

FIRST REGULAR SESSION

HOUSE BILL NO. 393

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DEMPSEY.

Read 1st time January 11, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1341L.01I

AN ACT

To repeal sections 104.395, 104.1012, 104.1015, 104.1024, 104.1027, and 104.1072, RSMo, and to enact in lieu thereof six new sections relating to retirement plan election options.

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

Section A. Sections 104.395, 104.1012, 104.1015, 104.1024, 104.1027, and 104.1072, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 104.395, 104.1012, 104.1015, 104.1024, 104.1027, and 104.1072, to read as follows:

104.395. 1. In lieu of the normal annuity otherwise payable to a member pursuant to section 104.335, 104.370, 104.371, 104.374 or 104.400, and prior to the last business day of the month before the annuity starting date pursuant to section 104.401, a member shall elect whether or not to have such member's normal annuity reduced as provided by the options set forth in this section; provided that if such election has not been made within such time, annuity payments due beginning on and after such annuity starting date shall be made the month following the receipt by the system of such election, and further provided, that if such person dies after such annuity starting date but before making such election, no benefits shall be paid except as required pursuant to section 104.420:

Option 1. An actuarial reduction approved by the board of the member's annuity in reduced monthly payments for life during retirement with the provision that upon the member's death the reduced annuity at the date of the member's death shall be continued throughout the life of, and be paid to, the member's spouse to whom the member was married at the date of retirement and who was nominated by the member to receive such payments in the member's

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.

15 application for retirement or as otherwise provided pursuant to subsection 5 of this section. Such
16 annuity shall be reduced in the same manner as an annuity under option 2 as in effect
17 immediately prior to August 28, 1997. The surviving spouse shall designate a beneficiary to
18 receive any final monthly payment due after the death of the surviving spouse; or

19 Option 2. The member's normal annuity in regular monthly payments for life during the
20 member's retirement with the provision that upon the member's death a survivor's benefit equal
21 to one-half the member's annuity at the date of the member's death shall be paid to the member's
22 spouse to whom the member was married at the date of retirement and who was nominated by
23 the member to receive such payments in the member's application for retirement or as otherwise
24 provided pursuant to subsection 5 of this section, in regular monthly payments for life. The
25 surviving spouse shall designate a beneficiary to receive any final monthly payment due after the
26 death of the surviving spouse; or

27 Option 3. An actuarial reduction approved by the board of the member's normal annuity
28 in reduced monthly payments for the member's life with the provision that if the member dies
29 prior to the member having received one hundred twenty monthly payments of the member's
30 reduced annuity, the member's reduced annuity to which the member would have been entitled
31 had the member lived shall be paid for the remainder of the one hundred twenty months' period
32 to such person as the member shall have nominated by written designation duly executed and
33 filed with the board. If there is no such beneficiary surviving the retirant, the reserve for such
34 annuity for the remainder of such one hundred twenty months' period shall be paid [to the
35 retirant's estate] **as provided under subsection 3 of section 104.620**. If such beneficiary dies
36 after the member's date of death but before having received the remainder of the one hundred
37 twenty monthly payments of the retiree's reduced annuity, the reserve for such annuity for the
38 remainder of such one hundred twenty-month period shall be paid [to the beneficiary's estate]
39 **as provided under subsection 3 of section 104.620**; or

40 Option 4. An actuarial reduction approved by the board of the member's normal annuity
41 in reduced monthly payments for the member's life with the provision that if the member dies
42 prior to the member having received sixty monthly payments of the member's reduced annuity,
43 the member's reduced annuity to which the member would have been entitled had the member
44 lived shall be paid for the remainder of the sixty months' period to such person as the member
45 shall have nominated by written designation duly executed and filed with the board. If there be
46 no such beneficiary surviving the retirant, the reserve for such annuity for the remainder of such
47 sixty months' period shall be paid [to the retirant's estate] **as provided under subsection 3 of**
48 **section 104.620**. If such beneficiary dies after the member's date of death but before having
49 received the remainder of the sixty monthly payments of the retiree's reduced annuity, the reserve

50 for such annuity for the remainder of the sixty-month period shall be paid [to the beneficiary's
51 estate] **as provided under subsection 3 of section 104.620.**

52 2. Effective July 1, 2000, if a member is married as of the annuity starting date to a
53 person who has been the member's spouse, the member's annuity shall be paid pursuant to the
54 provisions of either option 1 or option 2 as set forth in subsection 1 of this section, at the
55 member's choice, with the spouse as the member's designated beneficiary unless the spouse
56 consents in writing to the member electing another available form of payment.

