

FIRST REGULAR SESSION

# HOUSE BILL NO. 625

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES DEMPSEY (Sponsor), HUBBARD, NOLTE, LAMPE,  
PORTWOOD, KINGERY, WILSON (119), WILSON (130), WHORTON, SCHAD, SATER,  
AULL AND PAGE (Co-sponsors).

Read 1st time January 25, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1396L.011

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### AN ACT

To repeal sections 169.070 and 169.670, RSMo, and to enact in lieu thereof two new sections relating to the teacher and school employee retirement systems.

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

Section A. Sections 169.070 and 169.670, RSMo, are repealed and two new sections  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

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

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

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

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

13 (3) Between July 1, 1998, and July 1, [2008] **2013**, two and four-tenths percent of the  
14 member's final average salary for each year of membership service, if the member's creditable  
15 service is twenty-nine years or more but less than thirty years, and the member has not attained  
16 age fifty-five;

17 (4) Between July 1, 1998, and July 1, [2008] **2013**, two and thirty-five-hundredths  
18 percent of the member's final average salary for each year of membership service, if the  
19 member's creditable service is twenty-eight years or more but less than twenty-nine years, and  
20 the member has not attained age fifty-five;

21 (5) Between July 1, 1998, and July 1, [2008] **2013**, two and three-tenths percent of the  
22 member's final average salary for each year of membership service, if the member's creditable  
23 service is twenty-seven years or more but less than twenty-eight years, and the member has not  
24 attained age fifty-five;

25 (6) Between July 1, 1998, and July 1, [2008] **2013**, two and twenty-five-hundredths  
26 percent of the member's final average salary for each year of membership service, if the  
27 member's creditable service is twenty-six years or more but less than twenty-seven years, and the  
28 member has not attained age fifty-five;

29 (7) Between July 1, 1998, and July 1, [2008] **2013**, two and two-tenths percent of the  
30 member's final average salary for each year of membership service, if the member's creditable  
31 service is twenty-five years or more but less than twenty-six years, and the member has not  
32 attained age fifty-five;

33 (8) Between July 1, 2001, and July 1, [2008] **2013**, two and fifty-five hundredths percent  
34 of the member's final average salary for each year of membership service, if the member's  
35 creditable service is thirty-one years or more regardless of age.

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

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

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

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

45 3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this  
46 section, collectively called "option 1", a member whose creditable service is twenty-five years  
47 or more or who has attained the age of fifty-five with five or more years of creditable service may  
48 elect in the member's application for retirement to receive the actuarial equivalent of the

49 member's retirement allowance in reduced monthly payments for life during retirement with the  
50 provision that:

51 Option 2. Upon the member's death the reduced retirement allowance shall be continued  
52 throughout the life of and paid to such person as has an insurable interest in the life of the  
53 member as the member shall have nominated in the member's election of the option, and  
54 provided further that if the person so nominated dies before the retired member, the retirement  
55 allowance will be increased to the amount the retired member would be receiving had the retired  
56 member elected option 1;

57 OR

58 Option 3. Upon the death of the member three-fourths of the reduced retirement  
59 allowance shall be continued throughout the life of and paid to such person as has an insurable  
60 interest in the life of the member and as the member shall have nominated in an election of the  
61 option, and provided further that if the person so nominated dies before the retired member, the  
62 retirement allowance will be increased to the amount the retired member would be receiving had  
63 the member elected option 1;

64 OR

65 Option 4. Upon the death of the member one-half of the reduced retirement allowance  
66 shall be continued throughout the life of, and paid to, such person as has an insurable interest in  
67 the life of the member and as the member shall have nominated in an election of the option, and  
68 provided further that if the person so nominated dies before the retired member, the retirement  
69 allowance shall be increased to the amount the retired member would be receiving had the  
70 member elected option 1;

71 OR

72 Option 5. Upon the death of the member prior to the member having received one  
73 hundred twenty monthly payments of the member's reduced allowance, the remainder of the one  
74 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as  
75 the member shall have nominated in the member's election of the option or in a subsequent  
76 nomination. If there is no beneficiary so nominated who survives the member for the remainder  
77 of the one hundred twenty monthly payments, the total of the remainder of such one hundred  
78 twenty monthly payments shall be paid to the estate of the last person to receive a monthly  
79 allowance. If the total of the one hundred twenty payments paid to the retired individual and the  
80 beneficiary of the retired individual is less than the total of the member's accumulated  
81 contributions, the difference shall be paid to the beneficiary in a lump sum;

