FIRST REGULAR SESSION

HOUSE BILL NO. 125

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES KOMO (Sponsor), KUESSNER AND ATKINS (Co-sponsors).

0110L.02I D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 104.090, 104.103, 104.312, 104.1027, and 104.1051, RSMo, and to enact in lieu thereof six new sections relating to state employee retirement.

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

Section A. Sections 104.090, 104.103, 104.312, 104.1027, and 104.1051, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 104.090, 104.103,

- 3 104.312, 104.1027, 104.1028, and 104.1051, to read as follows:
- 104.090. 1. The normal annuity of a member shall equal one and six-tenths percent of the average compensation of the member multiplied by the number of years of creditable service of such member. In addition, the normal annuity of a uniformed member of the patrol shall be
- 4 increased by thirty-three and one-third percent.
- 5 2. In addition, a uniformed member of the highway patrol who is retiring with a normal
- 6 annuity after attaining normal retirement age shall receive an additional sum of ninety dollars per
- 7 month as a contribution by the system until such member attains the age of sixty-five years, when
- 8 such contribution shall cease. To qualify for the contribution provided in this subsection by the
- 9 system, the retired uniformed member of the highway patrol is made, constituted, appointed and
- 10 employed by the board as a special consultant on the problems of retirement, aging and other
- state matters. Such additional contribution shall be reduced each month by such amount earned
- by the retired uniformed member of the highway patrol in gainful employment. In order to
- 13 qualify for the additional contribution provided in this subsection, the retired uniformed member
- 14 of the highway patrol shall have been:
- 15 (1) Hired by the Missouri state highway patrol prior to January 1, 1995; and

(2) Employed by the Missouri state highway patrol or receiving long-term disability or work-related disability benefits on the day before the effective date of the member's retirement.

- 3. In lieu of the annuity payable to the member pursuant to section 104.100, a member whose age at retirement is forty-eight or more may elect in the member's application for retirement to receive either:
- Option 1. An actuarial reduction approved by the board of the member's annuity in reduced monthly payments for life during retirement with the provision that upon the member's death the reduced annuity at date of death shall be continued throughout the life of, and be paid to, the member's spouse; or
- Option 2. The member's normal annuity in regular monthly payments for life during retirement with the provision that upon the member's death a survivor's benefit equal to one-half the member's normal annuity at date of death shall be paid to the member's spouse in regular monthly payments for life; or

Option 3. An actuarial reduction approved by the board of member's normal annuity in reduced monthly payments for the member's life with the provision that if the member dies prior to the member's having received one hundred twenty monthly payments of the member's reduced annuity, the member's reduced allowance to which the member would have been entitled had the member lived shall be paid for the remainder of the one hundred twenty-month period to such person as the member shall have nominated by written designation duly executed and filed with the board. If there is no beneficiary surviving the retiree, the reserve for such allowance for the remainder of such one hundred twenty-month period shall be paid to the retiree's estate; or

Option 4. An actuarial reduction approved by the board of the member's normal annuity in reduced monthly payments for the member's life with the provision that if the member dies prior to the member having received sixty monthly payments of the member's reduced annuity, the member's reduced allowance to which the member would have been entitled had the member lived shall be paid for the remainder of the sixty-month period to such person as the member shall have nominated by written designation duly executed and filed with the board. If there is no beneficiary surviving the retiree, the reserve for such allowance for the remainder of such sixty-month period shall be paid to the retiree's estate.

4. The election may be made only in the application for retirement, and such application shall be filed at least thirty days but not more than ninety days prior to the date on which the retirement of the member is to be effective, provided that if either the member or the spouse nominated to receive the survivorship payment dies before the effective date of retirement, the election shall not be effective. If after the reduced annuity commences, the spouse predeceases the retired member, the reduced annuity continues to the retired member during the member's lifetime.