57 3. For members who retire on or after August 28, 1995, in the event such member
58 elected a joint and survivor option pursuant to the provisions of this section and the member's
59 eligible spouse or eligible former spouse precedes the member in death, the member's annuity
60 shall revert effective the first of the month following the death of the spouse or eligible former
61 spouse regardless of when the board receives the member's written application for the benefit
62 provided in this subsection, to an amount equal to the member's normal annuity, as adjusted for
63 early retirement if applicable; such benefit shall include any increases the member would have
64 received since the date of retirement had the member elected a normal annuity. **If a member**
65 **dies prior to notifying the system of the spouse's death, the benefit shall not revert to a**
66 **normal annuity and no retroactive payments shall be made.**

67 4. Effective on or after August 28, 1995, any retired member who had elected a joint and
68 survivor option and whose spouse or eligible former spouse precedes or preceded the member
69 in death shall upon application to the board be made, constituted, appointed and employed by
70 the board as a special consultant on the problems of retirement, aging and other state matters.
71 As a special consultant pursuant to the provisions of this section, the member's reduced annuity
72 shall revert to a normal annuity as adjusted for early retirement, if applicable, effective the first
73 of the month following the death of the spouse or eligible former spouse or August 28, 1995,
74 whichever is later, [regardless of when the board receives the member's written application] **if**
75 **the member cancels the member's original joint and survivor election;** such annuity shall
76 include any increases the retired member would have received since the date of retirement had
77 the member elected a normal annuity.

78 5. Effective July 1, 2000, a member may make an election under option 1 or 2 after the
79 date retirement benefits are initiated if the member makes such election within one year from the
80 date of marriage or July 1, 2000, whichever is later, under any of the following circumstances:

81 (1) The member elected to receive a normal annuity and was not eligible to elect option
82 1 or 2 on the date retirement benefits were initiated; or

83 (2) The member's annuity reverted to a normal annuity pursuant to subsection 3 or 4 of
84 this section and the member remarried.

85 6. Any person who terminates employment or retires prior to July 1, 2000, shall be made,
86 constituted, appointed and employed by the board as a special consultant on the problems of
87 retirement, aging and other state matters, and for such services shall be eligible to elect to receive
88 the benefits described in subsection 5 of this section.

89 7. Effective September 1, 2001, the retirement application of any member who fails to
90 make an election pursuant to subsection 1 of this section within ninety days of the annuity
91 starting date contained in such retirement application shall be nullified. Any member whose
92 retirement application is nullified shall not receive retirement benefits until the member files a
93 new application for retirement pursuant to section 104.401 and makes the election pursuant to
94 subsection 1 of this section. In no event shall any retroactive retirement benefits be paid.

95 **8. A member may change a member's election made under this section at any time**
96 **prior to the system mailing or electronically transferring the first annuity payment to such**
97 **member.**

 104.1012. 1. Any new state employee who would have become a member of the closed
2 plan administered by the transportation department and highway patrol retirement system except
3 for the creation of the year 2000 plan and persons covered by the closed plan administered by
4 the highway and transportation employees' and highway patrol retirement system who elect year
5 2000 plan coverage as provided in section 104.1015 shall have their year 2000 plan coverage
6 managed by that board.

7 2. Any new state employee who would have become a member of the closed plan
8 administered by the Missouri state employees' retirement system except for the creation of the
9 year 2000 plan or persons covered by the closed plan administered by the Missouri state
10 employees' retirement system who elect year 2000 plan coverage as provided in section 104.1015
11 shall have their year 2000 plan coverage managed by that board.