82 OR

83 Option 6. Upon the death of the member prior to the member having received sixty  
84 monthly payments of the member's reduced allowance, the remainder of the sixty monthly

85 payments of the reduced allowance shall be paid to such beneficiary as the member shall have  
86 nominated in the member's election of the option or in a subsequent nomination. If there is no  
87 beneficiary so nominated who survives the member for the remainder of the sixty monthly  
88 payments, the total of the remainder of such sixty monthly payments shall be paid to the estate  
89 of the last person to receive a monthly allowance. If the total of the sixty payments paid to the  
90 retired individual and the beneficiary of the retired individual is less than the total of the  
91 member's accumulated contributions, the difference shall be paid to the beneficiary in a lump  
92 sum.

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

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

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

116 4. If the total of the retirement or disability allowance paid to an individual before the  
117 death of the individual is less than the accumulated contributions at the time of retirement, the  
118 difference shall be paid to the beneficiary of the individual, or to the (1) surviving spouse, (2)  
119 surviving children in equal shares, (3) surviving parents in equal shares, or (4) estate of the  
120 individual in that order of precedence. If an optional benefit as provided in option 2, 3 or 4 in

121 subsection 3 of this section had been elected, and the beneficiary dies after receiving the optional  
122 benefit, and if the total retirement allowance paid to the retired individual and the beneficiary of  
123 the retired individual is less than the total of the contributions, the difference shall be paid to the  
124 (1) surviving spouse, (2) surviving children in equal shares, (3) surviving parents in equal shares,  
125 or (4) estate of the beneficiary, in that order of precedence, unless the retired individual  
126 designates a different recipient with the board at or after retirement.

127         5. If a member dies before receiving a retirement allowance, the member's accumulated  
128 contributions at the time of the death of the member shall be paid to the beneficiary of the  
129 member or, if there is no beneficiary, to the (1) surviving spouse, (2) surviving children in equal  
130 shares, (3) surviving parents in equal shares, or (4) to the estate of the member in that order of  
131 precedence; except that, no such payment shall be made if the beneficiary elects option 2 in  
132 subsection 3 of this section, unless the beneficiary dies before having received benefits pursuant  
133 to that subsection equal to the accumulated contributions of the member, in which case the  
134 amount of accumulated contributions in excess of the total benefits paid pursuant to that  
135 subsection shall be paid to the (1) surviving spouse, (2) surviving children in equal shares, (3)  
136 surviving parents in equal shares, or (4) estate of the beneficiary, in that order of precedence.

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

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

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

157           9. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, from  
158 October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be  
159 multiplied by the factor of two-thirds for any member of the system for whom federal Old Age  
160 and Survivors Insurance tax is paid from state or local tax funds on account of the member's  
161 employment entitling the person to membership in the system. The monetary benefits for a  
162 member who elected not to exercise an option to pay into the system a retroactive contribution  
163 of four percent on that part of the member's annual salary rate which was in excess of four  
164 thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each  
165 year of employment in a position covered by this system between July 1, 1957, and July 1, 1961,  
166 as provided in subsection 10 of this section as it appears in RSMo, 1969, shall be the sum of:

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

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

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

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

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

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

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

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

188           11. Any retired member of the system who was retired prior to September 1, 1972, or  
189 beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as such  
190 option existed prior to September 1, 1972, will be eligible to receive an increase in the retirement  
191 allowance of the member of two percent for each year, or major fraction of more than one-half  
192 of a year, which the retired member has been retired prior to July 1, 1975. This increased amount

193 shall be payable commencing with January, 1976, and shall thereafter be referred to as the  
194 member's retirement allowance. The increase provided for in this subsection shall not affect the  
195 retired member's eligibility for compensation provided for in section 169.580 or 169.585, nor  
196 shall the amount being paid pursuant to these sections be reduced because of any increases  
197 provided for in this section.

