

## HB 1 -- Public Retirement Systems

Sponsor: Viebrock

This bill changes the laws regarding public retirement systems. In its main provisions, the bill:

(1) Allows the State Auditor to audit any retirement system established by the state or any political subdivision every three years or more frequently as otherwise required by law (Sections 29.212, 56.809, 70.605, 104.190, 104.480, and 169.020, RSMo);

(2) Requires any person who first becomes a state employee on or after January 1, 2011, to be a member of the Missouri State Employees' Retirement System (MOSERS) Year 2000 Plan. To be eligible for normal retirement under this plan, an employee must be at least 67 years of age and have completed at least 10 years of credited service or be at least 55 years of age with the sum of the member's age and credited service equaling at least 90. A uniformed member of the State Highway Patrol who is subject to the mandatory retirement provisions of Section 104.081 will be required to be at least 60 years of age or at least 55 years of age with 10 years of credited service. Members of the General Assembly must be at least 62 years of age and have completed at least three full biennial assemblies or be at least 55 years of age with the sum of the member's age and credited service equaling at least 90. Statewide elected officials must be at least 62 years of age and have completed at least four years of credited service or be at least 55 years of age with the sum of the official's age and credited service equaling at least 90. A vested former member must be at least 67 years of age and have completed at least 10 years of credited service. An employee, except for a uniformed member of the patrol, will be eligible for early retirement at 62 years of age with at least 10 years of credited service. An employee must work for the state for 10 years in order to be vested in the system. A member of this plan must contribute 4% of his or her pay to the system. A member will not be able to purchase credit in the system for his or her previous non-federal, full-time public employment or military service or transfer credit from another public retirement system. The employee contribution rate, the benefits under the Year 2000 Plan, and any other provision of the Year 2000 Plan may be altered, amended, increased, decreased, or repealed, but the change will only apply to service or interest credits after the effective date of the change. An employee under the plan will not be eligible for the backdrop option (Section 104.1091);

(3) Changes the laws regarding the Public School Retirement System of Kansas City by:

(a) Requiring that any formulas and tables in effect upon which the computation of actuarial equivalent is based be maintained as part of a written document and treated as part of the plan document. The formulas and tables may be changed if recommended by the system's actuary and upon approval of the board of trustees (Section 169.270);

(b) Specifying that the system is intended to be a qualified plan. The board of trustees must interpret statutes governing the system and administer it consistent with a qualified plan. The system's assets must be held in trust for the exclusive benefit of the members and their beneficiaries and for defraying reasonable administrative costs. No part of the system's assets may be used for or diverted to any purpose other than for benefits or purposes of the system (Section 169.280);

(c) Specifying that if the system is completely terminated or contributions to the system are discontinued, the rights of all members to benefits accrued to date, to the extent funded, will be fully vested and nonforfeitable (Section 169.301);

(d) Prohibiting retired members of the system working as a substitute, part-time, or temporary employee for an employer in the system from earning more than 50% of the annual salary or wages he or she was last paid by the employer prior to retirement and receipt of a retirement allowance. If a person exceeds the hourly or compensation limits, his or her retirement allowance will be suspended for the month in which the limit was exceeded and any subsequent month in the school year the person receives remuneration from any employer in the retirement system (Section 169.324); and

(e) Allowing any member or beneficiary who is eligible to receive a rollover distribution under federal law to elect to have that distribution transferred directly to another eligible retirement plan. An eligible rollover distribution will include a distribution to a nonspouse beneficiary that is treated as an eligible rollover distribution, and these transfers must be made in compliance with the Internal Revenue Code (Section 169.328);

(4) Requires any person who first becomes a judge on or after January 1, 2011, to be at least 67 years of age and have at least 12 years of service or be at least 62 years of age and have at least 20 years of service before he or she is eligible for normal retirement benefits under the Judicial Plan with MOSERS. If a judge retires at 67 years of age with less than 12 years of service or at 62 years of age with less than 20 years of service, his or her retirement compensation will be reduced proportionately. A judge in this plan will be required to contribute 4% of his or her compensation to the system. A judge

will not be able to purchase credit in the retirement plan for his or her previous non-federal, full-time public employment or military service. A judge under this plan who continues to work after his or her normal retirement date will not have cost-of-living increases added to his or her retirement compensation for the period of time between his or her eligibility for retirement and the actual retirement date. When a retired judge under this plan dies, his or her beneficiary will not receive an amount equal to 50% of the judge's retirement compensation. Instead, he or she will make a choice at retirement regarding benefit payment options including the amount received by the beneficiary. The employee contribution rate, the benefits under the plan, and any other provision of the plan may be altered, amended, increased, decreased, or repealed, but the change will only apply to service or interest credits after the effective date of the change (Sections 476.521 and 476.529); and

(5) Prohibits a retired judge who becomes employed on or after January 1, 2011, as an employee eligible to participate in the MOSERS Year 2000 Plan from receiving judicial retirement benefits while employed. Any judge who serves as a judge while receiving judicial retirement is prohibited from receiving judicial retirement while serving as a judge. A judge who serves as a senior judge or senior commissioner while receiving judicial retirement will continue to receive judicial retirement and additional credit and salary for the service (Section 476.527).