12 **3. In the event the board of trustees elects to provide the employees, members, or**
13 **vested former members under either the closed plan or the year 2000 plan with education**
14 **or advice pertaining to any aspect of retirement planning, the board shall not be liable for**
15 **the retirement or investment decisions made or not made by employees, members, or vested**
16 **former members so long as the board acts with the same care, skill, prudence, and diligence**
17 **in the selection and monitoring of providers of education and advice under the**
18 **circumstances then prevailing that a prudent person acting in a similar capacity and**
19 **familiar with those matters would use in the conduct of a similar enterprise with similar**
20 **aims.**

 104.1015. 1. Persons covered by a closed plan on July 1, 2000, shall elect whether or
2 not to change to year 2000 plan coverage. Any such person who elects to be covered by the year
3 2000 plan shall forfeit all rights to receive benefits under this chapter except as provided under

4 the year 2000 plan and all creditable service of such person under the closed plan shall be
5 credited under the year 2000 plan. Any such person who elects not to be covered by the year
6 2000 plan shall waive all rights to receive benefits under the year 2000 plan. In no event shall
7 any retroactive annuity be paid to such persons pursuant to sections 104.1003 to 104.1093 except
8 as described in subsection 2 of this section.

9 2. Each retiree of the closed plan on July 1, 2000, shall be furnished by the appropriate
10 system a written comparison of the retiree's closed plan coverage and the retiree's potential year
11 2000 plan coverage. A retiree shall elect whether or not to change to year 2000 plan coverage
12 by making a written election, on a form furnished by the appropriate board, and providing that
13 form to the system by no later than twelve months after July 1, 2000, and any retiree who fails
14 to make such election within such time period shall be deemed to have elected to remain covered
15 under the closed plan; provided the election must be after the retiree has received from the
16 appropriate system such written comparison. The retirement option elected under the year 2000
17 plan shall be the same as the retirement option elected under the closed plan, except any retiree
18 who is receiving one of the options providing for a continuing lifetime annuity to a surviving
19 spouse under the closed plan may elect to receive an annuity under option 1 or 2 of section
20 104.1027, or a life annuity under subsection 2 of section 104.1024, provided the person who was
21 married to the member at the time of retirement, if any, consents in writing to such election made
22 pursuant to section 104.1024, or to any election described in this section if the person was
23 married to a member of the Missouri state employees' retirement system. The effective date of
24 payment of an annuity under the year 2000 plan as provided in this subsection shall begin on July
25 1, 2000. No adjustment shall be made to retirement benefits paid to the retiree prior to July 1,
26 2000. In order to calculate a new monthly annuity for retirees electing coverage under the year
27 2000 plan pursuant to this subsection, the following calculations shall be made:

28 (1) Except as otherwise provided in this subsection, the retiree's gross monthly
29 retirement annuity in effect immediately prior to July 1, 2000, shall be multiplied by the
30 percentage increase in the life annuity formula between the closed plan and the year 2000 plan.
31 This amount shall be added to the retiree's gross monthly retirement annuity in effect
32 immediately prior to July 1, 2000, to arrive at the retiree's new monthly retirement annuity in the
33 year 2000 plan on July 1, 2000. The age of eligibility and reduction factors applicable to the
34 retiree's original annuity under the closed plan shall remain the same in the annuity payable under
35 the year 2000 plan, except as provided in subdivision (2) of this subsection.

36 (2) If option 1 or 2 pursuant to section 104.1027 is chosen by the retiree under the year
37 2000 plan, the new monthly retirement annuity calculated pursuant to subdivision (1) of this
38 subsection shall be recalculated using the reduction factors for the option chosen pursuant to
39 section 104.1027.

40 (3) If a temporary annuity is payable pursuant to subsection 4 of section 104.1024 the
41 additional temporary annuity shall be calculated by multiplying the retiree's credited service by
42 the retiree's final average pay by eight-tenths of one percent.

43 (4) Cost-of-living adjustments paid pursuant to section 104.1045 will commence on the
44 anniversary of the retiree's annuity starting date coincident with or next following July 1, 2000.

45 (5) Any retiree or other person described in this section who elects coverage under the
46 year 2000 plan based on service rendered as a member of the general assembly or as a statewide
47 elected official shall receive an annuity under the year 2000 plan calculated pursuant to the
48 provisions of section 104.1084 using the current monthly pay at the time of the election with
49 future COLAs calculated pursuant to subsection 7 of section 104.1084.