198         12. If the board of trustees determines that the cost of living, as measured by generally  
199 accepted standards, increases two percent or more in the preceding fiscal year, the board shall  
200 increase the retirement allowances which the retired members or beneficiaries are receiving by  
201 two percent of the amount being received by the retired member or the beneficiary at the time  
202 the annual increase is granted by the board with the provision that the increases provided for in  
203 this subsection shall not become effective until the fourth January first following the member's  
204 retirement or January 1, 1977, whichever later occurs, or in the case of any member retiring on  
205 or after July 1, 2000, the increase provided for in this subsection shall not become effective until  
206 the third January first following the member's retirement, or in the case of any member retiring  
207 on or after July 1, 2001, the increase provided for in this subsection shall not become effective  
208 until the second January first following the member's retirement. Commencing with January 1,  
209 1992, if the board of trustees determines that the cost of living has increased five percent or more  
210 in the preceding fiscal year, the board shall increase the retirement allowances by five percent.  
211 The total of the increases granted to a retired member or the beneficiary after December 31,  
212 1976, may not exceed eighty percent of the retirement allowance established at retirement or as  
213 previously adjusted by other subsections. If the cost of living increases less than five percent,  
214 the board of trustees may determine the percentage of increase to be made in retirement  
215 allowances, but at no time can the increase exceed five percent per year. If the cost of living  
216 decreases in a fiscal year, there will be no increase in allowances for retired members on the  
217 following January first.

218         13. The board of trustees may reduce the amounts which have been granted as increases  
219 to a member pursuant to subsection 12 of this section if the cost of living, as determined by the  
220 board and as measured by generally accepted standards, is less than the cost of living was at the  
221 time of the first increase granted to the member; except that, the reductions shall not exceed the  
222 amount of increases which have been made to the member's allowance after December 31, 1976.

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

226         15. Notwithstanding any other provision of law, any person retired prior to September  
227 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of  
228 subsection 3 of this section, as such option existed prior to September 28, 1983, and whose

229 beneficiary nominated to receive continued retirement allowance payments under the elected  
230 option dies or has died, shall upon application to the board of trustees have his or her retirement  
231 allowance increased to the amount he or she would have been receiving had the option not been  
232 elected, actuarially adjusted to recognize any excessive benefits which would have been paid to  
233 him or her up to the time of application.

234         16. Benefits paid pursuant to the provisions of the public school retirement system of  
235 Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code  
236 except as provided pursuant to this subsection. Notwithstanding any other law to the contrary,  
237 the board of trustees may establish a benefit plan pursuant to Section 415(m) of Title 26 of the  
238 United States Code. Such plan shall be created solely for the purpose described in Section  
239 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate  
240 regulations necessary to implement the provisions of this subsection and to create and administer  
241 such benefit plan.

242         17. Notwithstanding any other provision of law to the contrary, any person retired before,  
243 on, or after May 26, 1994, shall be made, constituted, appointed and employed by the board as  
244 a special consultant on the matters of education, retirement and aging, and upon request shall  
245 give written or oral opinions to the board in response to such requests. As compensation for such  
246 duties the person shall receive an amount based on the person's years of service so that the total  
247 amount received pursuant to sections 169.010 to 169.141 shall be at least the minimum amounts  
248 specified in subdivisions (1) to (4) of this subsection. In determining the minimum amount to  
249 be received, the amounts in subdivisions (3) and (4) of this subsection shall be adjusted in  
250 accordance with the actuarial adjustment, if any, that was applied to the person's retirement  
251 allowance. In determining the minimum amount to be received, beginning September 1, 1996,  
252 the amounts in subdivisions (1) and (2) of this subsection shall be adjusted in accordance with  
253 the actuarial adjustment, if any, that was applied to the person's retirement allowance due to  
254 election of an optional form of retirement having a continued monthly payment after the person's  
255 death. Notwithstanding any other provision of law to the contrary, no person retired before, on,  
256 or after May 26, 1994, and no beneficiary of such a person, shall receive a retirement benefit  
257 pursuant to sections 169.010 to 169.141 based on the person's years of service less than the  
258 following amounts:

- 259         (1) Thirty or more years of service, one thousand two hundred dollars;  
260         (2) At least twenty-five years but less than thirty years, one thousand dollars;  
261         (3) At least twenty years but less than twenty-five years, eight hundred dollars;  
262         (4) At least fifteen years but less than twenty years, six hundred dollars.

