

SECOND REGULAR SESSION

# HOUSE BILL NO. 2104

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE VIEBROCK.

Read 1st time February 12, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

4888L.01I

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### AN ACT

To repeal sections 169.020, 169.040, 169.056, 169.070, 169.073, 169.075, 169.090, 169.130, 169.630, 169.650, 169.655, 169.670, 169.673, and 169.690, RSMo, and to enact in lieu thereof fifteen new sections relating to the public school and public education employee retirement systems of Missouri.

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

Section A. Sections 169.020, 169.040, 169.056, 169.070, 169.073, 169.075, 169.090, 2 169.130, 169.630, 169.650, 169.655, 169.670, 169.673, and 169.690, RSMo, are repealed and 3 fifteen new sections enacted in lieu thereof, to be known as sections 169.020, 169.040, 169.056, 4 169.070, 169.073, 169.075, 169.090, 169.130, 169.562, 169.630, 169.650, 169.655, 169.670, 5 169.673, and 169.690, to read as follows:

169.020. 1. For the purpose of providing retirement allowances and other benefits for 2 public school teachers, there is hereby created and established a retirement system which shall 3 be a body corporate, shall be under the management of a board of trustees herein described, and 4 shall be known as "The Public School Retirement System of Missouri". Such system shall, by 5 and in such name, sue and be sued, transact all of its business, invest all of its funds, and hold 6 all of its cash, securities, and other property. The system so created shall include all school 7 districts in this state, except those in cities that had populations of four hundred thousand or more 8 according to the latest United States decennial census, and such others as are or hereafter may 9 be included in a similar system or in similar systems established by law and made operative; 10 provided, that teachers in school districts of more than four hundred thousand inhabitants who

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.

11 are or may become members of a local retirement system may become members of this system  
12 with the same legal benefits as accrue to present members of such state system on the terms and  
13 under the conditions provided for in section 169.021. The system hereby established shall begin  
14 operations on the first day of July next following the date upon which sections 169.010 to  
15 169.130 shall take effect.

16         2. The general administration and the responsibility for the proper operation of the  
17 retirement system and for making effective the provisions of sections 169.010 to 169.141 are  
18 hereby vested in a board of trustees of seven persons as follows: four persons to be elected as  
19 trustees by the members and retired members of the public school retirement system created by  
20 sections 169.010 to 169.141 and the public education employee retirement system created by  
21 sections 169.600 to 169.715; and three members appointed by the governor with the advice and  
22 consent of the senate. The first member appointed by the governor shall replace the  
23 commissioner of education for a term beginning August 28, 1998. The other two members shall  
24 be appointed by the governor at the time each member's, who was appointed by the state board  
25 of education, term expires.

26         3. Trustees appointed and elected shall be chosen for terms of four years from the first  
27 day of July next following their appointment or election, except that one of the elected trustees  
28 shall be a member of the public education employee retirement system and shall be initially  
29 elected for a term of three years from July 1, 1991. The initial term of one other elected trustee  
30 shall commence on July 1, 1992.

31         4. Trustees appointed by the governor shall be residents of school districts included in  
32 the retirement system, but not employees of such districts or a state employee or a state elected  
33 official. At least one trustee so appointed shall be a retired member of the public school  
34 retirement system or the public education employee retirement system. Three elected trustees  
35 shall be members of the public school retirement system and one elected trustee shall be a  
36 member of the public education employee retirement system.

37         5. The elections of the trustees shall be arranged for, managed and conducted by the  
38 board of trustees of the retirement system.

39         6. If a vacancy occurs in the office of trustee, the vacancy shall be filled for the  
40 unexpired term in the same manner as the office was previously filled.

41         7. Trustees of the retirement system shall serve without compensation but they shall be  
42 reimbursed for expenses necessarily incurred through service on the board of trustees.

43         8. Each trustee shall be commissioned by the governor, and before entering upon the  
44 duties of the trustee's office, shall take and subscribe to an oath or affirmation to support the  
45 Constitution of the United States, and of the state of Missouri and to demean himself or herself

46 faithfully in the trustee's office. Such oath as subscribed to shall be filed in the office of secretary  
47 of state of this state.

48         9. Each trustee shall be entitled to one vote in the board of trustees. Four votes shall be  
49 necessary for a decision by the trustees at any meeting of the board of trustees. Unless otherwise  
50 expressly provided herein, a meeting need not be called or held to make any decision on a matter  
51 before the board. Each member must be sent by the executive director a copy of the matter to  
52 be decided with full information from the files of the board of trustees. The unanimous decision  
53 of four trustees may decide the issue by signing a document declaring their decision and sending  
54 such written instrument to the executive director of the board, provided that no other member  
55 of the board of trustees shall send a dissenting decision to the executive director of the board  
56 within fifteen days after such document and information was mailed to the trustee. If any  
57 member is not in agreement with four members the matter is to be passed on at a regular board  
58 meeting or a special meeting called for the purpose.

59         10. The board of trustees shall elect one of their number as chairman, and shall employ  
60 a full-time executive director, not one of their number, who shall be the executive officer of the  
61 board. Other employees of the board shall be chosen only upon the recommendation of the  
62 executive director.

63         11. The board of trustees shall employ an actuary who shall be its technical advisor on  
64 matters regarding the operation of the retirement system, and shall perform such duties as are  
65 essential in connection therewith, including the recommendation for adoption by the board of  
66 mortality and other necessary tables, and the recommendation of the level rate of contributions  
67 required for operation of the system.

68         12. As soon as practicable after the establishment of the retirement system, and annually  
69 thereafter, the actuary shall make a valuation of the system's assets and liabilities on the basis of  
70 such tables as have been adopted.

71         13. At least once in the three-year period following the establishment of the retirement  
72 system, and in each five-year period thereafter, the board of trustees shall cause to be made an  
73 actuarial investigation into the mortality, service, and compensation experience of the members  
74 and beneficiaries of the system, and shall make any changes in the mortality, service, and other  
75 tables then in use which the results of the investigation show to be necessary.

76         14. Subject to the limitations of sections 169.010 to 169.141 and 169.600 to 169.715,  
77 the board of trustees shall formulate and adopt rules and regulations for the government of its  
78 own proceedings and for the administration of the retirement system.

79         15. The board of trustees shall determine and decide all questions of doubt as to what  
80 constitutes employment within the meaning of sections 169.010 to 169.141 and 169.600 to  
81 169.715, the amount of benefits to be paid to members, retired members, beneficiaries and

82 survivors and the amount of contributions to be paid by employer and employee. The executive  
83 director shall notify by certified mail both employer and member, retired member, beneficiary  
84 or survivor interested in such determination. Any member, retired member, beneficiary or  
85 survivor, district or employer adversely affected by such determination, at any time within thirty  
86 days after being notified of such determination, may appeal to the circuit court of Cole County.  
87 Such appeal shall be tried and determined anew in the circuit court and such court shall hear and  
88 consider any and all competent testimony relative to the issues in the case, which may be offered  
89 by either party thereto. The circuit court shall determine the rights of the parties under sections  
90 169.010 to 169.141 and 169.600 to 169.715 using the same standard provided in section  
91 536.150, RSMo, and the judgment or order of such circuit court shall be binding upon the parties  
92 and the board shall carry out such judgment or order unless an appeal is taken from such decision  
93 of the circuit court. Appeals may be had from the circuit court by the employer, member, retired  
94 member, beneficiary, survivor or the board, in the manner provided by the civil code.

95 16. The board of trustees shall keep a record of all its proceedings, which shall be open  
96 to public inspection. It shall prepare annually a comprehensive annual financial report, the  
97 financial section of which shall be prepared in accordance with applicable accounting standards  
98 and shall include the independent auditor's opinion letter. The report shall also include  
99 information on the actuarial status and the investments of the system. The reports shall be  
100 preserved by the executive director and made available for public inspection.

101 17. The board of trustees shall provide for the maintenance of an individual account with  
102 each member, setting forth such data as may be necessary for a ready determination of the  
103 member's earnings, contributions, and interest accumulations. It shall also collect and keep in  
104 convenient form such data as shall be necessary for the preparation of the required mortality and  
105 service tables and for the compilation of such other information as shall be required for the  
106 valuation of the system's assets and liabilities. All individually identifiable information  
107 pertaining to members, retirees, beneficiaries and survivors shall be confidential.

108 18. The board of trustees shall meet regularly at least twice each year, with the dates of  
109 such meetings to be designated in the rules and regulations adopted by the board. Such other  
110 meetings as are deemed necessary may be called by the chairman of the board or by any four  
111 members acting jointly.

112 19. The headquarters of the retirement system shall be in Jefferson City, where suitable  
113 office space, utilities and other services and equipment necessary for the operation of the system  
114 shall be provided by the board of trustees and all costs shall be paid from funds of the system.  
115 All suits [in which] **or proceedings directly or indirectly against** the board of trustees, the  
116 board's members or employees or the retirement system established by sections 169.010 to  
117 169.141 or 169.600 to 169.715 [are parties] shall be brought in Cole County.

118           20. The board may appoint an attorney or firm of attorneys to be the legal advisor to the  
119 board and to represent the board in legal proceedings, however, if the board does not make such  
120 an appointment, the attorney general shall be the legal advisor of the board of trustees, and shall  
121 represent the board in all legal proceedings.

