

SECOND REGULAR SESSION

HOUSE BILL NO. 1682

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES KOENIG (Sponsor), BRATTIN AND MOON (Co-sponsors).

5533H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 104, RSMo, by adding thereto one new section relating to state employee retirement systems.

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

Section A. Chapter 104, RSMo, is amended by adding thereto one new section, to be
2 known as section 104.1094, to read as follows:

104.1094. 1. Notwithstanding any provision of the year 2000 plan to the contrary,
2 **each person who first becomes an employee on or after January 1, 2015, shall be a member**
3 **of the year 2000 plan subject to the provisions of subsections 1 through 14 of this section.**
4 **Section 104.1091 shall not apply to such member. Notwithstanding any provision of the**
5 **law to the contrary, a member covered by section 104.1091 who terminates employment**
6 **is not entitled to receive a deferred annuity or has received a refund of the member's**
7 **contributions, and becomes an employee on or after January 1, 2015, shall be a member**
8 **of the year 2000 plan subject to the provisions of subsections 1 through 14 of this section**
9 **and section 104.1091 shall not apply to such member.**

10 **2. A member's normal retirement eligibility shall be as follows:**

11 **(1) The member's attainment of at least age sixty-seven and the completion of at**
12 **least five years of credited service; or the member's attainment of at least age fifty-five with**
13 **the sum of the member's age and credited service equaling at least ninety; or, in the case**
14 **of a member who is serving as a uniformed member of the highway patrol and subject to**
15 **the mandatory retirement provisions of section 104.081, such member's attainment of at**
16 **least age sixty or the attainment of at least age fifty-five with five years of credited service;**

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.

17 (2) For members of the general assembly, the member's attainment of at least age
18 sixty-two and the completion of at least three full biennial assemblies; or the member's
19 attainment of at least age fifty-five with the sum of the member's age and credited service
20 equaling at least ninety;

21 (3) For statewide elected officials, the official's attainment of at least age sixty-two
22 and the completion of at least four years of credited service; or the official's attainment of
23 at least age fifty-five with the sum of the official's age and credited service equaling at least
24 ninety.

25 3. A vested former member's normal retirement eligibility shall be based on the
26 attainment of at least age sixty-seven and the completion of at least five years of credited
27 service.

28 4. For purposes of calculating the life annuity provided under subsection 2 of
29 section 104.1024 for members covered by this section, such life annuity shall be an amount
30 for life equal to one percent of the final average pay of the member multiplied by the
31 member's years of credited service.

32 5. For purposes of calculating the normal retirement annuity provided under
33 subsection 2 of section 104.1084 for members of the general assembly covered by this
34 section, such normal retirement annuity shall be an amount for life equal to one forty-
35 eighth of the monthly pay for a senator or representative on the annuity starting date
36 multiplied by the years of credited service as a member of the general assembly. In no
37 event shall any such member or eligible beneficiary receive annuity amounts in excess of
38 fifty percent of pay.

39 6. For purposes of calculating the normal retirement annuity provided under
40 subsection 5 of section 104.1084 for statewide elected officials covered by this section, such
41 normal retirement annuity shall be an amount for life equal to one forty-eighth of the
42 monthly pay in the highest office held by such member on the annuity starting date
43 multiplied by the years of credited service as a statewide elected official. In no event shall
44 any such member or eligible beneficiary receive annuity amounts in excess of twenty-five
45 percent of pay.

46 7. For purposes of calculating the COLA provided under section 104.1045 for
47 members covered by this section, such COLA shall not be more than two percent rather
48 than the five percent limitation otherwise stipulated by 104.1045.

49 8. A temporary annuity paid under subsection 4 of section 104.1024 shall be
50 payable if the member has attained at least age fifty-five with the sum of the member's age
51 and credited service equaling at least ninety; or in the case of a member who is serving as
52 a uniformed member of the highway patrol and subject to the mandatory retirement
53 provisions of section 104.081, the temporary annuity shall be payable if the member has

54 attained at least age sixty, or at least age fifty-five with at least five years of credited
55 service.

56 9. A member, other than a member who is serving as a uniformed member of the
57 highway patrol and subject to the mandatory retirement provisions of section 104.081,
58 shall be eligible for an early retirement annuity upon the attainment of at least age sixty-
59 two and the completion of at least five years of credited service. A vested former member
60 shall not be eligible for early retirement.

61 10. The provisions of subsection 6 of section 104.1021, section 104.344 as applied
62 under subsection 7 of section 104.1021, section 104.1090, and section 105.691 shall not
63 apply to members covered by subsections 1 through 13 of this section.

