

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NOS. 1504 & 404
103RD GENERAL ASSEMBLY

3138H.02C

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 169.490, RSMo, and to enact in lieu thereof one new section relating to contribution rates for the public school retirement system of the city of St. Louis, with an emergency clause.

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

Section A. Section 169.490, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 169.490, to read as follows:

169.490. 1. All the assets of the retirement system shall be held as one fund.

2. (1) For any member hired before January 1, 2018, the employing board shall cause to be deducted from the compensation of each member at every payroll period five percent of his or her compensation.

(2) Beginning January 1, 2018, the percentage in subdivision (1) of this subsection shall increase one-half of one percent annually until such time as the percentage equals nine percent.

(3) For any member hired for the first time on or after January 1, 2018, the employing board shall cause to be deducted from the compensation of each member at every payroll period nine percent of such member's compensation.

(4) The amounts so deducted shall be transferred to the board of trustees and credited to the individual account of each member from whose compensation the deduction was made. In determining the amount earnable by a member in any payroll period, the board of trustees may consider the rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period; it may omit deduction from compensation for any period less than a full payroll period if the employee was not a member on the first day of the payroll period; and to facilitate the making of the deductions, it may

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.

18 modify the deduction required of any member by such amount as shall not exceed one-tenth
19 of one percent of the compensation upon the basis of which such deduction was made.

20 (5) The deductions provided for herein are declared to be a part of the salary of the
21 member and the making of such deductions shall constitute payments by the member out of
22 his or her salary or earnings and such deductions shall be made notwithstanding that the
23 minimum compensation provided by law for any member shall be reduced thereby. Every
24 member shall be deemed to consent to the deductions made and provided for herein, and shall
25 receipt for his or her full salary or compensation, and the making of said deductions and the
26 payment of salary or compensation less said deduction shall be a full and complete discharge
27 and acquittance of all claims and demands whatsoever for services rendered during the period
28 covered by the payment except as to benefits provided by sections 169.410 to 169.540.

29 (6) The employing board may elect to pay member contributions required by this
30 section as an employer pick up of employee contributions under Section 414(h)(2) of the
31 Internal Revenue Code of 1986, as amended, and such contributions picked up by the
32 employing board shall be treated as contributions made by members for all purposes of
33 sections 169.410 to 169.540.

34 3. If a retired member receiving a pension pursuant to sections 169.410 to 169.540 is
35 restored to active service and again becomes an active member of the retirement system, there
36 shall be credited to his or her individual account an amount equal to the excess, if any, of his
37 or her accumulated contributions at retirement over the total pension benefits paid to him or
38 her.

39 4. Annually, the actuary for the retirement system shall calculate each employer's
40 contribution as an amount equal to a certain percentage of the total compensation of all
41 members employed by that employer. The percentage shall be fixed on the basis of the
42 liabilities of the retirement system as shown by the annual actuarial valuation. The annual
43 actuarial valuation shall be made on the basis of such actuarial assumptions and the actuarial
44 cost method adopted by the board of trustees, provided that the actuarial cost method adopted
45 shall be in accordance with generally accepted actuarial standards and that the unfunded
46 actuarial accrued liability, if any, shall be amortized by level annual payments over a period
47 not to exceed thirty years. The provisions of this subsection shall expire on December 31,
48 2017; thereafter subsection 5 of this section shall apply.

49 5. **(1)** For calendar year 2018, the rate of contribution payable by each employer shall
50 equal sixteen percent of the total compensation of all members employed by that employer.
51 For each calendar year thereafter, the percentage rate of contribution payable by each
52 employer of the total compensation of all members employed by that employer shall decrease
53 one-half of one percent annually until calendar year ~~[2032]~~ **2025** when the rate of contribution
54 payable by each employer shall equal ~~[nine]~~ **twelve and one-half** percent of the total

55 compensation of all members employed by that employer~~[-For subsequent calendar years~~
56 ~~after 2032]~~, **except as provided under subdivision (2) of this subsection.**

57 **(2) Beginning on the effective date of this section and for all subsequent calendar**
58 **years after,** the rate of contribution payable by each employer shall equal ~~[nine]~~ **fourteen**
59 percent of the total compensation of all members employed by that employer.

60 6. The expense and contingency reserve shall be a reserve for investment
61 contingencies and estimated expenses of administration of the retirement system as
62 determined annually by the board of trustees.

63 7. Gifts, devises, bequests and legacies may be accepted by the board of trustees to be
64 held and invested as a part of the assets of the retirement system and shall not be separately
65 accounted for except where specific direction for the use of a gift is made by a donor.

Section B. Because immediate action is necessary to ensure the financial stability of
2 the retirement system and provide for the welfare of the members, section A of this act is
3 deemed necessary for the immediate preservation of the public health, welfare, peace, and
4 safety, and is hereby declared to be an emergency act within the meaning of the constitution,
5 and section A of this act shall be in full force and effect upon the first day of the next month
6 immediately following its passage and approval.

✓