122           21. The board of trustees shall arrange for adequate surety bonds covering the executive  
123 director. When approved by the board, such bonds shall be deposited in the office of the  
124 secretary of state of this state.

125           22. The board shall arrange for annual audits of the records and accounts of the system  
126 by a firm of certified public accountants, the state auditor shall review the audit of the records  
127 and accounts of the system at least once every three years and shall report the results to the board  
128 of trustees and the governor.

129           23. The board by its rules may establish an interest charge to be paid by the employer  
130 on any payments of contributions which are delinquent. The rate charged shall not exceed the  
131 actuarially assumed rate of return on invested funds of the pertinent system.

169.040. 1. All funds arising from the operation of sections 169.010 to 169.141 shall  
2 belong to the retirement system herein created and shall be controlled by the board of trustees  
3 of that system which board shall provide for the collection of such funds, shall see that they are  
4 safely preserved, and shall permit their disbursement only for the purposes herein authorized.  
5 Such funds and all other funds received by the retirement system are declared and shall be  
6 deemed to be the moneys and funds of the retirement system and not revenue collected or  
7 moneys received by the state and shall not be commingled with state funds.

8           2. The board shall invest all funds under its control which are in excess of a safe  
9 operating balance. The funds shall be invested only in those investments which a prudent person  
10 acting in a like capacity and familiar with these matters would use in the conduct of an enterprise  
11 of a like character and with like aims, as provided in section 105.688, RSMo. The board of  
12 trustees may delegate to duly appointed investment counselors authority to act in place of the  
13 board in the investment and reinvestment of all or part of the moneys of the system, and may also  
14 delegate to such counselors the authority to act in place of the board in the holding, purchasing,  
15 selling, assigning, transferring or disposing of any or all of the securities and investments in  
16 which such moneys shall have been invested, as well as the proceeds of such investments and  
17 such moneys. Such investment counselors shall be registered as investment advisors with the  
18 United States Securities and Exchange Commission. In exercising or delegating its investment  
19 powers and authority, members of the board shall exercise ordinary business care and prudence  
20 under the facts and circumstances prevailing at the time of the action or decision. No member  
21 of the board shall be liable for any action taken or omitted with respect to the exercise of, or  
22 delegation of, these powers and authority if such member shall have discharged the duties of his

23 or her position in good faith and with that degree of diligence, care and skill which a prudent  
24 person acting in a like capacity and familiar with these matters would use in the conduct of an  
25 enterprise of a like character and with like aims.

26 **3. Notwithstanding the provisions of section 105.662, RSMo, the board may set up**  
27 **and maintain a public school and education employee retirement systems of Missouri**  
28 **investment fund account in which investment and reinvestment of all or part of the moneys**  
29 **of the system may be placed and be available for investment purposes. For the purpose of**  
30 **investing the funds of the retirement system, the funds may be combined with the funds of**  
31 **the public education employee retirement system of Missouri, but the funds of each system**  
32 **shall be accounted for separately and for all other reporting purposes shall be separate.**

33 **4. The board of trustees may promulgate rules and regulations not inconsistent**  
34 **with the provisions of this section as shall deem necessary for the proper administration**  
35 **under the provisions of this chapter. Any rule or portion of a rule, as that term is defined**  
36 **in section 536.010, RSMo, that is created under the authority delegated in this section shall**  
37 **become effective only if it complies with and is subject to all of the provisions of chapter**  
38 **536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536,**  
39 **RSMo, are nonseverable and if any of the powers vested with the general assembly under**  
40 **chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule**  
41 **are subsequently held unconstitutional, then the grant of rulemaking authority and any**  
42 **rule proposed or adopted after August 28, 2008, shall be invalid and void.**

43 **5. No investment transaction authorized by the board shall be handled by any company**  
44 **or firm in which a member of the board has an interest, nor shall any member of the board profit**  
45 **directly or indirectly from any such investment. All investments shall be made for the account**  
46 **of the retirement system, and any securities or other properties obtained by the board of trustees**  
47 **may be held by a custodian in the name of the retirement system, or in the name of a nominee**  
48 **in order to facilitate the expeditious transfer of such securities or other property. Such securities**  
49 **or other properties which are not available in registered form may be held in bearer form or in**  
50 **book entry form. The retirement system is further authorized to deposit, or have deposited for**  
51 **its account, eligible securities in a central depository system or clearing corporation or in a**  
52 **federal reserve bank under a book entry system as defined in the Uniform Commercial Code,**  
53 **sections 400.8-102 and 400.8-109, RSMo. When such eligible securities of the retirement**  
54 **system are so deposited with a central depository system they may be merged and held in the**  
55 **name of the nominee of such securities depository and title to such securities may be transferred**  
56 **by bookkeeping entry on the books of such securities depository or federal reserve bank without**  
57 **physical delivery of the certificates or documents representing such securities.**

58       [4.] 6. With appropriate safeguards against loss by the system in any contingency, the  
59 board may designate a bank or trust company to serve as a depository of system funds and  
60 intermediary in the investment of those funds and payment of system obligations.

61       [5.] 7. All retirement allowances or other periodic payments paid by the board shall be  
62 paid to recipients of such payments by electronic funds transfer, unless another method has been  
63 determined by the board to be appropriate. Each recipient of retirement allowances or other  
64 periodic payments shall designate a financial institution or other authorized payment agent and  
65 provide the board information necessary for the recipient to receive electronic funds transfer  
66 payments through the institution or agent designated. This subsection shall apply to retirement  
67 allowances and other periodic payments first paid on or after January 1, 1998, and shall apply  
68 to all retirement allowances and other periodic payments on and after January 1, 1999.

69       [6.] 8. The board of trustees may deliberate about, or make tentative or final decisions  
70 on, investments or other financial matters in a closed meeting under chapter 610, RSMo, if  
71 disclosure of the deliberations or decisions would jeopardize the ability to implement a decision  
72 or to achieve investment objectives. A record of the retirement system that discloses  
73 deliberations about, or a tentative decision on, investments or other financial matters is not a  
74 public record under chapter 610, RSMo, to the extent and so long as its disclosure would  
75 jeopardize the ability to implement a decision or to achieve investment objectives.

169.056. 1. Members who have accrued at least one year of membership service credit  
2 for employment in a position covered by this retirement system and who have covered  
3 employment with this retirement system following the service for which credit is being  
4 purchased may purchase membership service credit under the circumstances, terms and  
5 conditions provided in this section. With respect to each such purchase authorized by this  
6 section the following provisions apply:

7       (1) The purchase shall be effected by the member paying to the retirement system the  
8 amount the member would have contributed and the amount the employer would have  
9 contributed had such member been an employee for the number of years for which the member  
10 is electing to purchase credit, and had the member's compensation during such period been the  
11 highest annual salary rate on record with the retirement system on the date of election to purchase  
12 credit. For purposes of this section, "annual salary rate" means the annual salary rate for  
13 full-time service for the position of employment. The contribution rate used in determining the  
14 amount to be paid shall be the contribution rate in effect on the date of election to purchase  
15 credit. Notwithstanding the provisions of this subsection, for all elections to purchase credit  
16 received by the retirement system on or after January 1, 2006, the member shall receive credit  
17 based on the amount paid by the member for such credit and received by the retirement system  
18 by the close of business on June thirtieth of each year. In lieu of charging the member interest

19 on such purchase of credit, the amount to be paid by the member for any remaining credit the  
20 member has elected to purchase but has not paid for by [June] **September** thirtieth of each year  
21 shall be recalculated on the following [July] **October** first using the contribution rate in effect  
22 on that July first and the highest salary of record for the member as of that July first. For all  
23 elections to purchase credit received by the retirement system prior to January 1, 2006, the  
24 retirement system shall determine the cost of such purchase using the calculation method in  
25 effect for elections to purchase credit received by the retirement system on or after January 1,  
26 2006, provided that the member shall have a one-time, irrevocable option to continue to have the  
27 cost of such purchase be determined using the calculation method in effect at the time of such  
28 election to purchase such credit. To be effective, such option must be elected by the member on  
29 a form approved by the retirement system and such form must be received by the retirement  
30 system by the close of business on June 30, 2006. The retirement system [reserves the right to]  
31 **may prohibit a purchase, impose additional requirements for making a purchase, or** limit  
32 the amount of credit purchased [by the member in any year if the amounts paid by the member  
33 in that year would exceed any applicable contribution limits set forth in] **if necessary for the**  
34 **retirement system to comply with federal law, including but not limited to the provisions**  
35 **of Section 415 of Title 26 of the United States Code. The board of trustees may promulgate**  
36 **rules and regulations not inconsistent with the provisions of this section as shall deem**  
37 **necessary for its proper administration under the provisions of this chapter. Any rule or**  
38 **portion of a rule, as that term is defined in section 536.010, RSMo, that is created under**  
39 **the authority delegated in this section shall become effective only if it complies with and**  
40 **is subject to all of the provisions of chapter 536, RSMo, and, if applicable, section 536.028,**  
41 **RSMo. This section and chapter 536, RSMo, are nonseverable and if any of the powers**  
42 **vested with the general assembly under chapter 536, RSMo, to review, to delay the effective**  
43 **date, or to disapprove and annul a rule are subsequently held unconstitutional, then the**  
44 **grant of rulemaking authority and any rule proposed or adopted after August 28, 2008,**  
45 **shall be invalid and void;**

46 (2) Membership service credit purchased pursuant to this section shall be deemed to be  
47 membership service in Missouri for purposes of subsection [7] **8** of section 169.070;

48 (3) An election to purchase membership service credit pursuant to this section and  
49 payment for the purchase shall be completed prior to termination of membership with the  
50 retirement system with interest on the unpaid balance;

51 (4) Members may purchase membership service credit in increments of one-tenth of a  
52 year, and multiple elections to purchase may be made;



53           (5) Additional terms and conditions applicable to purchase made pursuant to this section  
54 including, but not limited to, minimum payments, payment schedules and provisions applicable  
55 when a member fails to complete payment may be set by rules of the board.