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



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

278 19. Any member who has retired prior to July 1, 1998, and the designated beneficiary  
279 of a deceased retired member shall be made, constituted, appointed and employed by the board  
280 as a special consultant on the matters of education, retirement and aging, and upon request shall  
281 give written or oral opinions to the board in response to such requests. As compensation for such  
282 duties the person shall receive a payment equivalent to eight and seven-tenths percent of the  
283 previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity  
284 and which shall not be subject to the provisions of subsections 12 and 13 of this section for the  
285 purposes of the limit on the total amount of increases which may be received.

286 20. Any member who has retired shall be made, constituted, appointed and employed  
287 by the board as a special consultant on the matters of education, retirement and aging, and upon  
288 request shall give written or oral opinions to the board in response to such request. As  
289 compensation for such duties, the beneficiary of the retired member, or, if there is no beneficiary,  
290 the (1) surviving spouse, (2) surviving children in equal shares, (3) surviving parents in equal  
291 shares, or (4) estate of the retired member, in that order of precedence, shall receive as a part of  
292 compensation for these duties a death benefit of five thousand dollars.

293 21. Any member who has retired prior to July 1, 1999, and the designated beneficiary  
294 of a retired member who was deceased prior to July 1, 1999, shall be made, constituted,  
295 appointed and employed by the board as a special consultant on the matters of education,  
296 retirement and aging, and upon request shall give written or oral opinions to the board in  
297 response to such requests. As compensation for such duties, the person shall have added,  
298 pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount  
299 equal to five dollars times the member's number of years of creditable service.

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

308           23. Any member who has retired prior to July 1, 2001, and the designated beneficiary  
309 of a deceased retired member shall be made, constituted, appointed and employed by the board  
310 as a special consultant on the matters of education, retirement and aging, and upon request shall  
311 give written or oral opinions to the board in response to such requests. As compensation for such  
312 duties, the person shall receive a dollar amount equal to three dollars times the member's number  
313 of years of creditable service, which shall be added to the member's or beneficiary's monthly  
314 annuity and which shall not be subject to the provisions of subsections 12 and 13 of this section  
315 for the purposes of the limit on the total amount of increases which may be received.

169.670. 1. The retirement allowance of a member whose age at retirement is sixty years  
2 or more and whose creditable service is five years or more, or whose sum of age and creditable  
3 service equals eighty years or more, or whose creditable service is thirty years or more regardless  
4 of age, shall be the sum of the following items:

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

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

9           (3) Eighty-five one-hundredths of one percent of any amount by which the member's  
10 average compensation for services rendered prior to July 1, 1973, exceeds the average monthly  
11 compensation on which federal Social Security taxes were paid during the period over which  
12 such average compensation was computed, for each year of membership service credit for  
13 services rendered prior to July 1, 1973, plus six-tenths of the amount payable for a year of  
14 membership service for each year of prior service credit;

15           (4) In lieu of the retirement allowance otherwise provided by subdivisions (1) to (3) of  
16 this subsection, between July 1, 2001, and July 1, [2008] **2013**, a member may elect to receive  
17 a retirement allowance of:

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

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

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

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

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

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

39 2. If the board of trustees determines that the cost of living, as measured by generally  
40 accepted standards, increases five percent or more in the preceding fiscal year, the board shall  
41 increase the retirement allowances which the retired members or beneficiaries are receiving by  
42 five percent of the amount being received by the retired member or the beneficiary at the time  
43 the annual increase is granted by the board; provided that, the increase provided in this  
44 subsection shall not become effective until the fourth January first following a member's  
45 retirement or January 1, 1982, whichever occurs later, and the total of the increases granted to  
46 a retired member or the beneficiary after December 31, 1981, may not exceed eighty percent of  
47 the retirement allowance established at retirement or as previously adjusted by other provisions  
48 of law. If the cost of living increases less than five percent, the board of trustees may determine  
49 the percentage of increase to be made in retirement allowances, but at no time can the increase  
50 exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no  
51 increase in allowances for retired members on the following January first.

52 3. The board of trustees may reduce the amounts which have been granted as increases  
53 to a member pursuant to subsection 2 of this section if the cost of living, as determined by the  
54 board and as measured by generally accepted standards, is less than the cost of living was at the  
55 time of the first increase granted to the member; provided that, the reductions shall not exceed

56 the amount of increases which have been made to the member's allowance after December 31,  
57 1981.

