

HCS SCS SB 309 -- PUBLIC EMPLOYEE RETIREMENT SYSTEMS

SPONSOR: Walsh

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 11 to 1. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 12 to 0.

PROSECUTING AND CIRCUIT ATTORNEYS

This bill modifies provisions relating to the prosecuting attorneys' and circuit attorneys' retirement fund. In its main provisions, the bill:

- 1) Allows any county that votes to make the county prosecutor a full-time position that will be eligible for such retirement benefits;
- 2) Modifies the definition of compensation to include salary reduction amounts under a cafeteria plan or eligible deferred compensation plan;
- 3) Requires members of the retirement fund, beginning January 1, 2018, to contribute 2% of their gross salary to the fund which will increase to 4% beginning January 1, 2020. Non-vested members who separate from the system will receive a lump sum payment equal to their total contribution only, which shall not exceed 25% of the members' final average compensation;
- 4) Allows the retirement system, in addition to any retirement benefits paid to a member at retirement, to return the contributions made by the member in a lump sum;
- 5) Specifies that any person who becomes a member after January 1, 2019 will be eligible to retire with a normal annuity at age 65 with at least 12 years of service;
- 6) Modifies the Cost of Living Allowance (COLA) provision to provide a COLA between 2% and 4% which will be equal to the increase in the consumer price index when it is at least 2% and not more than 4%;
- 7) Specifies that any member with less than 12 years of creditable service on January 1, 2018, who terminates employment after such date with 12 years of creditable service, shall be entitled to a deferred normal annuity payable at age 60;
- 8) Allows former members with forfeited creditable service to

restore such service if they become employed within 10 years of terminating employment, completing four years of continuous membership and contributing an amount equal to the any lump sum benefit received; and

9) States that members serving as Prosecuting Attorney in counties that elected to make the position full-time shall receive one year of creditable service for each year served as a full-time and six tenths of a year for each year as a part-time prosecutor.

This provision is similar to SCS SB 309 (2017) and HB 2538 (2016).

ST. LOUIS PUBLIC SCHOOL RETIREMENT

This bill changes the laws regarding the Public School Retirement System of the City of St. Louis. In its main provisions, the bill:

(1) Allows a teacher within the Public School Retirement System of the City of St. Louis to retire at age 65 or when his or her age added to the number of years of credited service is not less than 80. This will commonly be known as the Rule of 80. Currently, the retirement age is 65 or when the age added to the number of years of credited service is 85 and the rule is commonly known as the Rule of 85;

(2) Beginning January 1, 2018, new employees hired for the first time, will have their retirement benefits calculated using a 1.75% multiplication factor. Existing employees will have their benefits calculated using a multiplication factor of 2% for all years of service;

(3) Increases a current member's contribution to the system by .5% of the member's compensation each year until the contribution rate equals 9%. New members will automatically contribute 9%; and

(4) Beginning with calendar year 2018 the employer contribution rate will be 16% and will decrease annually by .5% every year until the year 2032 when the rate will equal 9%. The rate will remain at 9% thereafter.

This provision is similar to HB 2314 (2016) and HB 1205 (2015).

SCHOOL EMPLOYEE RETIREMENT SYSTEMS

Currently, a retired teacher from the Kansas City Public School Retirement System can work part-time for a school district during a school year and not forfeit his or her retirement allowance. The retired teacher can work up to 600 hours and earn up to 50% of the annual salary received by the person while they were teaching prior

to retirement.

The bill expands this provision to include someone who is employed by a third party or working as an independent contractor as a substitute teacher or other position normally requiring certification. Documentation may be required showing proof of compliance with this provision.

Currently, a retired teacher receiving an allowance from the Missouri Public School Retirement System can work part-time for a school district covered by the retirement system and not forfeit his or her retirement allowance. The retired person can work up to 550 hours and earn up to 50% of the annual salary received by the person while they were teaching prior to retirement.

The bill expands this provision to any individual who is employed by a third party or working as an independent contractor as a substitute teacher or other position normally requiring certification. Documentation may be required showing proof of compliance with this provision.

This provision is similar to HB 1710 (2016) and HB 1085 (2015).

NONCHARTER COUNTY JUDICIAL CIRCUIT

This bill provides that any single noncharter county judicial circuit, rather than just the 31st judicial circuit, shall collect a surcharge of up to \$10 in all cases, to be deposited in an account known as the "Justice Center Fund." In addition to costs associated with the construction, maintenance, and operation of a judicial facility, the bill states that funds from the surcharge may be used for the architectural and engineering planning of a judicial facility or justice center. The county or municipality shall maintain records identifying all funds received and expenditures made from the fund (Section 488.2206).

This provision is the same as to SB 83 (2017).

PROPOSERS: Supporters say that this bill will help make the funding for the retirement plan more stable. Members will now be required to contribute to the plan.

Testifying for the bill were Senator Walsh; Robert P. McCullough, PACARS; and the St. Louis County Prosecuting Attorney.

OPPOSERS: Those who oppose the bill say that the bill as written will cause me to have to work more years in order to receive retirement benefits. When I ran for full time prosecutor I knew I would receive one year of credit for each year of my part time

prosecutor service, this bill cuts that down to 60%.

Testifying against the bill was Russ Oliver, Stoddard County Prosecuting Attorney.