

HCS HB 765 -- STATE EMPLOYEE RETIREMENT AND MEDICAL BENEFITS

SPONSOR: Wallace (Dempsey)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Retirement by a vote of 8 to 0.

This substitute changes the laws regarding state employee retirement. In its main provisions, the substitute:

(1) Clarifies the benefit amount payable to an ex-spouse when a division of benefits order has been issued and the ex-spouse is also the named beneficiary of a joint and survivor option under the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS). The division of benefits order will be applied to either the plan the member was participating in on the date of dissolution or the Year 2000 Plan;

(2) Removes the provision which allows members of the Missouri State Employees' Retirement System (MOSERS) to purchase service that was performed under contract for the State of Missouri;

(3) Clarifies that members cannot receive credit for the same period of service in more than one retirement system;

(4) Members of MOSERS or MPERS must complete the purchase of creditable service prior to applying for retirement benefits. Transferring vested service from another public employee retirement system to the Year 2000 Plan requires that the plans enter into an agreement;

(5) Specifies that if a retiree of MOSERS who has elected a joint and survivor option dies prior to notifying the system of the spouse's death, his or her benefit will not revert to a normal annuity and no retroactive payments will be made;

(6) Specifies that if the board of MOSERS or MPERS provides education or advice to members pertaining to retirement planning, it will not be liable for retirement or investment decisions made by members if the board acted with due diligence in providing the advice;

(7) Clarifies that any temporary annuity payable to a retiree, under the Year 2000 Plan, will terminate no later than age 62;

(8) Clarifies that retirees, under the Year 2000 Plan, can retain optional life insurance coverage in excess of \$60,000 until age 62;

(9) Requires that retirees under the MOSERS Closed Plan and the Year 2000 Plan who are re-employed with the state in a position normally requiring them to work at least 1,040 hours per year must work continuously for at least one year in order to accrue creditable service for retirement purposes;

(10) Allows the retirement boards to establish rules to accommodate changes in the state's payroll system as it relates to the final average compensation for the retirement benefit calculation;

(11) Changes the required hours for an employee to be eligible for benefits from 1,000 hours to 1,040 hours;

(12) Specifies that after August 28, 2007, part-time employees of the General Assembly working less than 1,040 hours per year will not be considered employees as it relates to retirement benefits;

(13) Clarifies that a member may receive only one day of credited service for any one day of calendar service;

(14) Changes the vesting requirement for service purchase transfers for legislators from two to three full biennial assemblies; and

(15) Authorizes MOSERS to provide services in connection with medical benefit funds established for state employees, retirees, and their dependents participating in the state medical plan administered by the Missouri Consolidated Health Care Plan or any other medical benefit plan for state employees, retirees, and their dependents. MOSERS will invest the funds received from the state medical plans in the same manner as it invests the funds of the retirement system. All assets of the fund will be exclusively used for satisfying obligations of the state medical plans and to pay for medical benefits of state employees, retirees, and their covered dependents.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill makes changes because of new requirements made by the Governmental Accounting Standards Board. Currently, the premium for medical benefits of retired members is on a pay as you go basis. This change will make the state fund up front and save money in the future.

Testifying for the bill were Representative Dempsey; Missouri State Employees' Retirement System; and Missouri Consolidated Health Care Plan.

OPPONENTS: There was no opposition voiced to the committee.