58 4. (1) In lieu of the retirement allowance provided in subsection 1 of this section, called  
59 "option 1", a member whose creditable service is twenty-five years or more or who has attained  
60 age fifty-five with five or more years of creditable service may elect, in the application for  
61 retirement, to receive the actuarial equivalent of the member's retirement allowance in reduced  
62 monthly payments for life during retirement with the provision that:

63 Option 2. Upon the member's death, the reduced retirement allowance shall be continued  
64 throughout the life of and paid to such person as has an insurable interest in the life of the  
65 member as the member shall have nominated in the member's election of the option, and  
66 provided further that if the person so nominated dies before the retired member, the retirement  
67 allowance will be increased to the amount the retired member would be receiving had the  
68 member elected option 1;

69 OR

70 Option 3. Upon the death of the member three-fourths of the reduced retirement  
71 allowance shall be continued throughout the life of and paid to such person as has an insurable  
72 interest in the life of the member and as the member shall have nominated in an election of the  
73 option, and provided further that if the person so nominated dies before the retired member, the  
74 retirement allowance will be increased to the amount the retired member would be receiving had  
75 the member elected option 1;

76 OR

77 Option 4. Upon the death of the member one-half of the reduced retirement allowance  
78 shall be continued throughout the life of, and paid to, such person as has an insurable interest in  
79 the life of the member and as the member shall have nominated in an election of the option, and  
80 provided further that if the person so nominated dies before the retired member, the retirement  
81 allowance shall be increased to the amount the retired member would be receiving had the  
82 member elected option 1;

83 OR

84 Option 5. Upon the death of the member prior to the member having received one  
85 hundred twenty monthly payments of the member's reduced allowance, the remainder of the one  
86 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as  
87 the member shall have nominated in the member's election of the option or in a subsequent  
88 nomination. If there is no beneficiary so nominated who survives the member for the remainder  
89 of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred  
90 twenty monthly payments shall be paid to the estate of the last person to receive a monthly  
91 allowance. If the total of the one hundred twenty payments paid to the retired individual and the

92 beneficiary of the retired individual is less than the total of the member's accumulated  
93 contributions, the difference shall be paid to the beneficiary in a lump sum;

94 OR

95 Option 6. Upon the death of the member prior to the member having received sixty  
96 monthly payments of the member's reduced allowance, the remainder of the sixty monthly  
97 payments of the reduced allowance shall be paid to such beneficiary as the member shall have  
98 nominated in the member's election of the option or in a subsequent nomination. If there is no  
99 beneficiary so nominated who survives the member for the remainder of the sixty monthly  
100 payments, the reserve for the remainder of such sixty monthly payments shall be paid to the  
101 estate of the last person to receive a monthly allowance. If the total of the sixty payments paid  
102 to the retired individual and the beneficiary of the retired individual is less than the total of the  
103 member's accumulated contributions, the difference shall be paid to the beneficiary in a lump  
104 sum;

105 OR

106 Option 7. A plan of variable monthly benefit payments which provides, in conjunction  
107 with the member's retirement benefits under the federal Social Security laws, level or near-level  
108 retirement benefit payments to the member for life during retirement, and if authorized, to an  
109 appropriate beneficiary designated by the member. Such a plan shall be actuarially equivalent  
110 to the retirement allowance under option 1 and shall be available for election only if established  
111 by the board of trustees under duly adopted rules.

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

116 (a) If the member or a person retired on disability retirement dies after attaining age  
117 fifty-five and acquiring five or more years of creditable service or after acquiring twenty-five or  
118 more years of creditable service and before retirement, except retirement with disability benefits,  
119 and the person named by the member as the member's beneficiary has an insurable interest in the  
120 life of the deceased member, the designated beneficiary may elect to receive either survivorship  
121 payments under option 2 or a payment of the member's accumulated contributions. If  
122 survivorship benefits under option 2 are elected and the member at the time of death would have  
123 been eligible to receive an actuarial equivalent of the member's retirement allowance, the  
124 designated beneficiary may further elect to defer the option 2 payments until the date the member  
125 would have been eligible to receive the retirement allowance provided in subsection 1 of this  
126 section.