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

- (1) The member elected to receive a normal annuity and was not eligible to elect option 1 or 2 on the date retirement benefits were initiated; or
- (2) The member's annuity reverted to a normal annuity pursuant to subsection 8 of section 104.103 and the member remarried; or
- (3) The member elected option 1 or 2 but the member's spouse at the time of retirement has died and the member has remarried.
- 6. Any person who terminates employment or retires prior to July 1, 2000, shall be made, constituted, appointed and employed by the board as a special consultant on the problems of retirement, aging and other state matters, and for such services shall be eligible to elect to receive the benefits described in subsection 5 of this section.
- 7. [For retirement applications filed on or after August 28, 2004, the beneficiary for either option 1 or option 2 of subsection 3 of this section shall be the member's spouse at the time of retirement. If the member's marriage ends after retirement as a result of a dissolution of marriage, such dissolution shall not affect the option election and the former spouse shall continue to be eligible to receive survivor benefits upon death of the member.] **Effective September 1, 2009, a member may make an election under option 1 or 2 after the date retirement benefits are initiated if the member makes the election within one year from the date of marriage or September 1, 2009, whichever is later, if the member's annuity reverted to a normal annuity under subsection 10 of section 104.103 and the member remarried.**
- 8. Any person who terminates employment or retires prior to September 1, 2009, shall be made, constituted, appointed and employed by the board as a special consultant on the problems of retirement, aging and other state matters, and for such services shall be eligible to elect to receive the benefits described in subsection 7 of this section.
- **9.** Any application for retirement shall only become effective on the first day of the month.
- 104.103. 1. Each member who was employed prior to August 28, 1997, and retires on or after May 12, 1981, shall receive each year a percentage increase in the amount of benefits received by the member during the preceding year of eighty percent of the increase in the consumer price index determined in the manner hereinafter provided. Any such annual benefit increase, however, shall not exceed five percent, nor be less than four percent, and the total increase in the amount of benefits received pursuant to the provisions of this section shall not exceed sixty-five percent of the initial monthly benefit which the member received upon retirement or the benefit received immediately prior to October 1, 1986, whichever is later.

2. Each member who is employed for the first time on or after August 28, 1997, and retires shall be entitled annually to a percentage increase in the retirement benefit payable equal to eighty percent of the increase in the consumer price index. Such benefit increase, however, shall not exceed five percent of the retirement benefit payable prior to the increase.

- 3. Each member who is employed before August 28, 1997, and terminates employment or retires after that date shall be entitled to the annual benefit increase described in subsection 1 of this section. For such members, the annual benefit increase described in subsection 2 of this section shall not be effective until the year in which the member reaches the limit on total annual benefit increases provided by subsection 1 of this section. After that year, the member shall receive the annual benefit increase described in subsection 2 of this section.
- 4. Survivors of members described in subsection 2 of this section shall be entitled to the annual benefit increase described in that subsection.
- 5. For the purposes of this section, any increase in the consumer price index shall be determined in January of each year, based upon the percentage increase of (a) the consumer price index for the preceding calendar year over (b) the consumer price index for the calendar year immediately prior thereto. Any increase so determined shall be applied in calculating any benefit increases that become payable under this section during the calendar year in which the determination is made and in no case shall the percentage be less than zero.
- 6. An annual increase, if any is due under either this section or section 104.612 for special consultants with the Missouri department of transportation and highway patrol employees' retirement system, shall be payable monthly beginning on a date specified by the board.
- 7. For members who retire on or after July 1, 2000, in the event such member has chosen a joint and survivor option under the provisions of section 104.090 and the member's eligible spouse or former spouse precedes the member in death, the member's benefit shall revert, effective the first of the month following the death of the spouse or former spouse regardless of when the board receives the member's written application for the benefit provided in this subsection, to an amount equal to the member's normal annuity, as adjusted for early retirement if applicable; such benefit shall include any increases the member would have received since the date of retirement had the member elected a normal annuity.
- 8. Effective on or after July 1, 2000, any retired member who had elected a joint and survivor payment option and whose eligible spouse or former spouse precedes or preceded the member in death shall upon application to the board be made, constituted, appointed and employed by the board as a special consultant on the problems of retirement, aging and other state matters. As a special consultant under the provisions of this subsection, the member's reduced benefit will revert to a normal annuity as adjusted for early retirement if applicable,

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effective the first of the month following the death of the spouse or former spouse regardless of when the board receives the member's written application; such benefit shall include any increases the retired member would have received since the date of retirement had the member elected a normal annuity.

