

SECOND REGULAR SESSION

# HOUSE BILL NO. 1673

## 99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE KENDRICK.

4617H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 105.661, 105.666, and 105.683, RSMo, and to enact in lieu thereof three new sections relating to public pension plans.

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

Section A. Sections 105.661, 105.666, and 105.683, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 105.661, 105.666, and 105.683, to read as follows:

105.661. 1. Each plan shall annually prepare and have available as public information a comprehensive annual financial report showing the financial condition of the plan as of the end of the plan's fiscal year. The report shall contain, but not be limited to, detailed financial statements prepared in accordance with generally accepted accounting principles for public employee retirement systems including an independent auditors report thereon, prepared by a certified public accountant or a firm of certified public accountants, a detailed summary of the plan's most recent actuarial valuation including a certification letter from the actuary and a summary of actuarial assumptions and methods used in such valuation, a detailed listing of the investments, showing both cost and market value, held by the plan as of the date of the report together with a detailed statement of the annual rates of investment return from all assets and from each type of investment, a detailed list of investments acquired and disposed of during the fiscal year, a listing of the plan's board of trustees or responsible administrative body and administrative staff, a detailed list of administrative expenses of the plan including all fees paid for professional services, a detailed list of brokerage commissions paid, a summary plan description, and such other data as the plan shall deem necessary or desirable for a proper understanding of the condition of the plan. In the event a plan is unable to comply with any of

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 the disclosure requirements outlined above, a detailed statement must be included in the report  
18 as to the reason for such noncompliance.

19       2. Any rule or portion of rule promulgated by any plan pursuant to the authority of  
20 chapter 536, or of any other provision of law, shall be submitted to the joint committee on public  
21 employee retirement prior to or concurrent with the filing of a notice of proposed rulemaking  
22 with the secretary of state's office pursuant to section 536.021. The requirement of this  
23 subsection is intended solely for the purpose of notifying the joint committee on public employee  
24 retirement with respect to a plan's proposed rulemaking so that the joint committee on public  
25 employee retirement has ample opportunity to submit comments with respect to such proposed  
26 rulemaking in accordance with the normal process. Any plan not required to file a notice of  
27 proposed rulemaking with the secretary of state's office shall submit any proposed rule or portion  
28 of a rule to the joint committee on public employee retirement within ten days of its  
29 promulgation.

30       3. A copy of the comprehensive annual financial report as outlined in subsection 1 of this  
31 section shall be forwarded within six months of the end of the plan's fiscal year to the state  
32 auditor and the joint committee on public employee retirement.

33       4. Each defined benefit plan shall submit a quarterly report regarding the plan's  
34 investment performance to the joint committee on public employee retirement in the form and  
35 manner requested by the committee. If the plan fails to submit this report, the committee may  
36 subpoena witnesses, take testimony under oath, and compel the production of records regarding  
37 this information, pursuant to its authority under section 21.561.

38       **5. Each plan shall provide active participants with a pension statement that shall**  
39 **be written in a manner calculated to be understood by the average plan participant and**  
40 **shall be delivered in written, electronic, or other appropriate form to the extent such form**  
41 **is reasonably accessible. The statement shall be provided annually. Such pension benefit**  
42 **and information statement shall include, but not be limited to, the following information:**

43       **(1) The participant's accrued contributions to the plan;**

44       **(2) The date the participant is first eligible for a normal retirement benefit;**

45       **(3) The participant's projected benefit at normal retirement and may include the**  
46 **percentage of the participant's salary that will be replaced by the pension benefit upon**  
47 **reaching normal retirement;**

48       **(4) The date of the plan's valuation;**

49       **(5) The plan's funded ratio;**

50       **(6) Notice if the plan is on the joint committee on public employee retirement's**  
51 **annual watch list;**

52           **(7) A notice if the actuarially determined contribution to fund the plan has not been**  
53 **made as of the most recent annual actuarial valuation unless such plan is unable to make**  
54 **such contribution due to statutory limitations; and**