50 3. Each person who is an employee and covered by the closed plan and not a retiree of
51 the closed plan on July 1, 2000, shall elect whether or not to change to year 2000 plan coverage
52 prior to the last business day of the month before the person's annuity starting date, and if such
53 election has not been made within such time, annuity payments due beginning on and after the
54 month of the annuity starting date shall be made the month following the receipt by the
55 appropriate system of such election and any other information required by the year 2000 plan
56 created by sections 104.1003 to 104.1093; provided, such election must be after the person has
57 received from the year 2000 plan a written comparison of the person's closed plan coverage and
58 the person's potential year 2000 plan coverage and the election must be made in writing on a
59 form furnished by the appropriate board. If such person dies after the annuity starting date but
60 before making such election and providing such other information, no benefits shall be paid
61 except as required pursuant to section 104.420 or subsection 2 of section 104.372 for members
62 of the general assembly.

63 4. Each person who is not an employee and not a retiree and is eligible for a deferred
64 annuity from the closed plan on July 1, 2000, shall elect whether or not to change to the year
65 2000 plan coverage prior to the last business day of the month before the person's annuity
66 starting date, and if such election has not been made within such time, annuity payments due
67 beginning on and after the month of the annuity starting date shall be made the month following
68 the receipt by the appropriate system of such election and any other information required by the
69 year 2000 plan created by sections 104.1003 to 104.1093; provided, the election must be after
70 the person has received from the year 2000 plan a written comparison of the person's closed plan
71 coverage and the person's potential year 2000 plan coverage and the election must be made in
72 writing on a form furnished by the appropriate board. If such person dies after the annuity
73 starting date but before making such election and providing such other information, no benefits
74 shall be paid except as required pursuant to section 104.420 or subsection 2 of section 104.372
75 for members of the general assembly.

76 5. Each person who is not an employee and not a retiree and is eligible for a deferred
77 annuity from the closed plan and returns to covered employment on or after July 1, 2000, shall
78 be covered under the closed plan; provided, such person shall elect whether or not to change to
79 the year 2000 plan coverage prior to the last business day of the month before the person's
80 annuity starting date, and if such election has not been made within such time, annuity payments
81 due beginning on and after the month of the annuity starting date shall be made the month
82 following the receipt by the appropriate system of such election and any other information
83 required by the year 2000 plan created by sections 104.1003 to 104.1093 and the election must
84 be after the person has received from the year 2000 plan a written comparison of the person's
85 closed plan coverage and the person's potential year 2000 plan coverage and the election must
86 be made in writing on a form furnished by the appropriate board. If such person dies after the
87 annuity starting date but before making such election and providing such other information, no
88 benefits shall be paid except as required under section 104.420 or subsection 2 of section
89 104.372 for members of the general assembly.

90 6. Each person who is not an employee and not a retiree and not eligible for a deferred
91 annuity from the closed plan but has forfeited creditable service with the closed plan and
92 becomes an employee on or after August 28, 2002, shall be changed to year 2000 plan coverage
93 and upon receiving credited service continuously for one year shall receive credited service for
94 all such forfeited creditable service under the closed plan.

95 7. Each person who was employed as a member of the general assembly through
96 December 31, 2000, covered under the closed plan, and has served at least two full biennial
97 assemblies as defined in subdivision (24) of subsection 1 of section 104.010 but who is not
98 eligible for a deferred annuity under the closed plan shall be eligible to receive benefits under
99 the new plan pursuant to subdivision (5) of subsection 2 of this section upon meeting the age
100 requirements under the new plan.

101 8. The retirees and persons described in subsections 2 and 4 of this section shall be
102 eligible for benefits under those subsections pursuant to subsection 8 of section 104.610.