- 9. For members who retire on or after September 1, 2009, in the event such member has chosen a joint and survivor option under the provisions of section 104.090 and the marriage of the member and the member's eligible spouse is dissolved, and if the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, the eligible spouse shall become ineligible to receive a retirement allowance, the member's benefit shall revert, effective the first of the month following the date of dissolution regardless of when the board receives the member's written application for the benefit provided in this subsection, to an amount equal to the member's normal annuity, as adjusted for early retirement if applicable; such benefit shall include any increases the member would have received since the date of retirement had the member elected a normal annuity.
- 10. Effective on or after September 1, 2009, any retired member who has elected a joint and survivor payment option and whose marriage to the eligible spouse is dissolved, and if the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, the eligible spouse shall become ineligible to receive a retirement allowance, shall upon application to the board be made, constituted, appointed, and employed by the board as a special consultant on the problems of retirement, aging, and other state matters. As a special consultant under the provisions of this subsection, the member's reduced benefit will revert to a normal annuity as adjusted for early retirement if applicable, effective the first of the month following the date of dissolution regardless of when the board receives the member's written application; such benefit shall include any increases the retired member would have received since the date of retirement had the member elected a normal annuity.

104.312. 1. The provisions of subsection 2 of section 104.250, subsection 2 of section 204.540, subsection 2 of section 287.820, RSMo, and section 476.688, RSMo, to the contrary notwithstanding, any pension, annuity, benefit, right, or retirement allowance provided pursuant to this chapter, chapter 287, RSMo, or chapter 476, RSMo, is marital property, unless the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, and after August 28, 1994, a court of competent jurisdiction may divide the pension, annuity, benefits, rights, and retirement allowance provided pursuant to this chapter, chapter 287, RSMo, or chapter 476, RSMo, between the parties to any action for dissolution of marriage. A division of benefits order issued pursuant to this section:

10 (1) Shall not require the applicable retirement system to provide any form or type of annuity or retirement plan not selected by the member and not normally made available by that system;

- (2) Shall not require the applicable retirement system to commence payments until the member submits a valid application for an annuity and the annuity becomes payable in accordance with the application;
- (3) Shall identify the monthly amount to be paid to the alternate payee, which shall be expressed as a percentage and which shall not exceed fifty percent of the amount of the member's annuity accrued during all or part of the time while the member and alternate payee were married; and which shall be based on the member's vested annuity on the date of the dissolution of marriage or an earlier date as specified in the order, which amount shall be adjusted proportionately if the member's annuity is reduced due to early retirement or the member's annuity is reduced pursuant to section 104.395 under an annuity option in which the member named the alternate payee as beneficiary prior to the dissolution of marriage or pursuant to section 104.090 under an annuity option in which the member on or after August 28, 2007, named the alternative payee as beneficiary prior to the dissolution of marriage, and the percentage established shall be applied to the pro rata portion of any lump sum distribution pursuant to subsection 6 of section 104.335, accrued during the time while the member and alternate payee were married;
- (4) Shall not require the payment of an annuity amount to the member and alternate payee which in total exceeds the amount which the member would have received without regard to the order;
- (5) Shall provide that any benefit formula increases, additional years of service, increased average compensation or other type of increases accrued after the date of the dissolution of marriage shall accrue solely to the benefit of the member; except that on or after September 1, 2001, any annual benefit increase shall not be considered to be an increase accrued after the date of termination of marriage and shall be part of the monthly amount subject to division pursuant to any order issued after September 1, 2001;
- 38 (6) Shall terminate upon the death of either the member or the alternate payee, whichever occurs first;
 - (7) Shall not create an interest which is assignable or subject to any legal process;
 - (8) Shall include the name, address and Social Security number of both the member and the alternate payee, and the identity of the retirement system to which it applies;
- 43 (9) Shall be consistent with any other division of benefits orders which are applicable to the same member.

2. A system established by this chapter shall provide the court having jurisdiction of a dissolution of marriage proceeding or the parties to the proceeding with information necessary to issue a division of benefits order concerning a member of the system, upon written request from either the court, the member or the member's spouse, which cites this section and identifies the case number and parties.

