

CCS SB 20 -- RETIREMENT

This bill modifies provisions relating to retirement.

SHERIFFS' RETIREMENT SYSTEM (Sections 57.952, 57.961, 57.967, 57.991)

Currently, the General Assembly and the governing body of a county are prohibited from appropriating funds into the Sheriffs' Retirement System. The bill reverses this provision and allows the General Assembly and the governing body of a county to appropriate funds for deposit into the Sheriffs' Retirement System. Further, each county is mandated to make the payroll deductions for member contributions and transmit the moneys to the Board of Directors to deposit into the Sheriffs' Retirement Fund.

This bill requires each person who becomes a member of the Sheriffs' Retirement System on or after January 1, 2024, to contribute 5% of the member's pay to the Retirement System. The bill details the provisions relating to the member contributions, including the right to request a refund of contributions by nonvested former members.

Currently, the percentage of annuity that is paid to a retired member is equal to 2% of the final average compensation multiplied by the number of years of creditable service with an exception that the annuity cannot exceed 75% of the retired member's average final compensation. This bill specifies that the annuity shall not be less than \$1,000 per month.

Any new member who is employed after January 1, 2024 is subject to the provisions in the bill.

SURVIVING SPOUSE DEATH BENEFIT (Sections 86.253, 86.254, 86.280, 86.283 and 86.287)

This bill modifies provisions relating to St. Louis City police officer retirement systems and allows a surviving spouse to continue receiving retirement benefits notwithstanding the surviving spouse's remarriage. If a surviving spouse who is receiving death benefits remarries another member who also predeceases the surviving spouse, the surviving spouse shall receive a single death benefit pension, which is computed as specified in the bill. Beginning on August 28, 2023, any surviving spouse who was previously regarded as ineligible for benefits based upon remarriage can apply to the board of trustees to have the future benefits reinstated. Any such reinstatement shall be as to future benefits only and shall not be retroactive prior to August 28, 2023.

MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM (MOSERS) and MISSOURI DEPARTMENT of TRANSPORTATION and HIGHWAY PATROL EMPLOYEES' RETIREMENT SYSTEM (MPERS) (Sections 104.010, 104.020, 104.035, 104.090, 104.170, 104.200, 104.312, 104.410, 104.436, 104.490, 104.515, 104.625, 104.810, 104.1003, 104.1018, 104.1024, 104.1051, 104.1060, 104.1066, 104.1072, 104.1084, 104.1091, and 476.521)

This bill enacts cleanup language affecting the Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System (MPERS).

This bill:

(1) Modifies the definition of "compensation" to allow the respective boards to define "compensation" by rules (Section 104.010, RSMo);

(2) Allows a terminated vested employee to restore service if the employee becomes a member, working for a department, for one day instead of one year (Section 104.035);

(3) Repeals Section 104.130 relating to death benefits for retired members;

(4) Modifies the Board of Trustees membership of the MPERS by having the terms of the active employee representatives serving on the Board on August 28, 2026, to continue an additional two years until June 30, 2028, and after such date all terms of elected active employee representatives shall be for four years beginning July 1, 2028 and every four years thereafter (Section 104.160);

(5) Allows an individual currently drawing a retirement benefit under a state retirement plan to serve as a member of the General Assembly or as an elected state official and continue to draw his or her retirement annuity and cost of living adjustments. Currently, retired state officers and employees receiving retirement benefits from a state employees' retirement plan may only work in part-time non-benefit-eligible positions (Sections 104.160, 104.380 and 104.1039);

(6) Removes language requiring the election of the Chair and Vice Chair of the MPERS Board by secret ballot (Section 104.170);

(7) Clarifies that the statute of limitations for correcting an error starts upon the member's annuity starting date or date of error, whichever is later. This change also adds language to

exclude cases of fraud from the statute of limitations (Section 104.200, 104.490.1 and 104.1060);

(8) Expands the powers and duties of MPERS to include additional Sections 104.271, 104.272, and 104.312;

(9) Excludes service accrued under Section 104.601 from division of benefit orders, sets out calculation of annuity subject to benefit order and moves language from Section 104.625 related to division of benefit orders and includes calculation of the annuity subject to backdrop payments to Section 104.312 where other division of benefit order language resides (Section 104.312);

