

HCS SS SB 75 -- RETIREMENT SYSTEMS

SPONSOR: Black (Hovis)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 9 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for SB 75.

The bill modifies the Board of Trustees membership of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System 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, RSMo).

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.

This bill 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 (Sections 104.160, 104.380 and 104.1039).

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(Section 169.070).

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 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 a full-time teacher 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 may teach in a school district with a critical shortage shall 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-certified staff for that school district, or five teachers (Sections 169.560 and 169.596).

Currently, a member of PSRS or PEERS with 25 or more years of creditable service, or who is at least age 55 with five or more years of creditable service, may elect in an application for retirement to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement.

This bill provides that a member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary may have the retirement allowance increased to the amount he or she would have received if he or she had not elected to receive reduced payments. The member shall execute an affidavit, along with any supporting information and documentation required by the Board of Trustees, attesting to the existence of the domestic partnership at the time of the nomination and that the partnership has since ended. The nominated beneficiary is required to consent to the removal and disclaim all rights to future benefits in writing, or the parties must obtain a court order or judgment after September 1, 2023, removing the nominated beneficiary. If the member and beneficiary were legally married at the time of retirement or thereafter, the marriage is required to be dissolved, and the dissolution decree shall provide for the sole retention of the allowance by the member.

A member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary may nominate a successor beneficiary. If the former nominated partner predeceases the member in death, the member shall execute an affidavit attesting to the existence of the partnership at the time of the former nomination. Otherwise, the member shall execute an affidavit, along with any supporting information and documentation required by the Board of Trustees, attesting to the existence of the domestic partnership at the time of the nomination and that the partnership has since ended, and the nominated beneficiary is required to consent to the removal and disclaim all rights to future benefits in writing or the parties must obtain a court order or judgment after September 1, 2023, removing the nominated beneficiary. If the member and beneficiary were legally married at the time of retirement or thereafter, the marriage is required to be dissolved, and the dissolution decree shall provide for the sole retention of the allowance by the member. Any nomination of a successor beneficiary shall occur within one year of September 1, 2023, or within one year of marriage, whichever is later (Sections 169.141 and 169.715).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the Senate Perfected version of the bill.

PROPONENTS: Supporters say that the bill incentivizes the teachers to remain in the school system. It supports retention and benefits the retirement system overall. It doesn't cost the system any money and under the critical shortage the district picks up the costs. It gives teachers extra leverage in the retirement context and helps to hold on to teachers that are needed in the classrooms and offers opportunities by expanding the number of years for full time employment to four years from two years and helps to reduce critical shortages.

Testifying in person for the bill were Senator Black; Missouri State Teachers Association; Missouri Retired Teachers Association and Public School Personnel; Missouri NEA; and Melissa Lorts, Missouri Sheriffs Retirement System.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say there is a positive fiscal impact to the system of \$234 million. Section 169.596 sets out six factors that a district has to meet before critical shortage positions can be filled. Critical school shortage language of greater than 1% or five means that if there are over

500 certified and noncertified positions in a school district that's when it adds up to six or up to nine positions.

Testifying in person on the bill was the Public School and Education Employee Retirement System.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.