56           2. Membership service credit shall not be allowed pursuant to this section or sections  
57 169.570 and 169.577 which exceeds in length the member's membership service credit for  
58 employment in a position covered by this system, and in no event may the member receive  
59 membership service credit with both this system and another public retirement system for the  
60 same service.

61           3. A member who was employed for at least twenty hours per week on a regular basis  
62 by a public school district, public junior college, public community college, public college, or  
63 public university, either inside or outside of this state, may elect to purchase equivalent  
64 membership service credit.

65           4. A member who has served in the armed forces of the United States of America and  
66 who was discharged or separated from the armed forces by other than a dishonorable discharge  
67 may elect to purchase membership service for the period of active duty service in the armed  
68 forces.

69           5. Any member granted unpaid maternity or paternity leave for a period, from a position  
70 covered by the retirement system, who returned to employment in such a position, may elect to  
71 purchase membership service credit for the period of leave.

72           6. Any member who is or was certified as a vocational-technical teacher on the basis of  
73 having a college degree or who was required to have a period of work experience of at least two  
74 years in the area of the subject being taught in order to qualify for such certification may, upon  
75 written application to the board, purchase equivalent membership service credit for such work  
76 experience which shall not exceed the two years necessary for certification if the work  
77 experience was in the area that the member taught or is teaching and was completed in two years.

78           7. Any member who had membership service credit with the public education employee  
79 retirement system of Missouri governed by sections 169.600 to 169.715 but which membership  
80 service credit was forfeited by withdrawal or refund may elect to purchase credit for such service.  
81 The public education employee retirement system of Missouri shall transfer to this system an  
82 amount equal to the employer contributions for the forfeited service being purchased, plus  
83 interest, which shall be applied to reduce the amount the member would otherwise pay for the  
84 purchase, provided that the amount transferred shall not exceed one-half of the purchase cost.

85           8. A member may elect to purchase membership service credit for service rendered while  
86 on leave from an employer, as defined in section 169.010, for a not-for-profit corporation or  
87 agency whose primary purpose is support of education or education research, if the member was  
88 employed by that organization to serve twenty or more hours per week on a regular basis.

89           9. A member who was employed by a private school, private junior college, private  
90 community college, private college, or private university, either inside or outside of this state,  
91 for at least twenty hours per week on a regular basis, may elect to purchase equivalent  
92 membership service credit for such service rendered.

93           10. A member who was employed in nonfederal public employment for at least twenty  
94 hours a week on a regular basis shall be permitted to purchase equivalent creditable service in  
95 the retirement system for such employment subject to provisions of this section.

96           11. A member who, while eighteen years of age or older, was employed in a position  
97 covered by Social Security for at least twenty hours a week on a regular basis shall be permitted  
98 to purchase equivalent creditable service in the retirement system for such employment subject  
99 to provisions of this section.

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

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

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

11

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

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;

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

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

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

(1) Sixty cents plus one 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;

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.

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

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

OR

Option 3. Upon the death of the member three-fourths of the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable 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 **surviving spouse, surviving children in equal**  
80 **shares, surviving parents in equal shares, or to the** estate of the last person to receive a  
81 monthly allowance **in a lump sum payment**. If the total of the one hundred twenty payments  
82 paid to the retired individual and the beneficiary of the retired individual is less than the total of  
83 the member's accumulated contributions, the difference shall be paid to the beneficiary in a lump  
84 sum;

85 OR

86 Option 6. Upon the death of the member prior to the member having received sixty  
87 monthly payments of the member's reduced allowance, the remainder of the sixty monthly  
88 payments of the reduced allowance shall be paid to such beneficiary as the member shall have  
89 nominated in the member's election of the option or in a subsequent nomination. If there is no  
90 beneficiary so nominated who survives the member for the remainder of the sixty monthly  
91 payments, the total of the remainder of such sixty monthly payments shall be paid to the  
92 **surviving spouse, surviving children in equal shares, surviving parents in equal shares, or**  
93 **to the** estate of the last person to receive a monthly allowance **in a lump sum payment**. If the  
94 total of the sixty payments paid to the retired individual and the beneficiary of the retired  
95 individual is less than the total of the member's accumulated contributions, the difference shall  
96 be paid to the beneficiary in a lump sum.

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

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

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

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

**5. If a member dies and his or her financial institution is unable to accept the final payment or payments due to the member, the final payment or payments shall be paid to**

133 the beneficiary of the member or, if there is no beneficiary, to the surviving spouse,  
134 surviving children in equal shares, surviving parents in equal shares, or to the estate of the  
135 member in that order of precedence, unless otherwise stated. If the beneficiary of a  
136 deceased member dies and his or her financial institution is unable to accept the final  
137 payment or payments, the final payment or payments shall be paid to the surviving spouse,  
138 surviving children in equal shares, surviving parents in equal shares, or to the estate of the  
139 member in that order of precedence, unless otherwise stated.

140       6. If a member dies before receiving a retirement allowance, the member's accumulated  
141 contributions at the time of the death of the member shall be paid to the beneficiary of the  
142 member or, if there is no beneficiary, to the [(1)] surviving spouse, [(2)] surviving children in  
143 equal shares, [(3)] surviving parents in equal shares, or [(4)] to the estate of the member in that  
144 order of precedence; except that, no such payment shall be made if the beneficiary elects option  
145 2 in subsection 3 of this section, unless the beneficiary dies before having received benefits  
146 pursuant to that subsection equal to the accumulated contributions of the member, in which case  
147 the amount of accumulated contributions in excess of the total benefits paid pursuant to that  
148 subsection shall be paid to the [(1)] surviving spouse, [(2)] surviving children in equal shares,  
149 [(3)] surviving parents in equal shares, or [(4)] estate of the beneficiary, in that order of  
150 precedence.

151       [6.] 7. If a member ceases to be a public school employee as herein defined and certifies  
152 to the board of trustees that such cessation is permanent, or if the membership of the person is  
153 otherwise terminated, the member shall be paid the member's accumulated contributions with  
154 interest.

155       [7.] 8. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary,  
156 if a member ceases to be a public school employee after acquiring five or more years of  
157 membership service in Missouri, the member may at the option of the member leave the  
158 member's contributions with the retirement system and claim a retirement allowance any time  
159 after reaching the minimum age for voluntary retirement. When the member's claim is presented  
160 to the board, the member shall be granted an allowance as provided in sections 169.010 to  
161 169.141 on the basis of the member's age, years of service, and the provisions of the law in effect  
162 at the time the member requests the member's retirement to become effective.

163       [8.] 9. The retirement allowance of a member retired because of disability shall be  
164 nine-tenths of the allowance to which the member's creditable service would entitle the member  
165 if the member's age were sixty, or fifty percent of one-twelfth of the annual salary rate used in  
166 determining the member's contributions during the last school year for which the member  
167 received a year of creditable service immediately prior to the member's disability, whichever is  
168 greater, except that no such allowance shall exceed the retirement allowance to which the

169 member would have been entitled upon retirement at age sixty if the member had continued to  
170 teach from the date of disability until age sixty at the same salary rate.

171 [9.] **10.** Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary,  
172 from October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be  
173 multiplied by the factor of two-thirds for any member of the system for whom federal Old Age  
174 and Survivors Insurance tax is paid from state or local tax funds on account of the member's  
175 employment entitling the person to membership in the system. The monetary benefits for a  
176 member who elected not to exercise an option to pay into the system a retroactive contribution  
177 of four percent on that part of the member's annual salary rate which was in excess of four  
178 thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each  
179 year of employment in a position covered by this system between July 1, 1957, and July 1, 1961,  
180 as provided in subsection 10 of this section as it appears in RSMo, 1969, shall be the sum of:

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

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

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

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

192 [10.] **11.** The monetary benefits for each other member for whom federal Old Age and  
193 Survivors Insurance tax is or was paid at any time from state or local funds on account of the  
194 member's employment entitling the member to membership in the system shall be the sum of:

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

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

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

202 [11.] **12.** Any retired member of the system who was retired prior to September 1, 1972,  
203 or beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as  
204 such option existed prior to September 1, 1972, will be eligible to receive an increase in the

205 retirement allowance of the member of two percent for each year, or major fraction of more than  
206 one-half of a year, which the retired member has been retired prior to July 1, 1975. This  
207 increased amount shall be payable commencing with January, 1976, and shall thereafter be  
208 referred to as the member's retirement allowance. The increase provided for in this subsection  
209 shall not affect the retired member's eligibility for compensation provided for in section 169.580  
210 or 169.585, nor shall the amount being paid pursuant to these sections be reduced because of any  
211 increases provided for in this section.