(10) Limits the amount of service a member of the General Assembly or statewide elected official can accrue while on long-term disability (Section 104.410 and 104.1084);

(11) Removes the requirement that the contributions for unfunded accrued liabilities be determined using the level percent of payroll amortization method (Section 104.436 and 104.1066);

(12) Allows members who terminate employment after reaching normal or early retirement age and become a retiree within 65 days of termination, instead of 60 days, to receive \$5,000 of life insurance coverage (Section 104.515 and 104.1072);

(13) Removes the option for members to receive the lump sum backdrop payment in three equal installments (Sections 104.625 and 104.1024);

(14) Removes any service of a member accrued during the backdrop period from being considered creditable service when calculating the monthly amount under a division of benefit order (Section 104.625);

(15) Specifies an employee of the State Water Patrol who terminates employment and returns to the same position is a member of the system in which he or she was a member prior to termination, and if the employee returns to any other job he or she is a member of the system that currently covers that position (Section 104.810);

(16) Modifies the definition of "pay" to allow the respective board to define "pay" consistent with current law and deletes the definition of "year" as used in the definition of employee (Section 104.1003);

(17) Provides that any vested former member who terminated employment after attaining normal retirement eligibility shall be

considered a member of the retirement system entitled to certain annuities under the Year 2000 Plan;

(18) Corrects a statutory citation and clarifies that any vested former member who terminated employment after reaching normal retirement eligibility is eligible to retire under the provisions of Section 104.1024 (Section 104.1024);

(19) Excludes a member's sick leave accruals from the calculation of the monthly benefit amount subject to division under a division of benefit order; sets out calculation of annuity subject to a division of benefit order (Section 104.1051);

(20) Clarifies when a member can receive a refund of his or her employee contributions after termination (Section 104.1091);

(21) Clarifies that members who terminate employment after reaching normal retirement eligibility are eligible to retire; members who terminate employment after reaching early retirement eligibility remain eligible for early retirement; delayed survivor annuity provision applies to members who terminated employment prior to reaching early retirement eligibility and the delayed cost-of-living provision adjustment applies to members who terminated employment prior to reaching early retirement eligibility (Section 104.1091); and

(22) Makes the interest rate credited to a judge's employee contribution balance the 52-week treasury bill rate, instead of 4%. This change brings the Judicial 2011 plan in alignment with the MSEP 2011 plan (Section 476.521).

INCOME TAX DEDUCTION FOR SELLING EMPLOYER SECURITIES TO A QUALIFIED MISSOURI STOCK OWNERSHIP PLAN (Section 143.114)

The bill reauthorizes a deduction from federal adjusted gross income, when determining a taxpayer's Missouri adjusted gross income, of a certain percentage of net capital gain from the sale or exchange of certain securities, as defined in the bill. Tax deductions for such securities under previous law expired on October 14, 2022.

Under the bill, for all tax years beginning on or after January 1, 2023, when determining Missouri adjusted gross income a taxpayer is allowed to deduct from the taxpayer's federal gross income, 50% of the net capital gain from the sale or exchange of employer securities of a Missouri corporation to a qualified Missouri stock ownership plan, as specified in the bill.

SHOW-ME MYRETIREMENT SAVINGS ADMINISTRATIVE FUND (Sections 285.1000, 285.1005, 285.1010, 285.1015, 285.1020, 285.1025, 285.1030, 285.1035, 285.1040, 285.1045, 285.1050, and 285.1055)

This Fund is a multiple-employer retirement savings plan treated as a single plan under Title I of The Employee Retirement Income Security Act of 1974 (ERISA) under 401(a), 401(k), and 413(c) of the Internal Revenue Code, in which multiple employers may voluntarily choose to participate regardless of whether any relationship exists between and among the employers other than their participation in the Plan. The "Show-Me MyRetirement Savings Administrative Fund" shall consist of:

- (1) Moneys appropriated by the General Assembly;
- (2) Moneys transferred from the federal government, other state agencies, or local governments;
- (3) Moneys from the payment of application, account, administrative, or other fees and the payment of other moneys due to the Show-Me MyRetirement Savings Board;
- (4) Any gifts, donations, or grants made to the state of Missouri for deposit in the Administrative Fund;
- (5) Moneys collected for the Administrative Fund from contributions to, or investment returns or assets of, the plan or other moneys collected by or for the plan or pursuant to arrangements established under the plan to the extent permitted under federal and Missouri law; and
- (6) Earnings on moneys in the Administrative Fund.