103 **9. A member may change a member's plan election made under this section at any**
104 **time prior to the system mailing or electronically transferring the first annuity payment**
105 **to such member.**

104.1024. 1. Any member who terminates employment may retire on or after attaining
2 normal retirement eligibility by making application in written form and manner approved by the
3 appropriate board. The written application shall set forth the annuity starting date which shall
4 not be earlier than the first day of the second month following the month of the execution and
5 filing of the member's application for retirement nor later than the first day of the fourth month
6 following the month of the execution and filing of the member's application for retirement. **The**

7 **payment of the annuity shall be made the last working day of each month, provided all**
8 **documentation required under section 104.1027 for the calculation and payment of the**
9 **benefits is received by the board.**

10 2. A member's annuity shall be paid in the form of a life annuity, except as provided in
11 section 104.1027, and shall be an amount for life equal to one and seven-tenths percent of the
12 final average pay of the member multiplied by the member's years of credited service.

13 3. The life annuity defined in subsection 2 of this section shall not be less than a monthly
14 amount equal to fifteen dollars multiplied by the member's full years of credited service.

15 4. If as of the annuity starting date of a member who has attained normal retirement
16 eligibility the sum of the member's years of age and years of credited service equals eighty or
17 more years and if the member's age is at least forty-eight years but less than sixty-two years, or,
18 in the case of a member of the highway patrol who shall be subject to the mandatory retirement
19 provision of section 104.080, the mandatory retirement age and completion of five years of
20 credited service, then in addition to the life annuity described in subsection 2 of this section, the
21 member shall receive a temporary annuity equal to eight-tenths of one percent of the member's
22 final average pay multiplied by the member's years of credited service. The temporary annuity
23 and any cost-of-living adjustments attributable to the temporary annuity pursuant to section
24 104.1045 shall terminate at the end of the calendar month in which the earlier of the following
25 events occurs: the member's death or the member's attainment of the earliest age of eligibility
26 for reduced Social Security retirement benefits, **but no later than age sixty-two.**

27 5. The annuity described in subsection 2 of this section for any person who has credited
28 service not covered by the federal Social Security Act, as provided in sections 105.300 to
29 105.445, RSMo, shall be calculated as follows: the life annuity shall be an amount equal to two
30 and five-tenths percent of the final average pay of the member multiplied by the number of years
31 of service not covered by the federal Social Security Act in addition to one and seven-tenths
32 percent of the final average pay of the member multiplied by the member's years of credited
33 service covered by the federal Social Security Act.

34 6. Effective July 1, 2002, any member, except an elected official or a member of the
35 general assembly, who has not been paid retirement benefits and continues employment for at
36 least two years beyond the date of normal retirement eligibility, may elect to receive an annuity
37 and lump sum payment or payments, determined as follows:

38 (1) A retroactive starting date shall be established which shall be a date selected by the
39 member; provided, however, that the retroactive starting date selected by the member shall not
40 be a date which is earlier than the date when a normal annuity would have first been payable.
41 In addition, the retroactive starting date shall not be more than five years prior to the annuity
42 starting date. The member's selection of a retroactive starting date shall be done in twelve-month

43 increments, except this restriction shall not apply when the member selects the total available
44 time between the retroactive starting date and the annuity starting date;

45 (2) The prospective annuity payable as of the annuity starting date shall be determined
46 pursuant to the provisions of this section, with the exception that it shall be the amount which
47 would have been payable at the annuity starting date had the member actually retired on the
48 retroactive starting date under the retirement plan selected by the member. Other than for the
49 lump sum payment or payments specified in subdivision (3) of this subsection, no other amount
50 shall be due for the period between the retroactive starting date and the annuity starting date;

51 (3) The lump sum payable shall be ninety percent of the annuity amounts which would
52 have been paid to the member from the retroactive starting date to the annuity starting date had
53 the member actually retired on the retroactive starting date and received a life annuity. The
54 member shall elect to receive the lump sum amount either in its entirety at the same time as the
55 initial annuity payment is made or in three equal annual installments with the first payment made
56 at the same time as the initial annuity payment;

57 (4) Any annuity payable pursuant to this section that is subject to a division of benefit
58 order pursuant to section 104.1051 shall be calculated as follows:

59 (a) Any service of a member between the retroactive starting date and the annuity
60 starting date shall not be considered credited service except for purposes of calculating the
61 division of benefit; and

62 (b) The lump sum payment described in subdivision (3) of this section shall not be
63 subject to any division of benefit order; and

64 (5) For purposes of determining annual benefit increases payable as part of the lump sum
65 and annuity provided pursuant to this section, the retroactive starting date shall be considered the
66 member's date of retirement.