212 [12.] **13.** If the board of trustees determines that the cost of living, as measured by  
213 generally accepted standards, increases two percent or more in the preceding fiscal year, the  
214 board shall increase the retirement allowances which the retired members or beneficiaries are  
215 receiving by two percent of the amount being received by the retired member or the beneficiary  
216 at the time the annual increase is granted by the board with the provision that the increases  
217 provided for in this subsection shall not become effective until the fourth January first following  
218 the member's retirement or January 1, 1977, whichever later occurs, or in the case of any member  
219 retiring on or after July 1, 2000, the increase provided for in this subsection shall not become  
220 effective until the third January first following the member's retirement, or in the case of any  
221 member retiring on or after July 1, 2001, the increase provided for in this subsection shall not  
222 become effective until the second January first following the member's retirement. Commencing  
223 with January 1, 1992, if the board of trustees determines that the cost of living has increased five  
224 percent or more in the preceding fiscal year, the board shall increase the retirement allowances  
225 by five percent. The total of the increases granted to a retired member or the beneficiary after  
226 December 31, 1976, may not exceed eighty percent of the retirement allowance established at  
227 retirement or as previously adjusted by other subsections. If the cost of living increases less than  
228 five percent, the board of trustees may determine the percentage of increase to be made in  
229 retirement allowances, but at no time can the increase exceed five percent per year. If the cost  
230 of living decreases in a fiscal year, there will be no increase in allowances for retired members  
231 on the following January first.

232 [13.] **14.** The board of trustees may reduce the amounts which have been granted as  
233 increases to a member pursuant to subsection 12 of this section if the cost of living, as  
234 determined by the board and as measured by generally accepted standards, is less than the cost  
235 of living was at the time of the first increase granted to the member; except that, the reductions  
236 shall not exceed the amount of increases which have been made to the member's allowance after  
237 December 31, 1976.

238 [14.] **15.** Any application for retirement shall include a sworn statement by the member  
239 certifying that the spouse of the member at the time the application was completed was aware  
240 of the application and the plan of retirement elected in the application.



[15.] **16.** Notwithstanding any other provision of law, any person retired prior to September 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of subsection 3 of this section, as such option existed prior to September 28, 1983, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have his or her retirement allowance increased to the amount he or she would have been receiving had the option not been elected, actuarially adjusted to recognize any excessive benefits which would have been paid to him or her up to the time of application.

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

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

- (1) Thirty or more years of service, one thousand two hundred dollars;
- (2) At least twenty-five years but less than thirty years, one thousand dollars;
- (3) At least twenty years but less than twenty-five years, eight hundred dollars;

277 (4) At least fifteen years but less than twenty years, six hundred dollars.

278 [18.] **19.** Notwithstanding any other provisions of law to the contrary, any person retired  
279 prior to May 26, 1994, and any designated beneficiary of such a retired member who was  
280 deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the board  
281 as a special consultant on the matters of education, retirement or aging and upon request shall  
282 give written or oral opinions to the board in response to such requests. Beginning September 1,  
283 1996, as compensation for such service, the member shall have added, pursuant to this  
284 subsection, to the member's monthly annuity as provided by this section a dollar amount equal  
285 to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of  
286 years of creditable service. Beginning September 1, 1999, the designated beneficiary of the  
287 deceased member shall as compensation for such service have added, pursuant to this subsection,  
288 to the monthly annuity as provided by this section a dollar amount equal to the lesser of sixty  
289 dollars or the product of two dollars multiplied by the member's number of years of creditable  
290 service. The total compensation provided by this section including the compensation provided  
291 by this subsection shall be used in calculating any future cost-of-living adjustments provided by  
292 subsection 12 of this section.

293 [19.] **20.** Any member who has retired prior to July 1, 1998, and the designated  
294 beneficiary of a deceased retired member shall be made, constituted, appointed and employed  
295 by the board as a special consultant on the matters of education, retirement and aging, and upon  
296 request shall give written or oral opinions to the board in response to such requests. As  
297 compensation for such duties the person shall receive a payment equivalent to eight and  
298 seven-tenths percent of the previous month's benefit, which shall be added to the member's or  
299 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12  
300 and 13 of this section for the purposes of the limit on the total amount of increases which may  
301 be received.

302 [20.] **21.** Any member who has retired shall be made, constituted, appointed and  
303 employed by the board as a special consultant on the matters of education, retirement and aging,  
304 and upon request shall give written or oral opinions to the board in response to such request. As  
305 compensation for such duties, the beneficiary of the retired member, or, if there is no beneficiary,  
306 the [(1)] surviving spouse, [(2)] surviving children in equal shares, [(3)] surviving parents in  
307 equal shares, or [(4)] estate of the retired member, in that order of precedence, shall receive as  
308 a part of compensation for these duties a death benefit of five thousand dollars.

309 [21.] **22.** Any member who has retired prior to July 1, 1999, and the designated  
310 beneficiary of a retired member who was deceased prior to July 1, 1999, shall be made,  
311 constituted, appointed and employed by the board as a special consultant on the matters of  
312 education, retirement and aging, and upon request shall give written or oral opinions to the board

313 in response to such requests. As compensation for such duties, the person shall have added,  
314 pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount  
315 equal to five dollars times the member's number of years of creditable service.

316 [22.] **23.** Any member who has retired prior to July 1, 2000, and the designated  
317 beneficiary of a deceased retired member shall be made, constituted, appointed and employed  
318 by the board as a special consultant on the matters of education, retirement and aging, and upon  
319 request shall give written or oral opinions to the board in response to such requests. As  
320 compensation for such duties, the person shall receive a payment equivalent to three and  
321 five-tenths percent of the previous month's benefit, which shall be added to the member or  
322 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 12  
323 and 13 of this section for the purposes of the limit on the total amount of increases which may  
324 be received.

325 [23.] **24.** Any member who has retired prior to July 1, 2001, and the designated  
326 beneficiary of a deceased retired member shall be made, constituted, appointed and employed  
327 by the board as a special consultant on the matters of education, retirement and aging, and upon  
328 request shall give written or oral opinions to the board in response to such requests. As  
329 compensation for such duties, the person shall receive a dollar amount equal to three dollars  
330 times the member's number of years of creditable service, which shall be added to the member's  
331 or beneficiary's monthly annuity and which shall not be subject to the provisions of subsections  
332 12 and 13 of this section for the purposes of the limit on the total amount of increases which may  
333 be received.

169.073. 1. Any member eligible for a retirement allowance pursuant to section 169.070  
2 and who has not previously received a retirement allowance, including an allowance under  
3 disability retirement under section 169.070, and whose sum of age and creditable service equals  
4 eighty-six years or more or whose creditable service is thirty-three years or more or whose age  
5 is sixty-three years or more and who has eight years or more of creditable service may elect a  
6 distribution under the partial lump sum option plan provided in this section if the member  
7 notifies the retirement system on the application for retirement.

8 2. A member entitled to make an election pursuant to this section may elect to receive  
9 a lump sum distribution in addition to the member's monthly retirement allowance pursuant to  
10 section 169.070, as reduced pursuant to this section. Such member may elect the amount of the  
11 member's lump sum distribution from one, but not more than one, of the following options:

12 (1) A lump sum amount equal to twelve times the retirement allowance the member  
13 would receive if no election were made pursuant to this section and the member had chosen  
14 option 1 pursuant to section 169.070;

15           (2) A lump sum amount equal to twenty-four times the retirement allowance the member  
16 would receive if no election were made pursuant to this section and the member had chosen  
17 option 1 pursuant to section 169.070; or

18           (3) A lump sum amount equal to thirty-six times the retirement allowance the member  
19 would receive if no election were made pursuant to this section and the member had chosen  
20 option 1 pursuant to section 169.070.

21           3. When a member makes an election to receive a lump sum distribution pursuant to this  
22 section, the retirement allowance that the member would have received in the absence of the  
23 election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump  
24 sum distribution and the reduced retirement allowance shall be the member's retirement  
25 allowance thereafter for all purposes in relation to retirement allowance amounts pursuant to  
26 section 169.070. A retirement allowance increased due to the death of a person nominated by  
27 the member to receive benefits pursuant to the provisions of option 2, 3, or 4 of subsection 3 of  
28 section 169.070 shall be increased pursuant to such provisions to the amount the retired member  
29 would be receiving had the retired member elected option 1 as actuarially reduced due to the  
30 lump sum distribution made pursuant to this section. Any payment of accumulated contributions  
31 pursuant to the provisions of sections 169.010 to 169.141 shall be reduced by the amount of any  
32 lump sum distribution made pursuant to this section in addition to any other reductions required  
33 by sections 169.010 to 169.141.

34           4. If the member dies before receiving a lump sum distribution pursuant to this section,  
35 the lump sum distribution shall be paid in accordance with rules adopted by the board of trustees.