- 3. A system established by this chapter shall have the discretionary authority to reject a division of benefits order for the following reasons:
 - (1) The order does not clearly state the rights of the member and the alternate payee;
 - (2) The order is inconsistent with any law governing the retirement system.
- 4. The amount paid to an alternate payee under an order issued pursuant to this section shall be based on the plan the member was in on the date of the dissolution of marriage; except that any annual benefit increases subject to division shall be based on the actual annual benefit increases received after the retirement plan election.

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

Option 1. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be ninety percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-two years, an increase of three-tenths of one percent for each year the retiree's age is younger than age sixty-two years; and if the beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of three-tenths of one percent for each year of age difference; and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an increase of three-tenths of one percent for each year of age difference; provided, after all adjustments the option 1 percent cannot exceed ninety-five percent. Upon the retiree's death, fifty percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 2. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-three percent adjusted as follows: if the retiree's

age on the annuity starting date is younger than sixty-two years, an increase of four-tenths of one percent for each year the retiree's age is younger than sixty-two years; and if the beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of five-tenths of one percent for each year of age difference; and if the retiree's age is younger than the beneficiary's age on the annuity starting date, an increase of five-tenths of one percent for each year of age difference; provided, after all adjustments the option 2 percent cannot exceed ninety percent. Upon the retiree's death one hundred percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

Option 3. A retiree's life annuity shall be reduced to ninety-five percent of the annuity otherwise payable. If the retiree dies before having received one hundred twenty monthly payments, the reduced annuity shall be continued for the remainder of the one hundred twenty-month period to the retiree's designated beneficiary provided that if there is no beneficiary surviving the retiree, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620. If the beneficiary survives the retiree but dies before receiving the remainder of such one hundred twenty monthly payments, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620.

Option 4. A retiree's life annuity shall be reduced to ninety percent of the annuity otherwise payable. If the retiree dies before having received one hundred eighty monthly payments, the reduced annuity shall be continued for the remainder of the one hundred eighty-month period to the retiree's designated beneficiary provided that if there is no beneficiary surviving the retiree, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620. If the beneficiary survives the retiree but dies before receiving the remainder of such one hundred eighty monthly payments, the present value of the remaining annuity payments shall be paid as provided under subsection 3 of section 104.620.

- 2. If a member is married as of the annuity starting date, the member's annuity shall be paid under the provisions of either option 1 or option 2 as set forth in subsection 1 of this section, at the member's choice, with the spouse as the member's designated beneficiary unless the spouse consents in writing to the member electing another available form of payment.
- 3. If a member has elected at the annuity starting date option 1 or 2 pursuant to this section and if the member's spouse or eligible former spouse dies after the annuity starting date but before the member dies, then the member may cancel the member's election and return to the life annuity form of payment and annuity amount, effective the first of the month following the date of such spouse's or eligible former spouse's death. If a member dies prior to notifying the

system of the spouse's death, the benefit will not revert to a life annuity and no retroactive payments shall be made.

- 4. [If a member designates a spouse as a beneficiary pursuant to this section and subsequently that marriage ends as a result of a dissolution of marriage, such dissolution shall not affect the option election pursuant to this section and the former spouse shall continue to be eligible to receive survivor benefits upon the death of the member.
- 5.] Effective July 1, 2000, a member may make an election under option 1 or 2 after the annuity starting date as described in this section if the member makes such election within one year from the date of marriage or July 1, 2000, whichever is later, pursuant to any of the following circumstances:
- (1) The member elected to receive a life annuity and was not eligible to elect option 1 or 2 on the annuity starting date; or
- (2) The member's annuity reverted to a normal or early retirement annuity pursuant to subsection 3 of this section, and the member remarried.
- 5. Effective September 1, 2009, a member may make an election under option 1 or 2 after the date retirement benefits are initiated if the member makes the election within one year from the date of marriage or September 1, 2009, whichever is later, if the member's annuity reverted to a normal annuity under subsection 2 of section 104.1028 and the member remarried.
- 6. Effective September 1, 2001, the retirement application of any member who fails to make an election pursuant to subsection 1 of this section within ninety days of the annuity starting date contained in such retirement application shall be nullified. Any member whose retirement application is nullified shall not receive retirement benefits until the member files a new application for retirement pursuant to section 104.1024 and makes the election pursuant to subsection 1 of this section. In no event shall any retroactive retirement benefits be paid.
- 7. A member may change a member's election made under this section at any time prior to the system mailing or electronically transferring the first annuity payment to such member.