104.1027. 1. Prior to the last business day of the month before the annuity starting date,
2 a member or a vested former member shall elect whether or not to have such member's or such
3 vested former member's life annuity reduced, but not any temporary annuity which may be
4 payable, and designate a beneficiary, as provided by the options set forth in this section; provided
5 that if such election has not been made within such time, annuity payments due beginning on and
6 after the month of the annuity starting date shall be made the month following the receipt by the
7 appropriate system of such election and any other information required by the year 2000 plan
8 created by sections 104.1003 to 104.1093, and further provided, that if such person dies after the
9 annuity starting date but before making such election and providing such other information, no
10 benefits shall be paid except as required pursuant to section 104.1030:

11 Option 1. A retiree's life annuity shall be reduced to a certain percent of the annuity
12 otherwise payable. Such percent shall be ninety percent adjusted as follows: if the retiree's age

13 on the annuity starting date is younger than sixty-two years, an increase of three-tenths of one
14 percent for each year the retiree's age is younger than age sixty-two years, to a maximum increase
15 of three and six-tenths percent; and if the beneficiary's age is younger than the retiree's age on
16 the annuity starting date, a decrease of three-tenths of one percent for each year of age difference;
17 and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an
18 increase of three-tenths of one percent for each year of age difference; provided, after all
19 adjustments the option 1 percent cannot exceed ninety-five percent. Upon the retiree's death,
20 fifty percent of the retiree's reduced annuity shall be paid to such beneficiary who was the
21 retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this
22 section.

23 Option 2. A retiree's life annuity shall be reduced to a certain percent of the annuity
24 otherwise payable. Such percent shall be eighty-three percent adjusted as follows: if the retiree's
25 age on the annuity starting date is younger than sixty-two years, an increase of four-tenths of one
26 percent for each year the retiree's age is younger than sixty-two years, to a maximum increase
27 of four and eight-tenths percent; and if the beneficiary's age is younger than the retiree's age on
28 the annuity starting date, a decrease of five-tenths of one percent for each year of age difference;
29 and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an
30 increase of five-tenths of one percent for each year of age difference; provided, after all
31 adjustments the option 2 percent cannot exceed ninety percent. Upon the retiree's death one
32 hundred percent of the retiree's reduced annuity shall be paid to such beneficiary who was the
33 retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this
34 section.

35 Option 3. A retiree's life annuity shall be reduced to ninety-five percent of the annuity
36 otherwise payable. If the retiree dies before having received one hundred twenty monthly
37 payments, the reduced annuity shall be continued for the remainder of the one hundred
38 twenty-month period to the retiree's designated beneficiary provided that if there is no beneficiary
39 surviving the retiree, the present value of the remaining annuity payments shall be paid [to the
40 retiree's estate] **as provided under subsection 4 of section 104.1054.** If the beneficiary survives
41 the retiree but dies before receiving the remainder of such one hundred twenty monthly
42 payments, the present value of the remaining annuity payments shall be paid [to the beneficiary's
43 estate] **as provided under subsection 4 of section 104.1054.**

44 Option 4. A retiree's life annuity shall be reduced to ninety percent of the annuity
45 otherwise payable. If the retiree dies before having received one hundred eighty monthly
46 payments, the reduced annuity shall be continued for the remainder of the one hundred
47 eighty-month period to the retiree's designated beneficiary provided that if there is no beneficiary
48 surviving the retiree, the present value of the remaining annuity payments shall be paid [to the

49 retiree's estate] **as provided under subsection 4 of section 104.1054.** If the beneficiary survives
50 the retiree but dies before receiving the remainder of such one hundred eighty monthly payments,
51 the present value of the remaining annuity payments shall be paid [to the beneficiary's estate] **as**
52 **provided under subsection 4 of section 104.1054.**

53 2. If a member is married as of the annuity starting date, the member's annuity shall be
54 paid under the provisions of either option 1 or option 2 as set forth in subsection 1 of this section,
55 at the member's choice, with the spouse as the member's designated beneficiary unless the spouse
56 consents in writing to the member electing another available form of payment.