36           5. Benefits paid pursuant to this section, in addition to all other provisions of the public  
37 school retirement system of Missouri, shall not exceed the limitations of Section 415 of Title 26  
38 of the United States Code except as provided in subsection [16] **17** of section 169.070.

          169.075. 1. Certain survivors specified in this section and meeting the requirements of  
2 this section may elect to forfeit any payments payable pursuant to subsection 3 or [5] **6** of section  
3 169.070 and to receive certain other benefits described in this section upon the death of a  
4 member prior to retirement, except retirement with disability benefits, whose period of creditable  
5 service in districts included in the retirement system is (1) five years or more, or (2) two years  
6 but less than five years and who dies (a) while teaching in a district included in the retirement  
7 system, or (b) as a result of an injury or sickness incurred while teaching in such a district and  
8 within one year of the commencement of such injury or sickness, or (c) while eligible for a  
9 disability retirement allowance hereunder.

10           2. Upon an election pursuant to subsection 1 of this section, a surviving spouse sixty  
11 years of age, or upon attainment of age sixty, or a surviving spouse who has been totally and  
12 permanently disabled for not less than five years immediately preceding the death of a member

13 if designated as the sole beneficiary, and if married to the member at least three years, and if  
14 living with such member at the time of the member's death, shall be entitled to a monthly  
15 payment equal to twenty percent of one-twelfth of the annual salary rate on which the member  
16 contributed for the member's last full year of creditable service as a teacher in a district included  
17 in the retirement system until death or recovery prior to age sixty from the disability which  
18 qualified the spouse for the benefit, whichever first occurs; provided that the monthly payment  
19 shall not be less than five hundred seventy-five dollars or more than eight hundred sixty dollars.  
20 A surviving spouse, who is eligible for benefits pursuant to this subsection and also pursuant to  
21 subsection 3 of this section may receive benefits only pursuant to subsection 3 of this section as  
22 long as the surviving spouse remains eligible pursuant to both subsections, but shall not be  
23 disqualified for the benefit provided in this subsection because the surviving spouse may have  
24 received payments pursuant to subsection 3 of this section. Beginning August 28, 2001, a  
25 surviving spouse who otherwise meets the requirements of this subsection but who remarried  
26 prior to August 28, 1995, shall be entitled, upon an election pursuant to subsection 1 of this  
27 section, to any remaining benefits that would otherwise have been received had the surviving  
28 spouse not remarried before the change in law permitting remarried surviving spouses to  
29 continue receiving benefits. Such surviving spouses may, upon application, become special  
30 consultants whose benefit will be to receive the remaining benefits described in this subsection.  
31 No benefit shall be paid to such surviving spouse unless he or she files a valid application for  
32 such benefit with the retirement system postmarked on or before June 30, 2002. In no event shall  
33 any retroactive benefits be paid.

34       3. Upon an election pursuant to subsection 1 of this section, a surviving spouse, if  
35 designated as the sole beneficiary, who has in the surviving spouse's care a dependent unmarried  
36 child, including a stepchild or adopted child, of the deceased member, under eighteen years of  
37 age, shall be entitled to a monthly payment equal to twenty percent of one-twelfth of the annual  
38 salary rate on which the member contributed for the member's last full year of creditable service  
39 as a teacher in a district included in the retirement system until the surviving spouse's death, or  
40 the first date when no such dependent unmarried child under age eighteen, or age twenty-four  
41 if the child is enrolled in school on a full-time basis, remains in the surviving spouse's care,  
42 whichever first occurs; provided that the monthly payment shall not be less than five hundred  
43 seventy-five dollars or more than eight hundred sixty dollars. In addition the surviving spouse  
44 shall be entitled to a monthly payment equal to one-half this amount, provided that the monthly  
45 payment shall not be less than three hundred dollars, for each such dependent unmarried child  
46 under eighteen years of age, or age twenty-four if the child is enrolled in school on a full-time  
47 basis, who remains in the surviving spouse's care. Further, in addition to the monthly payment  
48 to the surviving spouse as provided for in this subsection, each dependent unmarried child under

49 the age of eighteen years of the deceased member not in the care of such surviving spouse shall  
50 be entitled to a monthly payment equal to one-half of the surviving spouse's monthly payment  
51 which shall be paid to the child's primary custodial parent or legal guardian; provided that the  
52 payment because of an unmarried dependent child shall be made until the child attains age  
53 twenty-four if the child is enrolled in school on a full-time basis; provided, however, that the  
54 total of all monthly payments to the surviving spouse, primary custodial parent or legal guardian,  
55 including payments for such dependent unmarried children, shall in no event exceed two  
56 thousand one hundred sixty dollars, the amount of the children's share to be allocated equally as  
57 to each dependent unmarried child eligible to receive payments pursuant to this subsection.

58 4. Upon an election pursuant to subsection 1 of this section if the designated beneficiary  
59 is a dependent unmarried child as defined in this section or automatically upon the death of a  
60 surviving spouse receiving benefits pursuant to subsection 3 of this section, each surviving  
61 dependent unmarried child, including a stepchild or adopted child, of the deceased member,  
62 under eighteen years of age, or such a child under age twenty-four if the child is enrolled in  
63 school on a full-time basis, shall be entitled to a monthly payment equal to sixteen and two-thirds  
64 percent of one-twelfth of the annual salary rate on which the member contributed for the  
65 member's last full year of creditable service as a teacher in a district included in the retirement  
66 system until death, marriage, adoption, or attainment of age eighteen or age twenty-four if  
67 enrolled in school on a full-time basis, whichever first occurs; provided that the monthly  
68 payment shall not be less than five hundred dollars or more than seven hundred twenty dollars,  
69 and provided further that any child of the deceased member who is disabled before attainment  
70 of age eighteen because of a physical or mental impairment which renders the child unable to  
71 engage in any substantial gainful activity and which disability continues after the child has  
72 attained age eighteen shall be entitled to a like monthly payment, until death, marriage, adoption,  
73 or recovery from the disability, whichever first occurs; provided, however, that the total of all  
74 monthly payments to the surviving dependent unmarried children shall in no event exceed two  
75 thousand one hundred sixty dollars.

76 5. In lieu of receiving any benefit or lump sum from the retirement system, the  
77 designated beneficiary may elect under subsection 1 of this section to direct that each surviving  
78 dependent unmarried child, including a stepchild or adopted child, of the deceased member,  
79 under eighteen years of age, or such a child under age twenty-four if the child is enrolled in  
80 school on a full-time basis, shall be entitled to a monthly payment equal to sixteen and two-thirds  
81 percent of one-twelfth of the annual salary rate on which the member contributed for the  
82 member's last full year of creditable service as a teacher in a district included in the retirement  
83 system until death, marriage, adoption, or attainment of age eighteen or age twenty-four if  
84 enrolled in school on a full-time basis, whichever first occurs; provided that the monthly

85 payment shall not be less than five hundred dollars or more than seven hundred twenty dollars,  
86 and provided further that any child of the deceased member who is disabled before attainment  
87 of age eighteen because of a physical or mental impairment which renders the child unable to  
88 engage in any substantial gainful activity and which disability continues after the child has  
89 attained age eighteen shall be entitled to a like monthly payment, until death, marriage, adoption,  
90 or recovery from the disability, whichever first occurs; provided, however, that the total of all  
91 monthly payments to the surviving dependent unmarried children shall in no event exceed two  
92 thousand one hundred sixty dollars.

93         6. Upon an election pursuant to subsection 1 of this section, a surviving dependent parent  
94 of the deceased member, over sixty-five years of age or upon attainment of age sixty-five if  
95 designated as the sole beneficiary, provided such dependent parent was receiving at least one-half  
96 of the parent's support from such member at the time of the member's death and provided the  
97 parent files proof of such support within two years of such death, shall be entitled to a monthly  
98 payment equal to sixteen and two-thirds percent of one-twelfth of the annual salary rate on which  
99 the member contributed for the member's last full year as a teacher in a district included in the  
100 retirement system until death; provided that the monthly payment shall not be less than five  
101 hundred dollars or more than seven hundred twenty dollars. If the other parent also is a  
102 dependent, as defined in this section, the same amount shall be paid to each until death.

103         7. All else in this section to the contrary notwithstanding, a survivor may not be eligible  
104 to benefit pursuant to this section because of more than one terminated membership, and be it  
105 further provided that the board of trustees shall determine and decide all questions of doubt as  
106 to what constitutes dependency within the meaning of this section.

107         8. The provisions added to subsection 3 of this section in 1991 are intended to clarify the  
108 scope and meaning of this section as originally enacted and shall be applied in all cases in which  
109 such an election has occurred or will occur.

110         9. After July 1, 2000, all benefits payable pursuant to subsections 1 to 8 of this section  
111 shall be payable to eligible current and future survivor beneficiaries in accordance with this  
112 section.

113         10. The system shall pay a monthly retirement allowance for the month in which a retired  
114 member, beneficiary or survivor receiving a retirement allowance or survivor benefit dies.

115         11. If the total of all payments made under this section is less than the total of the  
116 member's accumulated contributions, the difference shall be paid to the person making the  
117 election under subsection 1 of this section. If such person does not survive until all payments  
118 are made under this section, such difference shall be paid in accordance with section 169.076.

