

HCS SB 394 -- PUBLIC EMPLOYEE RETIREMENT SYSTEMS

SPONSOR: Romine

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 9 to 1. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 13 to 0.

This bill modifies provisions relating to public employee retirement systems.

PUBLIC SCHOOL OR PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEMS

This bill allows retired members of the Public School or Public Education Employees Retirement Systems who have elected a reduced retirement allowance to provide for survivor benefits for his or her spouse to have the retirement allowance increased to the single life annuity amount, with no survivor benefits, if the member and his or her spouse become divorced on or after September 1, 2017 only if the dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance.

Currently, a retired member has 90 days from the date of the remarriage to nominate a successor beneficiary; this bill changes the deadline to one year.

Any such increase in the retirement allowance will be effective upon the receipt of an application for the increase and a certified copy of the decree of dissolution that meets the requirements (Section 169.715, RSMo).

This provision is similar to HB 1709 (2016) and HB 1086 (2015).

SCHOOL EMPLOYEES RETIREMENT SYSTEM

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 (Section 169.560).

This provision is similar to HB 305 (2017), HB 1710 (2016), and HB 1085 (2015).

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 member's 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 (Sections 56.363, 56.805, 56.807, 56.814, 56.818, 56.833, and 56.840).

These provisions are similar to SCS SB 309 (2017) and HB 2538 (2016).

LOCAL AREA GOVERNMENT RETIREMENT SYSTEM

This bill authorizes a political subdivision, by a majority vote of its governing body, to elect to cover jailers as police officers and emergency medical service personnel as fire fighters for purposes of coverage under the Missouri Local Government Employees' Retirement System.

Limitations in current law that provide that an employer's total contribution to the system must not exceed the total contributions for the preceding fiscal year by more than 1% must not apply to an increase resulting from an employer's election for the coverage under the provisions of the bill (Sections 70.600, 70.605, 70.610, 70.615, 70.630, 70.631, and 70.730).

These provisions are similar to HB 865 (2017).

ST. LOUIS PUBLIC EMPLOYEE RETIREMENT BENEFITS

This bill allows airport police officers in the Employees Retirement System of the City of St. Louis the option of remaining in that retirement plan or to transfer their creditable service to the St. Louis Metropolitan Police Department. Any member transferring is subject to the conditions and requirements of Section 105.691, RSMo, relating to agreements to transfer service between plans (Sections 86.200 and 86.207).

These provisions are similar to HB 865 (2017).

RETIREMENT OF STATE EMPLOYEES

Beginning January 1, 2018, members of the Missouri State Employees Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System who are not statewide elected officials or members of the General Assembly should be eligible for retirement under the following conditions:

(1) A member's normal retirement eligibility will be based on the attainment of at least age 67 with the completion of five years of credited service or at age 55 with the member's age plus years of credited service equal to 90 (90 and out). In the case of a member

who is serving as a uniformed member of the highway patrol and subject to the mandatory retirement provisions, such member's attainment of at least age 60 or the attainment of age 55 with five years of creditable service;

(2) A vested former member's normal retirement eligibility shall be based on the attainment of at least age 67;

(3) A temporary annuity shall be payable for members qualifying under 90 and out. For uniformed members of the highway patrol the temporary annuity shall be payable if the member has attained at least age 60, or at least age 55 with five years of credited service;

(4) Members will be eligible for an early retirement at age 62 with five years of credited service. A vested former member shall not be eligible for early retirement;

(5) Survivor benefits for vested former members covered by this section shall not be payable until the deceased member would have reached his or her normal retirement eligibility;

(6) The annual cost-of-living adjustment payable to a vested former member will not be payable until the second anniversary of a vested former member's annuity starting date;

(7) The unused sick leave credit will only apply to members who terminate employment after reaching normal retirement eligibility or becoming eligible for an early retirement annuity; and

(8) Term vested members who are not yet eligible for a normal retirement benefit are allowed to make a one-time election to receive a lump sum payment equal to a percentage of the present value of such member's deferred annuity should a board choose to establish such a program. Members electing this option will forfeit all creditable service under the plan and if such member again becomes an employee they will be considered a new employee with no prior credited service (Sections 104.1091 and 104.1092).

These provisions are similar to HB 729 (2017).

PUBLIC EMPLOYEE PENSION FORFEITURE

This bill clarifies provisions related to public pension forfeiture when a felonious act is committed in direct connection with or directly related to the participant's duties. The employer is required to notify the appropriate retirement system and provide information in connection with the felony charge or conviction (Section 105.669).

This provision is similar to HB 996 (2107), HB 1472 (2016), and HB 752 (2015).

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 (Sections 169.460 and 169.490).

These provisions are similar to HB 619 (2017), HB 2314 (2016), and HB 1205 (2015).

This bill contains an emergency clause.

PROPOSERS: Supporters say that the bill allows for a pop-up provision in the event a retired member gets divorced and that person is eligible to keep all of his or her retirement benefits under the court decree.

Testifying for the bill were Senator Romine; PSRS/PEERS of Missouri; MSTA; and Jim Kreider, MRTA.

OPPOSERS: There was no opposition voiced to the committee.