

## HCS SCS SB 411 -- PUBLIC EMPLOYEE RETIREMENT SYSTEMS

SPONSOR: Crowell (Viebrock)

COMMITTEE ACTION: Voted "do pass by consent" by the Committee on Retirement by a vote of 9 to 0.

This substitute changes the laws regarding public employee retirement systems.

### MISSOURI DEVELOPMENT FINANCE BOARD EMPLOYEES

Beginning August 28, 2009, the substitute allows an employee of the Missouri Development Finance Board who is paid a salary or wage by the board in a position normally requiring the performance of duties of not less than 1,040 hours per year to be a state employee and to be eligible for retirement benefits in the Year 2000 Plan of the Missouri State Employees' Retirement System (MOSERS).

An employee of the board prior to August 28, 2009, may elect to purchase prior credited service and to transfer his or her individual account balance under the board-sponsored retirement plan to MOSERS up to the amount necessary to fund the benefit attributable to the credited service. The board will be required to pay any additional costs necessary for purchasing the service.

### PUBLIC SCHOOL RETIREMENT SYSTEMS

The substitute:

(1) Allows the boards of the Public School Retirement System of Missouri and the Public Employee Retirement System of Missouri to establish and maintain an investment fund account to combine moneys from both systems for investment purposes only. The funds of each system will be accounted for separately and for all other reporting purposes;

(2) Allows a member when purchasing prior service credit who has not paid the entire cost of the service by September 30 to have the purchase price recalculated as of October 1 of the same year instead of charging interest. Currently, if a member has not paid for the service by June 30, the purchase price will be recalculated as of July 1;

(3) Allows the retirement systems to prohibit or impose requirements for purchasing service if necessary to comply with federal law;

(4) Specifies that, upon the death of a member, benefits will be

paid in the order of the surviving spouse, surviving children equally, surviving parents equally, or to the estate of the last person receiving benefits if a member chooses a guaranteed payment option and no designated beneficiary is living upon the death of the member;

(5) Prohibits the employees of any additional nonprofit educational association or organization from becoming a member of the retirement systems beginning July 1, 2010; and

(6) Allows the retirement systems, to the extent determined appropriate by the board of trustees, to indemnify and protect any trustee or employee of the systems against liability claims. No employee or trustee will be entitled to indemnification for his or her gross negligence or willful misconduct or unless written notice is given to the board within 15 days of receiving a service of process.

FISCAL NOTE: No impact on state funds in FY 2010, FY 2011, and FY 2012.

PROPONENTS: Supporters say that the bill will allow employees of the Missouri Development Finance Board to become members of the Missouri State Employees' Retirement System (MOSERS). MOSERS has already completed an actuarial valuation of the cost of transferring their service to MOSERS.

Testifying for the bill were Senator Crowell; and Missouri Development Finance Board.

OPPONENTS: There was no opposition voiced to the committee.