57 3. If a member has elected at the annuity starting date option 1 or 2 pursuant to this
58 section and if the member's spouse or eligible former spouse dies after the annuity starting date
59 but before the member dies, then the member may cancel the member's election and return to the
60 life annuity form of payment and annuity amount, effective the first of the month following the
61 date of such spouse's or eligible former spouse's death. **If a member dies prior to notifying the**
62 **system of the spouse's death, the benefit shall not revert to a life annuity and no retroactive**
63 **payments shall be made.**

64 4. If a member designates a spouse as a beneficiary pursuant to this section and
65 subsequently that marriage ends as a result of a dissolution of marriage, such dissolution shall
66 not affect the option election pursuant to this section and the former spouse shall continue to be
67 eligible to receive survivor benefits upon the death of the member.

68 5. Effective July 1, 2000, a member may make an election under option 1 or 2 after the
69 annuity starting date as described in this section if the member makes such election within one
70 year from the date of marriage or July 1, 2000, whichever is later, pursuant to any of the
71 following circumstances:

72 (1) The member elected to receive a life annuity and was not eligible to elect option 1
73 or 2 on the annuity starting date; or

74 (2) The member's annuity reverted to a normal or early retirement annuity pursuant to
75 subsection 3 of this section, and the member remarried.

76 6. Effective September 1, 2001, the retirement application of any member who fails to
77 make an election pursuant to subsection 1 of this section within ninety days of the annuity
78 starting date contained in such retirement application shall be nullified. Any member whose
79 retirement application is nullified shall not receive retirement benefits until the member files a
80 new application for retirement pursuant to section 104.1024 and makes the election pursuant to
81 subsection 1 of this section. In no event shall any retroactive retirement benefits be paid.

82 **7. A member may change a member's election under this section at any time prior**
83 **to the system mailing or electronically transferring the first annuity payment to such**
84 **member.**

104.1072. 1. Each board shall provide or contract, or both, for life insurance benefits
2 for employees covered pursuant to the year 2000 plan as follows:

3 (1) Employees shall be provided fifteen thousand dollars of life insurance until
4 December 31, 2000. Effective January 1, 2001, the system shall provide or contract or both for
5 basic life insurance for employees covered under any retirement plan administered by the system
6 pursuant to this chapter, persons covered by sections 287.812 to 287.856, RSMo, for employees
7 who are members of the judicial retirement system as provided in section 476.590, RSMo, and,
8 at the election of the state highways and transportation commission, employees who are members
9 of the highways and transportation employees' and highway patrol retirement system, in the
10 amount equal to one times annual pay, subject to a minimum amount of fifteen thousand dollars.
11 The board shall establish by rule or contract the method for determining the annual rate of pay
12 and any other terms of such insurance as it deems necessary to implement the requirements
13 pursuant to this section. Annual rate of pay shall not include overtime or any other irregular
14 payments as determined by the board. Such life insurance shall provide for triple indemnity in
15 the event the cause of death is a proximate result of a personal injury or disease arising out of and
16 in the course of actual performance of duty as an employee;

17 (2) Any member who terminates employment after reaching normal or early retirement
18 eligibility and becomes a retiree within sixty days of such termination shall receive five thousand
19 dollars of life insurance coverage.

20 2. (1) In addition to the life insurance authorized by the provisions of subsection 1 of
21 this section, any person for whom life insurance is provided or contracted for pursuant to such
22 subsection may purchase, at the person's own expense and only if monthly voluntary payroll
23 deductions are authorized, additional life insurance at a cost to be stipulated in a contract with
24 a private insurance company or as may be required by a system if the board of trustees
25 determines that the system should provide such insurance itself. The maximum amount of
26 additional life insurance which may be so purchased prior to January 1, 2004, is that amount
27 which equals six times the amount of the person's annual rate of pay, subject to any maximum
28 established by a board, except that if such maximum amount is not evenly divisible by one
29 thousand dollars, then the maximum amount of additional insurance which may be purchased
30 is the next higher amount evenly divisible by one thousand dollars. The maximum amount of
31 additional life insurance which may be so purchased on or after January 1, 2004, is an amount
32 to be stipulated in a contract with a private insurance company or as may be required by the
33 system if the board of trustees determines that the system should provide the insurance itself.

