

SECOND REGULAR SESSION

# HOUSE BILL NO. 1902

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES MOORE (Sponsor), WALTON, PEARCE, NOLTE, STEVENSON, DENISON, HOBBS, DEEKEN, WETER, SANDER, AULL, MCGHEE, RUZICKA, MUNZLINGER, RUESTMAN, SELF, SCHOELLER, ROBB, BRUNS, BIVINS AND LAMPE (Co-sponsors).

Read 1st time January 29, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

4623L.01I

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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 teacher retirement.

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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Section A. Sections 169.070 and 169.670, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 169.070 and 169.670, to read as follows: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 or more and whose creditable service is five years or more, or whose sum of age and creditable service equals eighty years or more, or who has attained age fifty-five and whose creditable service is twenty-five years or more or whose creditable service is thirty years or more regardless of age, may be the sum of the following items, not to exceed one hundred percent of the member's final average salary:

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

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

11

In lieu of the retirement allowance otherwise provided in subdivisions (1) and (2) of this 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

58               OR

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

65               OR

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

72               OR

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

83               OR

84       Option 6. Upon the death of the member prior to the member having received sixty  
85 monthly payments of the member's reduced allowance, the remainder of the sixty monthly  
86 payments of the reduced allowance shall be paid to such beneficiary as the member shall have

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

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

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

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

117 4. If the total of the retirement or disability allowance paid to an individual before the  
118 death of the individual is less than the accumulated contributions at the time of retirement, the  
119 difference shall be paid to the beneficiary of the individual, or to the [(1)] surviving spouse, [(2)]  
120 surviving children in equal shares, [(3)] surviving parents in equal shares, or [(4)] estate of the  
121 individual in that order of precedence. If an optional benefit as provided in option 2, 3 or 4 in  
122 subsection 3 of this section had been elected, and the beneficiary dies after receiving the optional  
123 benefit, and if the total retirement allowance paid to the retired individual and the beneficiary of

124 the retired individual is less than the total of the contributions, the difference shall be paid to the  
125 [(1)] surviving spouse, [(2)] surviving children in equal shares, [(3)] surviving parents in equal  
126 shares, or [(4)] estate of the beneficiary, in that order of precedence, unless the retired individual  
127 designates a different recipient with the board at or after retirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

190           11. Any retired member of the system who was retired prior to September 1, 1972, or  
191 beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as such  
192 option existed prior to September 1, 1972, will be eligible to receive an increase in the retirement  
193 allowance of the member of two percent for each year, or major fraction of more than one-half  
194 of a year, which the retired member has been retired prior to July 1, 1975. This increased amount  
195 shall be payable commencing with January, 1976, and shall thereafter be referred to as the

196 member's retirement allowance. The increase provided for in this subsection shall not affect the  
197 retired member's eligibility for compensation provided for in section 169.580 or 169.585, nor  
198 shall the amount being paid pursuant to these sections be reduced because of any increases  
199 provided for in this section.

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

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

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

228       15. Notwithstanding any other provision of law, any person retired prior to September  
229 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of  
230 subsection 3 of this section, as such option existed prior to September 28, 1983, and whose  
231 beneficiary nominated to receive continued retirement allowance payments under the elected  
232 option dies or has died, shall upon application to the board of trustees have his or her retirement

233 allowance increased to the amount he or she would have been receiving had the option not been  
234 elected, actuarially adjusted to recognize any excessive benefits which would have been paid to  
235 him or her up to the time of application.

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

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

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

265         18. Notwithstanding any other provisions of law to the contrary, any person retired prior  
266 to May 26, 1994, and any designated beneficiary of such a retired member who was deceased  
267 prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a  
268 special consultant on the matters of education, retirement or aging and upon request shall give  
269 written or oral opinions to the board in response to such requests. Beginning September 1, 1996,



270 as compensation for such service, the member shall have added, pursuant to this subsection, to  
271 the member's monthly annuity as provided by this section a dollar amount equal to the lesser of  
272 sixty dollars or the product of two dollars multiplied by the member's number of years of  
273 creditable service. Beginning September 1, 1999, the designated beneficiary of the deceased  
274 member shall as compensation for such service have added, pursuant to this subsection, to the  
275 monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars  
276 or the product of two dollars multiplied by the member's number of years of creditable service.  
277 The total compensation provided by this section including the compensation provided by this  
278 subsection shall be used in calculating any future cost-of-living adjustments provided by  
279 subsection 12 of this section.

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

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

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

302         22. Any member who has retired prior to July 1, 2000, and the designated beneficiary  
303 of a deceased retired member shall be made, constituted, appointed and employed by the board  
304 as a special consultant on the matters of education, retirement and aging, and upon request shall  
305 give written or oral opinions to the board in response to such requests. As compensation for such  
306 duties, the person shall receive a payment equivalent to three and five-tenths percent of the

307 previous month's benefit, which shall be added to the member or beneficiary's monthly annuity  
308 and which shall not be subject to the provisions of subsections 12 and 13 of this section for the  
309 purposes of the limit on the total amount of increases which may be received.

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

318       **24. Notwithstanding the provisions of subsection 6 of section 169.030 to the**  
319 **contrary, any member who has retired, attained the age of seventy-five and above, and**  
320 **received cost-of-living increases totaling eighty percent as provided in subsection 12 of this**  
321 **section prior to January 1, 2009, shall be made, constituted, and employed by the board**  
322 **as a special consultant on the matters of education, retirement, and aging, and upon**  
323 **request shall give written or oral opinions to the board in response to such requests. As**  
324 **compensation for such duties, beginning January 1, 2009, and through January 1, 2013,**  
325 **the member shall receive an amount equal to five dollars per month multiplied by years**  
326 **of service which shall be added to the member's monthly annuity.**

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, 2013, a member may elect to receive a  
17 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  
139 equal shares, or [(4)] person's estate in that order of precedence; provided, however, that if an  
140 optional benefit, as provided in option 2, 3 or 4 in subsection 4, had been elected and the  
141 beneficiary dies after receiving the optional benefit, then, if the total retirement allowances paid  
142 to the retired individual and the individual's beneficiary are less than the total of the  
143 contributions, the difference shall be paid to the [(1)] surviving spouse, [(2)] surviving children  
144 in equal shares, [(3)] surviving parents in equal shares, or [(4)] estate of the beneficiary, in that  
145 order of precedence, unless the retired individual designates a different recipient with the board  
146 at or after retirement.

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

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

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

165 presented to the board, the member shall be granted an allowance as provided in sections  
166 169.600 to 169.715 on the basis of the member's age and years of service.

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

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

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

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

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

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

200 15. Any member who has retired prior to July 1, 2000, and the designated beneficiary  
201 of a deceased retired member upon request shall be made, constituted, appointed and employed

202 by the board as a special consultant on the matters of education, retirement and aging. As  
203 compensation for such duties the person shall receive a payment equivalent to three and  
204 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
205 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
206 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
207 received.

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

216       **17. Notwithstanding the provisions of subsection 7 of section 169.620 to the**  
217 **contrary, any member who has retired, attained the age of seventy-five and above, and**  
218 **received cost-of-living increases totaling eighty percent as provided in subsection 2 of this**  
219 **section prior to January 1, 2009, shall be made, constituted, and employed by the board**  
220 **as a special consultant on the matters of education, retirement, and aging, and upon**  
221 **request shall give written or oral opinions to the board in response to such requests. As**  
222 **compensation for such duties, beginning January 1, 2009, and through January 1, 2013,**  
223 **the member shall receive an amount equal to three dollars per month multiplied by years**  
224 **of service which shall be added to the member's monthly annuity.**

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