55           **(8) An electronic link or website address to view the plan's comprehensive annual**  
56 **financial report required under subsection 1 of this section.**

57           **6. Any plan failing to provide an annual pension statement to each active**  
58 **participant as required in subsection 5 of this section shall submit in writing to the joint**  
59 **committee on public employee retirement as to why the information may not be provided**  
60 **as required under this section.**

105.666. 1. Each plan shall, in conjunction with its staff and advisors, establish a board  
2 member education program, which shall be in effect on or after January 1, 2008. The curriculum  
3 shall include, at a minimum, education in the areas of duties and responsibilities of board  
4 members as trustees, ethics, governance process and procedures, pension plan design and  
5 administration of benefits, investments including but not limited to the fiduciary duties as  
6 ~~[defined under]~~ **provided in** section 105.688, legal liability and risks associated with the  
7 administration of a plan, sunshine law requirements under chapter 610, actuarial principles and  
8 methods related to plan administration, and the role of staff and consultants in plan  
9 administration. Board members appointed or elected on a board on or after January 1, 2008,  
10 shall complete a board member education program designated to orient new board members in  
11 the areas described in this section within ninety days of becoming a new board member. Board  
12 members who have served one or more years shall attend at least a total of six hours of  
13 continuing education programs each year in the areas described in this section.

14           2. Routine annual presentation by outside plan service providers shall not be used to  
15 satisfy board member education or continuing education program requirements contained in  
16 subsection 1 of this section. Such service providers may be utilized to perform education  
17 programs with such programs being separate and apart from routine annual presentations.

18           3. Plan governing body or staff shall maintain a record of board member education  
19 including, but not limited to, date, time length, location, education material, and any facilitator  
20 utilized. The record shall be signed and attested to by the attending board member or board  
21 chairperson or designee. Such information shall be maintained for public record and disclosure  
22 for at least three years or until the expiration of such board member's term, whichever occurs  
23 first.

24           4. A board member who is knowingly not participating in the required education  
25 programs under this section may be removed from such board by a majority of the board  
26 members which shall result in a vacancy to be filled in accordance with plan provisions except  
27 that ex officio board members shall not be removed under this subsection.

28       ~~[5. Each plan shall, upon the request of any individual participant, provide an annual~~  
29 ~~pension benefit statement which shall be written in a manner calculated to be understood by the~~  
30 ~~average plan participant and may be delivered in written, electronic, or other appropriate form~~  
31 ~~to the extent such form is reasonably accessible to each participant or beneficiary. Such pension~~  
32 ~~benefit statement shall include, but not be limited to, accrued participant contributions to the~~  
33 ~~plan, total benefits accrued, date first eligible for a normal retirement benefit, and projected~~  
34 ~~benefit at normal retirement. Any plan failing to do so shall submit in writing to the joint~~  
35 ~~committee on public employee retirement as to why the information may not be provided as~~  
36 ~~requested.]~~

105.683. Any plan, other than a plan created under sections 169.010 to 169.141 or  
2 sections 169.600 to 169.715, whose actuary determines that the plan has a funded ratio below  
3 ~~[sixty]~~ **seventy** percent and the political subdivision has failed to make one hundred percent of  
4 the actuarially required contribution payment for ~~[five]~~ **three** successive plan years ~~[with a~~  
5 ~~deseending funded ratio for five successive plan years,]~~ shall be deemed delinquent in the  
6 contribution payment and such delinquency in the contribution payment shall constitute a first  
7 lien on the funds of the political subdivision, and the board as defined under section 105.660 is  
8 authorized to compel payment by application for a writ of mandamus; and in addition, such  
9 delinquency in the contribution payment shall be certified by the board to the state treasurer and  
10 director of the department of revenue. Until such delinquency in the contribution payment,  
11 together with regular interest, is satisfied, the state treasurer and director of the department of  
12 revenue shall withhold twenty-five percent of the certified contribution deficiency from the total  
13 moneys due the political subdivision from the state.

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