The bill establishes the "Show-Me MyRetirement Savings Board" in the office of the State Treasurer. The members of the Board are set forth in the bill. The Board shall design, develop and implement the "Show-ME MyRetirement Savings Plan" as outlined in the bill. The Board shall establish the Plan so that individuals can begin making contributions to the Plan no later than September 1, 2025. The Board has the discretion to structure staged or phased-in implementation of the Plan which shall be substantially completed on or before September 1, 2025.

An eligible employer, participating employer, or other employer joining the Plan shall not be liable for an employee's decision on which investments to choose, participants' or Board's investment decisions, the administration, investment, investment returns, or investment performance of the Plan, the Plan's design or the benefits paid to participants or any loss or adverse consequences

incurred by any person solely and directly as a result of participating in the Plan.

Individual account information relating to accounts under the Plan and to individual participants shall be considered confidential. However, such information may be disclosed to administer the Plan or per the express written agreement of the individual providing the information, to disclosure of the information. Confidential information is considered a "closed record" as defined in Section 610.010 regardless as to whether such information has been disclosed as allowed by subsection 1 of Section 285.1035.

#### SPEECH IMPLEMENTERS (Section 168.082)

Under the bill, any person who was employed as a speech implementer before August 1, 2022, who is employed as a speech-language pathology assistant, as defined in the bill, on or after August 28, 2023, shall be considered a speech implementer for certification by the Department of Elementary and Secondary Education and for consideration of Social Security coverage. Such person shall not be considered a speech implementer when the person dies, retires, or no longer works in a speech-language pathology assistant position.

#### TEACHERS (Section 169.331)

Under current law, a retired certificated teacher who receives a retirement benefit from PSRS/PEERS is allowed to work full-time for up to two years for a PSRS/PEERS-covered school district if there is a shortage of certified teachers. This bill increases the time period to four years. Further, the bill increases the total number of retired certificated teachers working to 30 at any one time.

#### PUBLIC HIGHER EDUCATION CLOSED RECORDS (Section 173.1205)

This bill provides that meetings, records, and votes may be closed to the extent that they relate to information submitted to a public institution of higher education regarding investments in or financial transactions with business entities for investment purposes.

#### PSRS MULTIPLIER (Section 169.070)

Current law provides that between July 1, 2001, and July 1, 2014, a member of Public School Retirement System of Missouri (PSRS) with 31 years or more of service, regardless of age, be provided a retirement allowance with a multiplier of 2.55% of the member's final average salary for each year of the membership service. This bill modifies this provision by removing the expiration date and by

providing that a member with 32 years or more of service may receive such retirement allowance.

PSRS/PEERS (Sections 169.560 and 169.596)

The bill modifies the current annual earning limit of 60% of the minimum teacher salary for any retired member of PSRS employed in a position covered under the Public Education Employee Retirement System of Missouri (PEERS). Beginning on August 28, 2023, and ending on June 30, 2028, the bill allows such teachers to earn up to 133% of the annual earnings limit applicable to a Social Security recipient before the calendar year of attainment of full retirement age under federal regulations. After June 30, 2028, such teachers may earn up to the annual earnings exemption amount applicable to a Social Security retirement recipient before the calendar year of attainment of full retirement age under federal regulations, without a discontinuance of the person's retirement allowance from the retirement system. This does not apply to retired members currently receiving benefits who are employed as full-time teachers of certain state agencies and institutions.

Currently, a retired teacher or a retired noncertificated employee who is receiving a retirement benefit from PSRS/PEERS is allowed to work full-time for up to two years for a PSRS/PEERS-covered school district if there is a shortage of certified teachers or noncertificated employees. This bill allows employees to work full-time up to four years for the district. Furthermore, the number of retired teachers that currently can teach in a school district with a critical shortage can not exceed, at any one time, the lesser of 10% of the teacher staff for that school district, or five teachers. This bill provides that the total number of retired teachers shall not exceed, at any one time, the greater of 1% of the total of teacher and non-certificated staff for that school district, or five certificated teachers.