169.090. Neither the funds belonging to the retirement system nor any benefit accrued  
2 or accruing to any person under the provisions of sections 169.010 to 169.130 shall be subject

3 to execution, garnishment, attachment or any other process whatsoever, nor shall they be  
4 assignable, except **in a proceeding instituted for spousal maintenance or child support and**  
5 as in sections 169.010 to 169.130 specifically provided.

169.130. 1. Any person, duly certified under the law governing the certification of  
2 teachers, employed full time as a teacher by the division of youth services prior to August 13,  
3 1986, who did not become a member of the Missouri state employees' retirement system under  
4 section 104.342, RSMo, is a member of the public school retirement system of Missouri. Any  
5 such person who becomes a member before the end of the school year next following July 18,  
6 1948, may claim and receive credit for prior service. The contributions required to be made by  
7 the member's employer shall be paid from appropriations to the institution by which the member  
8 is employed.

9 2. Any person, duly certified under the law governing the certification of teachers,  
10 employed full time as a teacher by a division of the state department of social services prior to  
11 August 13, 1986, who did not become a member of the Missouri state employees' retirement  
12 system under section 104.342, RSMo, who renders services in a school whose standards of  
13 education are set and which is supervised by a public school officer of the county in which the  
14 school is located, by the department of elementary and secondary education or by the  
15 coordinating board for higher education is a member of the public school retirement system of  
16 Missouri. Any such member who becomes a member before the end of the school year next  
17 following August 29, 1953, may claim and receive credit for prior service.

18 3. Any person, duly certified under the law governing the certification of teachers,  
19 employed full time as a teacher by the section of inmate education of the department of  
20 corrections prior to August 13, 1986, who did not become a member of the Missouri state  
21 employees' retirement system under section 104.342, RSMo, is a member of the public school  
22 retirement system of Missouri. Any such person who becomes a member before the end of the  
23 school year next following August 29, 1959, may claim and receive credit for prior service. For  
24 purposes of this subsection "prior service" means service rendered by a member of the retirement  
25 system before the system becomes operative with respect to persons employed by the section of  
26 inmate education, and may include service rendered by a member of the armed forces during a  
27 period of war, if the member was a teacher at the time he was inducted, for which credit has been  
28 approved by the board of trustees.

29 4. Any person, duly certificated under the law governing the certification of teachers,  
30 employed full time by any statewide nonprofit educational association or organization serving  
31 on an educational professional basis through its membership the active members of the public  
32 school retirement system of Missouri or the public school districts maintaining high schools in  
33 this state, may be a member of the public school retirement system of Missouri. Any such person



34 who becomes a member before July 1, 1955, may claim and receive credit for prior service. The  
35 contributions required to be made by the member's employer shall be paid by the association or  
36 organization. **After June 30, 2009, no additional nonprofit educational associations or**  
37 **organizations shall have its employees become members of the public school retirement**  
38 **system or the public education employee retirement system of Missouri.**

39 5. Any person, duly certificated under the law governing the certification of teachers,  
40 employed full time, and whose duties include participation in the educational program of the  
41 department of mental health, in either a teaching or supervisory teaching capacity prior to August  
42 13, 1986, who did not become a member of the Missouri state employees' retirement system  
43 under section 104.342, RSMo, shall, after August 7, 1969, be a member of the public school  
44 retirement system, but any such person whose employment with the department of mental health  
45 commenced prior to August 7, 1969, may elect not to become a member by so notifying the  
46 department of mental health in writing within thirty days after August 7, 1969.

**169.562. 1. To the extent determined appropriate by the board of trustees, the**  
2 **retirement system established under sections 169.020 and 169.610 may indemnify and**  
3 **protect any trustee or employee of the retirement system against any or all claims or**  
4 **liabilities, including defense thereof arising out of his or her responsibilities with respect**  
5 **to the retirement system, provided, however, that no trustee or employee shall be**  
6 **indemnified for his or her gross negligence or willful misconduct. This section shall apply**  
7 **whether the claim is made against the employee or trustee in his or her individual or**  
8 **official capacity.**

9 2. The board of trustees is authorized to obtain and maintain insurance and  
10 indemnity policies to insure the trustees and employees of the retirement system against  
11 any liability or losses incurred as a result of their responsibilities with respect to the  
12 retirement system.

13 3. No employee or trustee shall be entitled to indemnification under this section  
14 unless within fifteen days after receipt of service of process he or she gives written notice  
15 of such proceeding to the board of trustees.

169.630. 1. All funds arising from the operation of sections 169.600 to 169.715 shall  
2 belong to the retirement system created in sections 169.600 to 169.715 and shall be controlled  
3 by the board of trustees and that board shall provide for the collection of these funds, see that  
4 they are safely preserved, and shall permit their disbursement only for the purposes authorized  
5 in sections 169.600 to 169.715. These funds are declared and shall be deemed to be the moneys  
6 and funds of this retirement system and not general funds of the state and shall not be  
7 commingled with any state funds or other retirement funds. Solely for the purpose of investing  
8 the funds of the retirement system, the funds may be combined with the funds of the public

9 school retirement system of Missouri, but the funds of each system shall be accounted for  
10 separately and for all other purposes shall be separate.

11 2. The board shall invest all funds under its control which are in excess of a safe  
12 operating balance. The investment shall be made only in securities authorized and pursuant to  
13 the same standards set for investment by section 169.040.

14 3. **Notwithstanding the provisions of section 105.662, RSMo, the board may set up**  
15 **and maintain a public school and education employee retirement systems of Missouri**  
16 **investment fund account in which investment and reinvestment of all or part of the moneys**  
17 **of the system may be placed and be available for investment purposes. For the purpose of**  
18 **investing the funds of the public education employee retirement system, the funds may be**  
19 **combined with the funds of the public education employee retirement system of Missouri,**  
20 **but the funds of each system shall be accounted for separately and for all other reporting**  
21 **purposes shall be separate.**

22 4. **The board of trustees may promulgate rules and regulations not inconsistent**  
23 **with the provisions of section 169.040 as shall deem necessary for its proper administration**  
24 **under the provisions of this chapter. Any rule or portion of a rule, as that term is defined**  
25 **in section 536.010, RSMo, that is created under the authority delegated in this section shall**  
26 **become effective only if it complies with and is subject to all of the provisions of chapter**  
27 **536, RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536,**  
28 **RSMo, are nonseverable and if any of the powers vested with the general assembly under**  
29 **chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule**  
30 **are subsequently held unconstitutional, then the grant of rulemaking authority and any**  
31 **rule proposed or adopted after August 28, 2008, shall be invalid and void.**

32 5. No investment transaction authorized by the board shall be handled by any company  
33 or firm in which a member of the board has an interest, nor shall any member of the board profit  
34 directly or indirectly from any such investment. All investments shall be made for the account  
35 of the retirement system, and any securities or other properties obtained by the board of trustees  
36 may be held by a custodian in the name of the retirement system, or in the name of a nominee  
37 in order to facilitate the expeditious transfer of such securities or other property. Such securities  
38 or other properties which are not available in registered form may be held in bearer form or in  
39 book entry form. The retirement system is further authorized to deposit, or have deposited for  
40 its account, eligible securities in a central depository system or clearing corporation or in a  
41 federal reserve bank under a book entry system as defined in the Uniform Commercial Code,  
42 sections 400.8-102 and 400.8-108, RSMo. When such eligible securities of the retirement  
43 system are so deposited with a central depository system, the securities may be merged and held  
44 in the name of the nominee of such securities depository and title to such securities may be

45 transferred by bookkeeping entry on the books of such securities depository or federal reserve  
46 bank without physical delivery of the certificates or documents representing such securities.

47 [4.] 6. With appropriate safeguards against loss by the system in any contingency, the  
48 board may designate a bank or trust company to serve as a depository of system funds and  
49 intermediary in the investment of those funds and payment of system obligations.

50 [5.] 7. All retirement allowances or other periodic payments paid by the board shall be  
51 paid to recipients of such payments by electronic funds transfer, unless another method has been  
52 determined by the board to be appropriate. Each recipient of retirement allowances or other  
53 periodic payments shall designate a financial institution or other authorized payment agent and  
54 provide the board information necessary for the recipient to receive electronic funds transfer  
55 payments through the institution or agent designated. This subsection shall apply to retirement  
56 allowances and other periodic payments first paid on or after January 1, 1998, and shall apply  
57 to all retirement allowances and other periodic payments on and after January 1, 1999.

58 [6.] 8. The board of trustees may deliberate about, or make tentative or final decisions  
59 on, investments or other financial matters in a closed meeting under chapter 610, RSMo, if  
60 disclosure of the deliberations or decisions would jeopardize the ability to implement a decision  
61 or to achieve investment objectives. A record of the retirement system that discloses  
62 deliberations about, or a tentative or final decision on, investments or other financial matters is  
63 not a public record under chapter 610, RSMo, to the extent and so long as its disclosure would  
64 jeopardize the ability to implement a decision or to achieve investment objectives.