64 11. A member shall be required to contribute three percent of the member's pay
65 to the retirement system, which shall stand to the member's credit in his or her individual
66 account with the system, together with investment credits thereon, for purposes of funding
67 retirement benefits payable under the year 2000 plan, subject to the following provisions:

68 (1) The state of Missouri employer, under the provisions of 26 U.S.C. Section
69 414(h)(2), shall pick up and pay the contributions that would otherwise be payable by the
70 member under this subsection. The contributions so picked up shall be treated as
71 employer contributions for purposes of determining the member's pay that is includable
72 in the member's gross income for federal income tax purposes;

73 (2) Member contributions picked up by the employer shall be paid from the same
74 source of funds used for the payment of pay to a member. A deduction shall be made from
75 each member's pay equal to the amount of the member's contributions picked up by the
76 employer. This deduction, however, shall not reduce the member's pay for purposes of
77 computing benefits under the retirement system under this chapter;

78 (3) Member contributions so picked up shall be credited to a separate account
79 within the member's individual account so that the amounts contributed under this
80 subsection may be distinguished from the amounts contributed on an after-tax basis;

81 (4) The contributions, although designated as employee contributions, shall be paid
82 by the employer in lieu of the contributions by the member. The member shall not have the
83 option of choosing to receive the contributed amounts directly instead of having them paid
84 by the employer to the retirement system;

85 (5) Interest shall be credited annually on June thirtieth based on the value in the
86 account as of July first of the immediately preceding year at a rate equal to the investment
87 rate that is published by the United States Department of Treasury, or its successor agency,
88 for fifty-two week treasury bills for the relevant auction that is nearest to the preceding
89 July first, or a successor treasury bill investment rate as approved by the board if the fifty-
90 two week treasury bill is no longer issued. Interest credits shall cease upon termination of

91 employment if the member is not a vested former member. Otherwise, interest credits shall
92 cease upon retirement or death;

93 (6) A vested former member or a former member who is not vested may request a
94 refund of his or her contributions and interest credited thereon. If such member is
95 married at the time of such request, the request shall not be processed without consent
96 from the spouse. Such member is not eligible to request a refund if such member's
97 retirement benefit is subject to a division of benefit order under section 104.1051. Such
98 refund shall be paid by the system after ninety days from the date of termination of
99 employment or the request, whichever is later, and shall include all contributions made to
100 any retirement plan administered by the system and interest credited thereon. A vested
101 former member may not request a refund after such member becomes eligible for normal
102 retirement. A vested former member or a former member who is not vested who receives
103 a refund shall forfeit all the member's credited service and future rights to receive benefits
104 from the system and shall not be eligible to receive any long-term disability benefits,
105 provided that any member or vested former member receiving long-term disability benefits
106 shall not be eligible for a refund. If such member subsequently becomes an employee and
107 works continuously for at least one year, the credited service previously forfeited shall be
108 restored if the member returns to the system the amount previously refunded plus interest
109 at a rate established by the board;

110 (7) The beneficiary of any member who made contributions shall receive a refund
111 upon the member's death equal to the amount, if any, of such contributions and interest
112 credited thereon less any retirement benefits received by the member unless an annuity is
113 payable to a survivor or beneficiary as a result of the member's death. In that event, the
114 beneficiary of the survivor or beneficiary who received the annuity shall receive a refund
115 upon the survivor's or beneficiary's death equal to the amount, if any, of the member's
116 contributions less any annuity amounts received by the member and the survivor or
117 beneficiary.

118 12. The employee contribution rate, the benefits provided under the year 2000 plan
119 to members covered by subsections 1 through 13 of this section, and any other provision
120 of the year 2000 plan with regard to members covered by this section may be altered,
121 amended, increased, decreased, or repealed, but only with respect to services rendered by
122 the member after the effective date of such alteration, amendment, increase, decrease, or
123 repeal, or, with respect to interest credits, for periods of time after the effective date of such
124 alteration, amendment, increase, decrease, or repeal.

125 13. For purposes of members covered by subsections 1 through 13 of this section,
126 the options under section 104.1027 shall be as follows:

Option 1. A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise payable. Such percent shall be eighty-eight and one-half percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of three-tenths of one percent for each year the retiree's age is younger than age sixty-seven years; 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-four and one-quarter 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-one percent adjusted as follows: if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of four-tenths of one percent for each year the retiree's age is younger than sixty-seven years; 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 eighty-seven and three-quarters 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-three 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 eighty-six 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.

14. The provisions of subsection 6 of section 104.1024 shall not apply to members covered by subsections 1 through 14 of this section. The normal and early retirement eligibility requirements in this section shall apply for purposes of administering section 104.1087.

15. Notwithstanding any provision of law to the contrary, and in addition to the benefits provided under the year 2000 plan as modified by this section, members covered by subsections 1 through 14 of this section shall participate in the defined contribution plan established under section 105.927, subject to the additional provisions of this subsection. In addition to any contribution on behalf of such participants in accordance with section 105.927, the contribution rate for such plan shall be as follows:

(a) The employer contribution rate shall be equal to three percent of payroll;

(b) The participant contribution rate shall be equal to one percent of payroll;

(c) Employers, under the provisions of 26 U.S.C. Section 414(h)(2), shall pick up and pay the contributions that would otherwise be payable by a participant under this subsection. The contributions so picked up shall be treated as employer contributions for purposes of determining the participant's pay that is includable in the participant's gross income for federal income tax purposes;

(d) Participant contributions picked up by the employer shall be paid from the same source of funds used for the payment of pay to a participant. A deduction shall be made from each participant's pay equal to the amount of the participant's contributions picked up by the employer;

(e) Participant contributions so picked up shall be credited to a separate account within the participant's individual account; and

(f) The contributions so picked up, although designated as participant contributions, shall be paid by the employer in lieu of the contributions by the participant. The participant shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the employer to the defined contribution plan.

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