104.1028. 1. For members who retire on or after September 1, 2009, in the event such member has chosen a joint and survivor option under the provisions of section 104.1027 and the marriage of the member and the member's eligible spouse is dissolved, and if the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, the eligible spouse shall become ineligible to receive a retirement allowance, the member's benefit shall revert, effective the first of the month following the date of dissolution regardless of when the board receives the member's written application for the benefit provided in this subsection, to an amount equal to the member's normal annuity, as adjusted for early retirement if applicable; such benefit shall

include any increases the member would have received since the date of retirement had the
 member elected a normal annuity.

- 2. Effective on or after September 1, 2009, any retired member who has elected a joint and survivor payment option and whose marriage to the eligible spouse is dissolved, and if the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, the eligible spouse shall become ineligible to receive a retirement allowance, shall upon application to the board be made, constituted, appointed, and employed by the board as a special consultant on the problems of retirement, aging, and other state matters. As a special consultant under the provisions of this subsection, the member's reduced benefit will revert to a normal annuity as adjusted for early retirement if applicable, effective the first of the month following the date of dissolution regardless of when the board receives the member's written application; such benefit shall include any increases the retired member would have received since the date of retirement had the member elected a normal annuity.
- 104.1051. 1. Any annuity provided pursuant to the year 2000 plan is marital property, unless the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, and a court of competent jurisdiction may divide such annuity between the parties to any action for dissolution of marriage if at the time of the dissolution the member has at least five years of credited service pursuant to sections 104.1003 to 104.1093. A division of benefits order issued pursuant to this section:
- (1) Shall not require the applicable retirement system to provide any form or type of annuity or retirement plan not selected by the member;
- (2) Shall not require the applicable retirement system to commence payments until the member's annuity starting date;
- (3) Shall identify the monthly amount to be paid to the former spouse, which shall be expressed as a percentage and which shall not exceed fifty percent of the amount of the member's annuity accrued during all or part of the period of the marriage of the member and former spouse and which shall be based on the member's vested annuity on the date of the dissolution of marriage or an earlier date as specified in the order, which amount shall be adjusted proportionately upon the annuity starting date if the member's annuity is reduced due to the receipt of an early retirement annuity or the member's annuity is reduced pursuant to section 104.1027 under an annuity option in which the member named the alternate payee as beneficiary prior to the dissolution of marriage;
- (4) Shall not require the payment of an annuity amount to the member and former spouse which in total exceeds the amount which the member would have received without regard to the order;

- (5) Shall provide that any annuity increases, additional years of credited service, increased final average pay, increased pay pursuant to subsections 2 and 5 of section 104.1084, or other type of increases accrued after the date of the dissolution of marriage and any temporary annuity received pursuant to subsection 4 of section 104.1024 shall accrue solely to the benefit of the member; except that on or after September 1, 2001, any cost-of-living adjustment (COLA) due after the annuity starting date shall not be considered to be an increase accrued after the date of termination of marriage and shall be part of the monthly amount subject to division pursuant to any order issued after September 1, 2001;
 - (6) Shall terminate upon the death of either the member or the former spouse, whichever occurs first;
 - (7) Shall not create an interest which is assignable or subject to any legal process;
 - (8) Shall include the name, address, date of birth, and Social Security number of both the member and the former spouse, and the identity of the retirement system to which it applies;
 - (9) Shall be consistent with any other division of benefits orders which are applicable to the same member.
 - 2. A system shall provide the court having jurisdiction of a dissolution of a marriage proceeding or the parties to the proceeding with information necessary to issue a division of benefits order concerning a member of the system, upon written request from either the court, the member, or the member's spouse, citing this section and identifying the case number and parties.
 - 3. A system shall have the discretionary authority to reject a division of benefits order for the following reasons:
 - (1) The order does not clearly state the rights of the member and the former spouse;
 - (2) The order is inconsistent with any law governing the retirement system.
 - 4. Any member of the closed plan who elected the year 2000 plan pursuant to section 104.1015 and then becomes divorced and subject to a division of benefits order shall have the division of benefits order calculated pursuant to the provisions of the year 2000 plan.

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