169.650. 1. On and after October 13, 1965, all employees as defined in section 169.600  
2 of districts included in this retirement system shall be members of the system by virtue of their  
3 employment, and all persons who had five years of prior service who were employees of districts  
4 included in sections 169.600 to 169.710 during the school year next preceding October 13, 1965,  
5 but who ceased to be employees prior to October 13, 1965, because of physical disability, shall  
6 be members of this system by virtue of that prior service. Individuals who qualify as  
7 independent contractors under the common law and are treated as such by their employer shall  
8 not be considered employees for purposes of membership in or contributions to the retirement  
9 system.

10 2. Any member who rendered service prior to November 1, 1965, as an employee as  
11 defined in section 169.600 in a district or junior college district included in the system may claim  
12 credit for that service by filing with the board of trustees a complete and detailed record of the  
13 service for which the credit is claimed, together with such supporting evidence as the board may  
14 require for verification of the record. To the extent that the board finds the record correct, it shall  
15 credit the claimant with prior service and shall notify the claimant of its decision.

16           3. Membership shall be terminated by failure of a member to earn any membership  
17 service credit as a public school employee under this system for five consecutive school years,  
18 by death, withdrawal of contributions, or retirement.

19           4. If a member withdraws or is refunded the member's contributions, the member shall  
20 thereby forfeit any creditable service the member may have; provided, however, if such person  
21 again becomes a member of the system, the member may elect prior to retirement to reinstate any  
22 creditable service forfeited at the times of previous withdrawals or refunds. The reinstatement  
23 shall be effected by the member paying to the retirement system, with interest, the amount of  
24 accumulated contributions withdrawn by the member or refunded to the member with respect  
25 to the service being reinstated. A member may reinstate less than the total service previously  
26 forfeited, in accordance with rules promulgated by the board of trustees. The payment shall be  
27 completed prior to termination of membership with the retirement system with interest on the  
28 unpaid balance; provided, however, that if a member is retired on disability before completing  
29 such payments, the balance due, with interest, shall be deducted from the member's disability  
30 retirement allowance.

31           5. Any person who is an employee of any statewide nonprofit educational association  
32 or organization serving the active membership of the public education employee retirement  
33 system of Missouri and who works at least twenty hours per week on a regular basis in a position  
34 which is not covered by the public school retirement system of Missouri may be a member of the  
35 public education employee retirement system of Missouri. Certificated employees of such  
36 statewide nonprofit educational association or organization may not be members of the public  
37 school retirement system of Missouri unless such association or organization makes separate  
38 application pursuant to subsection 4 of section 169.130. The contributions required to be made  
39 by the employee will be deducted from salary and matched by the association or organization.  
40 **After June 30, 2009, no additional nonprofit educational associations or organizations may**  
41 **have its employees become members of the public school retirement system or the public**  
42 **education employee retirement system of Missouri.**

169.655. 1. Members who have accrued at least one year of membership service credit  
2 for employment in a position covered by this retirement system and who have covered  
3 employment with this retirement system following the service for which credit is being  
4 purchased may purchase membership service credit under the circumstances, terms and  
5 conditions provided in this section. With respect to each such purchase authorized by this  
6 section the following provisions apply:

7           (1) The purchase shall be effected by the member paying to the retirement system the  
8 amount the member would have contributed and the amount the employer would have  
9 contributed had such member been an employee for the number of years for which the member

10 is electing to purchase credit, and had the member's compensation during such period been the  
11 highest annual salary rate on record with the retirement system on the date of election to purchase  
12 credit. The contribution rate used in determining the amount to be paid shall be the contribution  
13 rate in effect on the date of election to purchase credit. Notwithstanding the provisions of this  
14 subsection, for all elections to purchase credit received by the retirement system on or after  
15 January 1, 2006, the member shall receive credit based on the amount paid by the member for  
16 such credit and received by the retirement system by the close of business on June thirtieth of  
17 each year. In lieu of charging the member interest on such purchase of credit, the amount to be  
18 paid by the member for any remaining credit the member has elected to purchase but has not paid  
19 for by [June] **September** thirtieth of each year shall be recalculated on the following [July]  
20 **October** first using the contribution rate in effect on that July first and the highest salary of  
21 record for the member as of that July first. For all elections to purchase credit received by the  
22 retirement system prior to January 1, 2006, the retirement system shall determine the cost of such  
23 purchase using the calculation method in effect for elections to purchase credit received by the  
24 retirement system on or after January 1, 2006, provided that the member shall have a one-time,  
25 irrevocable option to continue to have the cost of such purchase be determined using the  
26 calculation method in effect at the time of such election to purchase such credit. To be effective,  
27 such option must be elected by the member on a form approved by the retirement system and  
28 such form must be received by the retirement system by the close of business on June 30, 2006.  
29 The retirement system reserves the right to **prohibit a purchase, impose additional**  
30 **requirements for making a purchase, or** limit the amount of credit purchased [by the member  
31 in any year if the amounts paid by the member in that year would exceed any applicable  
32 contribution limits set forth in] **if necessary for the retirement system to comply with federal**  
33 **law, including but not limited to the provisions of** Section 415 of Title 26 of the United States  
34 Code;

35 (2) Membership service credit purchased pursuant to this section shall be deemed to be  
36 membership service as defined in subdivision (10) of section 169.600;

37 (3) An election to purchase membership service credit pursuant to this section and  
38 payment for the purchase shall be completed prior to termination of membership with the  
39 retirement system with interest on the unpaid balance;

40 (4) Members may purchase membership service credit in increments of one-tenth of a  
41 year, and multiple elections to purchase may be made;

42 (5) Additional terms and conditions applicable to purchases made pursuant to this  
43 section including, but not limited to, minimum payments, payment schedules and provisions  
44 applicable when a member fails to complete payment may be set by rules of the board.

45           2. Membership service credit shall not be allowed pursuant to this section or sections  
46 169.570 and 169.577 which exceeds in length the member's membership service credit for  
47 employment in a position covered by this system, and in no event may the member receive  
48 membership service credit with both this system and another public retirement system for the  
49 same service.

50           3. A member who was employed for at least twenty hours per week on a regular basis  
51 by a public school district, public junior college, public community college, public college, or  
52 public university, either inside or outside of this state, may elect to purchase equivalent  
53 membership service credit.

54           4. A member who has served in the armed forces of the United States of America and  
55 who was discharged or separated from the armed forces by other than a dishonorable discharge  
56 may elect to purchase membership service credit for the period of active duty service in the  
57 armed forces.

58           5. Any member granted unpaid maternity or paternity leave for a period, from a position  
59 covered by the retirement system, who returned to employment in such a position, may elect to  
60 purchase membership service credit for the period of leave.

61           6. Any member who is or was certified as a vocational-technical teacher on the basis of  
62 having a college degree or who was required to have a period of work experience of at least two  
63 years in the area of the subject being taught in order to qualify for such certification may, upon  
64 written application to the board, purchase equivalent membership service credit for such work  
65 experience which shall not exceed the two years necessary for certification if the work  
66 experience was in the area that the member taught or is teaching and was completed in two years.

67           7. Any member who had membership service credit with the public school retirement  
68 system of Missouri governed by sections 169.010 to 169.141 but which membership service  
69 credit was forfeited by withdrawal or refund may elect to purchase credit for such service. The  
70 public school retirement system of Missouri shall transfer to this system an amount equal to the  
71 employer contributions for the forfeited service being purchased, plus interest, which shall be  
72 applied to reduce the amount the member would otherwise pay for the purchase, provided that  
73 the amount transferred shall not exceed one-half of the purchase cost.

74           8. A member may elect to purchase membership service credit for service rendered while  
75 on leave from an employer, as defined in section 169.600, for a not-for-profit corporation or  
76 agency whose primary purpose is support of education or education research if the member was  
77 employed by that organization to serve twenty or more hours per week on a regular basis.

78           9. A member who was employed by a private school, private junior college, private  
79 community college, private college, or private university, either inside or outside of this state,

80 for at least twenty or more hours per week on a regular basis, may elect to purchase membership  
81 service credit for such service rendered.

82 10. A member who was employed in nonfederal public employment for at least twenty  
83 hours a week on a regular basis shall be permitted to purchase equivalent creditable service in  
84 the retirement system for such employment subject to provisions of this section.

85 11. A member who, while eighteen years of age or older, was employed in a position  
86 covered by Social Security for at least twenty hours a week on a regular basis shall be permitted  
87 to purchase equivalent creditable service in the retirement system for such employment subject  
88 to provisions of this section.

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

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

76 OR

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

83 OR

Option 5. Upon the death of the member prior to the member having received one hundred twenty monthly payments of the member's reduced allowance, the remainder of the one hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred twenty monthly payments shall be paid to the **surviving spouse, surviving children in equal shares, surviving parents in equal shares, or to the** estate of the last person to receive a monthly allowance **in a lump sum payment**. If the total of the one hundred twenty payments paid to the retired individual and the beneficiary of the retired individual is less than the total of the member's accumulated contributions, the difference shall be paid to the beneficiary in a lump sum;

96 OR

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

99 payments of the reduced allowance shall be paid to such beneficiary as the member shall have  
100 nominated in the member's election of the option or in a subsequent nomination. If there is no  
101 beneficiary so nominated who survives the member for the remainder of the sixty monthly  
102 payments, the reserve for the remainder of such sixty monthly payments shall be paid to the  
103 **surviving spouse, surviving children in equal shares, surviving parents in equal shares, or**  
104 **to the** estate of the last person to receive a monthly allowance **in a lump sum payment**. If the  
105 total of the sixty payments paid to the retired individual and the beneficiary of the retired  
106 individual is less than the total of the member's accumulated contributions, the difference shall  
107 be paid to the beneficiary in a lump sum;

108 OR

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

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

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

130 (b) If the member or a person retired on disability retirement dies before attaining age  
131 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the  
132 person named as the beneficiary has an insurable interest in the life of the deceased member or  
133 disability retiree, the designated beneficiary may elect to receive either a payment of the person's  
134 accumulated contributions or survivorship benefits under option 2 to begin on the date the

135 member would first have been eligible to receive an actuarial equivalent of the person's  
136 retirement allowance, or to begin on the date the member would first have been eligible to  
137 receive the retirement allowance provided in subsection 1 of this section.

