution rate and the rehired teacher is required to pay the employee's contribution rate; and

(4) Requires the district to be responsible for additional actuarial costs resulting from rehiring retired certificated teachers.

#### GENERAL RETIREMENT PROVISIONS

The bill:

(1) Allows members of specified public school retirement systems who have previous credit in another public school retirement system to purchase equivalent service credit in their present retirement system;

(2) Allows members of specified retirement systems who are within five years of retirement to purchase additional creditable service;

(3) Revises the health insurance benefits provision by allowing employees one year from the date of last employment to qualify for the coverage; and

(4) Contains a provision which allows school districts covered under Sections 169.010 to 169.141, RSMo, with a shortage of certificated teachers to employ up to five retired certificated teachers for up to two years. The teachers would not lose retirement benefits. The bill also allows up to five persons who are receiving retirement benefits from the non-teacher school retirement system to be employed on a full-time basis for up to two years without losing benefits. A school district covered under this system is required to have a shortage of non-certificated employees.

#### NON-TEACHER SCHOOL RETIREMENT SYSTEM

The bill:

(1) Requires the Board of Trustees to determine and certify to employers the level rate of contribution and specifies the time period the rate should be established;

(2) Requires the level rate of contribution for a fiscal year not to exceed the rate of contribution for the prior fiscal year by more than 0.25%;

(3) Requires the board to determine and certify the level rate of contribution for a fiscal year based on an actuarial valuation. The valuation will be based on an entry age normal actuarial cost method and an asset valuation method, with the unfunded actuarial liability amortized over a period not to exceed 30 years;

(4) Requires the board to have an actuary review the actuarial valuation of the system and perform an additional valuation at least once every 10 years;

(5) Prohibits legislation from being enacted after July 1, 2003, which provides benefit increases to members and retirees unless there is a matching contribution rate which equals 5% as determined by an actuarial valuation. Legislation can be enacted after July 1, 2003, that provides an extension of time for a member to make an election for a retirement allowance;

(6) Allows a member who is reinstated with the retirement system

to effect reinstatement by repaying to the system accumulated contributions which are withdrawn or refunded prior to termination with the retirement system;

(7) Allows members who have accrued at least one year of membership service credit and who have covered employment with the system following the credit being purchased to purchase membership service credit or equivalent service credit under certain terms and conditions;

(8) Allows a member who has served in the armed forces and who is no longer in service to purchase membership service credit equivalent to the period of active duty service;

(9) Revises a retirement allowance computation provision; and

(10) Allows a member eligible for retirement who has not previously received a retirement allowance to elect to receive a partial lump-sum distribution based on an option plan. This election is based on years of creditable service and age and is subject to certain terms and conditions.

The bill contains an emergency clause for certain provisions.