34 (2) Any person defined in subdivision (1) of this subsection may retain an amount not
35 to exceed sixty thousand dollars of life insurance following the date of his or her retirement if
36 such person becomes a retiree the month following termination of employment and makes

37 written application for such life insurance at the same time such person's application is made to
38 the board for retirement benefits. Such life insurance shall only be provided if such person pays
39 the entire cost of the insurance, as determined by the board, by allowing voluntary deductions
40 from the member's annuity.

41 (3) In addition to the life insurance authorized in subdivision (1) of this subsection, any
42 person for whom life insurance is provided or contracted for pursuant to this subsection may
43 purchase, at the person's own expense and only if monthly voluntary payroll deductions are
44 authorized, life insurance covering the person's children or the person's spouse or both at
45 coverage amounts to be determined by the board at a cost to be stipulated in a contract with a
46 private insurer or as may be required by the system if the board of trustees determines that the
47 system should provide such insurance itself.

48 (4) Effective July 1, 2000, any member who applies and is eligible to receive an annuity
49 based on the attainment of at least forty-eight years of age with a total of years of age and years
50 of credited service which is at least eighty shall be eligible to retain any optional life insurance
51 described in subdivision (1) of this subsection. The amount of such retained insurance shall not
52 be greater than the amount in effect during the month prior to termination of employment. Such
53 insurance may be retained until the member's attainment of the earliest age for eligibility for
54 reduced Social Security retirement benefits, **but no later than age sixty-two**, at which time the
55 amount of such insurance that may be retained shall be that amount permitted pursuant to
56 subdivision (2) of this subsection.

57 3. The state highways and transportation commission may provide for insurance benefits
58 to cover medical expenses for members of the highways and transportation employees' and
59 highway patrol retirement system. The state highways and transportation commission may
60 provide medical benefits for dependents of members and for retired members. Contributions by
61 the state highways and transportation commission to provide the benefits shall be on the same
62 basis as provided for other state employees pursuant to the provisions of section 104.515. Except
63 as otherwise provided by law, the cost of benefits for dependents of members and for retirees and
64 their dependents shall be paid by the members or retirees. The commission may contract with
65 other persons or entities including but not limited to third-party administrators, health network
66 providers and health maintenance organizations for all, or any part of, the benefits provided for
67 in this section. The commission may require reimbursement of any medical claims paid by the
68 commission's medical plan for which there was third-party liability.

69 4. The highways and transportation employees' and highway patrol retirement system
70 may request the state highways and transportation commission to provide life insurance benefits
71 as required in subsections 1 and 2 of this section. If the state highways and transportation
72 commission agrees to the request, the highways and transportation employees' and highway

73 patrol retirement system shall reimburse the state highways and transportation commission for
74 any and all costs for life insurance provided pursuant to subdivision (2) of subsection 1 of this
75 section. The person who is covered pursuant to subsection 2 of this section shall be solely
76 responsible for the costs of any additional life insurance. In lieu of the life insurance benefit in
77 subdivision (2) of subsection 1 of this section, the highways and transportation employees' and
78 highway patrol retirement system is authorized in its sole discretion to provide a death benefit
79 of five thousand dollars.

80 5. To the extent that the board enters or has entered into any contract with any insurer
81 or service organization to provide life insurance provided for pursuant to this section:

82 (1) The obligation to provide such life insurance shall be primarily that of the insurer or
83 service organization and secondarily that of the board;

84 (2) Any member who has been denied life insurance benefits by the insurer or service
85 organization and has exhausted all appeal procedures provided by the insurer or service
86 organization may appeal such decision by filing a petition against the insurer or service
87 organization in a court of law in the member's county of residence; and

88 (3) The board and the system shall not be liable for life insurance benefits provided by
89 an insurer or service organization pursuant to this section and shall not be subject to any cause
90 of action with regard to life insurance benefits or the denial of life insurance benefits by the
91 insurer or service organization unless the member has obtained judgment against the insurer or
92 service organization for life insurance benefits and the insurer or service organization is unable
93 to satisfy that judgment.

✓