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

150         **6. If a member dies and his or her financial institution is unable to accept the final**  
151 **payment or payments due to the member, the final payment or payments shall be paid to**  
152 **the beneficiary of the member or, if there is no beneficiary, to the surviving spouse,**  
153 **surviving children in equal shares, surviving parents in equal shares, or to the estate of the**  
154 **member in that order of precedence, unless otherwise stated. If the beneficiary of a**  
155 **deceased member dies and his or her financial institution is unable to accept the final**  
156 **payment or payments, the final payment or payments shall be paid to the surviving spouse,**  
157 **surviving children in equal shares, surviving parents in equal shares, or to the estate of the**  
158 **member in that order of precedence, unless otherwise stated.**

159         7. If a member dies before receiving a retirement allowance, the member's accumulated  
160 contributions at the time of the member's death shall be paid to the member's beneficiary or, if  
161 there is no beneficiary, to the [(1)] surviving spouse, [(2)] surviving children in equal shares,  
162 [(3)] surviving parents in equal shares, or [(4)] to the member's estate; provided, however, that  
163 no such payment shall be made if the beneficiary elects option 2 in subsection 4 of this section,  
164 unless the beneficiary dies before having received benefits pursuant to that subsection equal to  
165 the accumulated contributions of the member, in which case the amount of accumulated  
166 contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the  
167 [(1)] surviving spouse, [(2)] surviving children in equal shares, [(3)] surviving parents in equal  
168 shares, or [(4)] estate of the beneficiary, in that order of precedence.

169         [.] **8.** If a member ceases to be an employee as defined in section 169.600 and certifies  
170 to the board of trustees that such cessation is permanent or if the person's membership is

171 otherwise terminated, the person shall be paid the person's accumulated contributions with  
172 interest.

173 [8.] **9.** Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary,  
174 if a member ceases to be an employee as defined in section 169.600 after acquiring five or more  
175 years of creditable service, the member may, at the option of the member, leave the member's  
176 contributions with the retirement system and claim a retirement allowance any time after the  
177 member reaches the minimum age for voluntary retirement. When the member's claim is  
178 presented to the board, the member shall be granted an allowance as provided in sections  
179 169.600 to 169.715 on the basis of the member's age and years of service.

180 [9.] **10.** The retirement allowance of a member retired because of disability shall be  
181 nine-tenths of the allowance to which the member's creditable service would entitle the member  
182 if the member's age were sixty.

183 [10.] **11.** Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary,  
184 any member who is a member prior to October 13, 1969, may elect to have the member's  
185 retirement allowance computed in accordance with sections 169.600 to 169.715 as they existed  
186 prior to October 13, 1969.

187 [11.] **12.** Any application for retirement shall include a sworn statement by the member  
188 certifying that the spouse of the member at the time the application was completed was aware  
189 of the application and the plan of retirement elected in the application.

190 [12.] **13.** Notwithstanding any other provision of law, any person retired prior to August  
191 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4  
192 of this section, as the option existed prior to August 14, 1984, and whose beneficiary nominated  
193 to receive continued retirement allowance payments under the elected option dies or has died,  
194 shall upon application to the board of trustees have the person's retirement allowance increased  
195 to the amount the person would have been receiving had the person not elected the option  
196 actuarially adjusted to recognize any excessive benefits which would have been paid to the  
197 person up to the time of the application.

198 [13.] **14.** Benefits paid pursuant to the provisions of the public education employee  
199 retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the  
200 United States Code, except as provided under this subsection. Notwithstanding any other law,  
201 the board of trustees may establish a benefit plan under Section 415(m) of Title 26 of the United  
202 States Code. Such plan shall be credited solely for the purpose described in Section  
203 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate  
204 regulations necessary to implement the provisions of this subsection and to create and administer  
205 such benefit plan.

206           [14.] **15.** Any member who has retired prior to July 1, 1999, and the designated  
207 beneficiary of a deceased retired member upon request shall be made, constituted, appointed and  
208 employed by the board as a special consultant on the matters of education, retirement and aging.  
209 As compensation for such duties the person shall receive a payment equivalent to seven and  
210 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
211 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
212 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
213 received.

214           [15.] **16.** Any member who has retired prior to July 1, 2000, and the designated  
215 beneficiary of a deceased retired member upon request shall be made, constituted, appointed and  
216 employed by the board as a special consultant on the matters of education, retirement and aging.  
217 As compensation for such duties the person shall receive a payment equivalent to three and  
218 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
219 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
220 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
221 received.

222           [16.] **17.** Any member who has retired prior to July 1, 2001, and the designated  
223 beneficiary of a deceased retired member upon request shall be made, constituted, appointed and  
224 employed by the board as a special consultant on the matters of education, retirement and aging.  
225 As compensation for such duties the person shall receive a payment equivalent to seven and  
226 one-tenth percent of the previous month's benefit, which shall be added to the member's or  
227 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
228 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
229 received.

169.673. 1. Any member eligible for a retirement allowance pursuant to section 169.670  
2 and who has not previously received a retirement allowance, including an allowance under  
3 disability retirement, pursuant to section 169.670, and whose sum of age and creditable service  
4 equals eighty-six years or more or whose creditable service is thirty-three years or more or whose  
5 age is sixty-three years or more and has eight years or more creditable service may elect a  
6 distribution under the partial lump sum option plan provided in this section if the member  
7 notifies the retirement system on the application for retirement of the member's effective date  
8 of retirement; provided that the partial lump sum option plan may not be elected if the member  
9 elects a retirement allowance under option 7 of subdivision (1) of subsection 4 of section  
10 169.670.

11           2. A member entitled to make an election pursuant to this section may elect to receive  
12 a lump sum distribution in addition to the member's monthly retirement allowance payment

13 pursuant to section 169.670 as reduced pursuant to this section. Such member may elect the  
14 amount of the member's lump sum distribution from one, but not more than one, of the following  
15 options:

16 (1) A lump sum amount equal to twelve times the retirement allowance, less any  
17 temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section  
18 169.670, the member would receive if no election were made under this section and the member  
19 had chosen option 1 under section 169.670;

20 (2) A lump sum amount equal to twenty-four times the retirement allowance, less any  
21 temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section  
22 169.670, the member would receive if no election were made pursuant to this section and the  
23 member had chosen option 1 under section 169.670; or

24 (3) A lump sum amount equal to thirty-six times the retirement allowance, less any  
25 temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section  
26 169.670, the member would receive if no election were made pursuant to this section and the  
27 member had chosen option 1 under section 169.670.

28 3. When a member makes an election to receive a lump sum distribution pursuant to this  
29 section, the retirement allowance that the member would have received in the absence of the  
30 election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump  
31 sum distribution and the reduced retirement allowance shall be the member's retirement  
32 allowance thereafter for all purposes in relation to retirement allowance amounts pursuant to  
33 section 169.670. If eligible, the member may also receive a temporary benefit, pursuant to  
34 subdivision (5) of subsection 1 of section 169.670, for the period of time described therein. A  
35 retirement allowance increased due to the death of a person nominated by the member to receive  
36 benefits pursuant to the provisions of option 2, 3, or 4 of subsection 4 of section 169.670 shall  
37 be increased pursuant to such provisions to the amount the retired member would be receiving  
38 had the retired member elected option 1 as actuarially reduced due to the lump sum distribution  
39 made pursuant to this section. Any payment of accumulated contributions pursuant to the  
40 provisions of sections 169.600 to 169.715 shall be reduced by the amount of any lump sum  
41 distribution made pursuant to this section in addition to any other reductions required by sections  
42 169.600 to 169.715.

43 4. If the member dies before receiving a lump-sum distribution under this section the  
44 lump-sum distribution shall be paid in accordance with rules adopted by the board of trustees.

45 5. Benefits paid pursuant to this section in addition to all other provisions of the public  
46 education employee retirement system of Missouri shall not exceed the limitations of Section  
47 415 of Title 26 of the United States Code except as provided in subsection [13] **14** of section  
48 169.670.

169.690. Neither the funds belonging to the retirement system nor any benefit accrued  
2 or accruing to any person under the provisions of sections 169.600 to 169.710 shall be subject  
3 to execution, garnishment, attachment or any other process whatsoever, nor shall they be  
4 assignable, except **in a proceeding for spousal maintenance or child support and** as in  
5 sections 169.600 to 169.710 specifically provided.

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