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

135 5. If the total of the retirement or disability allowances paid to an individual before the  
136 person's death is less than the person's accumulated contributions at the time of the person's  
137 retirement, the difference shall be paid to the person's beneficiary or, if there is no beneficiary,  
138 to the (1) surviving spouse, (2) surviving children in equal shares, (3) surviving parents in equal  
139 shares, or (4) person's estate in that order of precedence; provided, however, that if an optional  
140 benefit, as provided in option 2, 3 or 4 in subsection 4, had been elected and the beneficiary dies  
141 after receiving the optional benefit, then, if the total retirement allowances paid to the retired  
142 individual and the individual's beneficiary are less than the total of the contributions, the  
143 difference shall be paid to the (1) surviving spouse, (2) surviving children in equal shares, (3)  
144 surviving parents in equal shares, or (4) estate of the beneficiary, in that order of precedence,  
145 unless the retired individual designates a different recipient with the board at or after retirement.

146 6. If a member dies before receiving a retirement allowance, the member's accumulated  
147 contributions at the time of the member's death shall be paid to the member's beneficiary or, if  
148 there is no beneficiary, to the (1) surviving spouse, (2) surviving children in equal shares, (3)  
149 surviving parents in equal shares, or (4) to the member's estate; provided, however, that no such  
150 payment shall be made if the beneficiary elects option 2 in subsection 4 of this section, unless  
151 the beneficiary dies before having received benefits pursuant to that subsection equal to the  
152 accumulated contributions of the member, in which case the amount of accumulated  
153 contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the  
154 (1) surviving spouse, (2) surviving children in equal shares, (3) surviving parents in equal shares,  
155 or (4) estate of the beneficiary, in that order of precedence.

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

159 8. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, if a  
160 member ceases to be an employee as defined in section 169.600 after acquiring five or more  
161 years of creditable service, the member may, at the option of the member, leave the member's  
162 contributions with the retirement system and claim a retirement allowance any time after the

163 member reaches the minimum age for voluntary retirement. When the member's claim is  
164 presented to the board, the member shall be granted an allowance as provided in sections  
165 169.600 to 169.715 on the basis of the member's age and years of service.

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

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

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

176 12. Notwithstanding any other provision of law, any person retired prior to August 14,  
177 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4 of this  
178 section, as the option existed prior to August 14, 1984, and whose beneficiary nominated to  
179 receive continued retirement allowance payments under the elected option dies or has died, shall  
180 upon application to the board of trustees have the person's retirement allowance increased to the  
181 amount the person would have been receiving had the person not elected the option, actuarially  
182 adjusted to recognize any excessive benefits which would have been paid to the person up to the  
183 time of the application.

184 13. Benefits paid pursuant to the provisions of the public education employee retirement  
185 system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United  
186 States Code, except as provided under this subsection. Notwithstanding any other law, the board  
187 of trustees may establish a benefit plan under Section 415(m) of Title 26 of the United States  
188 Code. Such plan shall be credited solely for the purpose described in Section 415(m)(3)(A) of  
189 Title 26 of the United States Code. The board of trustees may promulgate regulations necessary  
190 to implement the provisions of this subsection and to create and administer such benefit plan.

191 14. Any member who has retired prior to July 1, 1999, and the designated beneficiary  
192 of a deceased retired member upon request shall be made, constituted, appointed and employed  
193 by the board as a special consultant on the matters of education, retirement and aging. As  
194 compensation for such duties the person shall receive a payment equivalent to seven and  
195 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
196 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
197 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
198 received.

199           15. Any member who has retired prior to July 1, 2000, and the designated beneficiary  
200 of a deceased retired member upon request shall be made, constituted, appointed and employed  
201 by the board as a special consultant on the matters of education, retirement and aging. As  
202 compensation for such duties the person shall receive a payment equivalent to three and  
203 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
204 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
205 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
206 received.

207           16. Any member who has retired prior to July 1, 2001, and the designated beneficiary  
208 of a deceased retired member upon request shall be made, constituted, appointed and employed  
209 by the board as a special consultant on the matters of education, retirement and aging. As  
210 compensation for such duties the person shall receive a payment equivalent to seven and  
211 one-tenth percent of the previous month's benefit, which shall be added to the member's or  
212 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
213 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
214 received.

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