HB 147 -- RETIREMENT (Hovis)

COMMITTEE OF ORIGIN: Standing Committee on Pensions

POLICE PENSION RETIREMENT SYSTEM (Section 86.200, RSMo)

This bill modifies the current definition of "earnable compensation" for the St. Louis Police Retirement System. The compensation must not include any funds received by a member through a judgment or settlement of a legal action if the funds are intended to retroactively compensate for a salary differential between the member's actual rank and the rank the member claims he or she should have received.

This provision is similar to HB 2288 (2024).

MISSOURI RETIREMENT SYSTEMS (Sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 70.748 and 105.688)

This bill repeals the provision prohibiting membership in LAGERS for employees where continuous employment to the time of retirement eligibility will leave the employee with less than the minimum required number of years of credited service.

The bill provides that the cost of living adjustment for LAGERS must be a measure of the Consumer Price Index as determined by the U.S. Department of Labor and adopted by the Board of LAGERS, instead of the Consumer Price Index for Urban Wage Earners and Clerical Workers. In addition, the bill repeals references to obsolete statutory provisions.

If a member's membership terminates, any accumulated contributions unclaimed by the member within 10 years, instead of three years, must be transferred to the investment income-expense fund.

The bill provides that the Board of LAGERS can deliberate or make decisions on investments or other financial matters in a closed meeting if the disclosure of such deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives.

In addition, this bill repeals the provision providing that the investment counselor of the Board be registered as an investment advisor with the U.S. Securities and Exchange Commission.

Further, this bill repeals the limitation that no more than one-tenth of the funds and moneys of the system be invested in real estate.

The Board can establish and maintain a local government employee retirement systems of Missouri investment fund account in which investments of LAGERS can be placed and be available for investment purposes. The funds can be combined with funds of any retirement plan administered by LAGERS and any retirement plan established for providing benefits to employees of LAGERS, but the funds must be accounted for separately.

This bill provides for an investment fiduciary to close records that relate to investments or financial transactions with business entities for investment purposes.

These provisions are similar to SB 514 (2025).

THE FIREFIGHTERS' RETIREMENT SYSTEM OF ST. LOUIS CITY (Sections 87.140, 87.145, 87.155, 87.260, and 87.350)

This bill specifies that the Board of Trustees of the Firefighter's Retirement System of St. Louis will not be prevented from simultaneously acting as the trustees of any other pension plan that provides retirement, disability, and death benefits for firefighters employed by St. Louis City.

The Board can establish rules and regulations for the administration of the funds and for the transaction of such other pension plan's business.

The Board must maintain separate records of all proceedings of such other pension plan.

Furthermore, this bill specifies that the Board of Trustees will have the authority and discretion to invest and reinvest funds of the other pension plan in property of any kind, real or personal. The Board can choose to invest the funds of the Firefighter's Retirement System of St. Louis and the funds of the other pension plan in the same investments if the amounts invested and the gains, profits, or losses are accounted for separately.

No benefits due from the other pension plan will be paid from the funds of the Firefighter's Retirement System.

Additionally, this bill provides that no expenses incurred by the Board in the administration of any other pension plan or in the investment of any other pension plan's funds will be paid by the funds of the Firefighter's Retirement System.

PROXY VOTING AND FIDUCIARY INVESTMENT DUTIES FOR CERTAIN PUBLIC EMPLOYEE RETIREMENT AND PENSION SYSTEMS (Sections 105.688 and 105.692)

Currently, an investment fiduciary has to discharge his or her duties relating to the investment, reinvestment, and management of the assets of the system for the participants, based upon certain specified standards. This bill includes additional standards and provides that the investment fiduciary doesn't have to consider environmental, social, or governance characteristics in a manner that overrides his or her fiduciary duties. Further, the investment fiduciary is not subject to legislative, regulatory, or other mandates to invest with environmentally, socially, or other noneconomically motivated influence unless they are consistent with the fiduciary's responsibilities under the system's governing statutes with respect to investments. In addition, the investment fiduciary is not subject to any legislative, regulatory , or other mandates for divestment from any indirect holdings in actively or passively managed investment funds or in private assets.

The bill provides for voting of all shares of common stock solely to further the economic interest of the plan participants and prohibits voting to further noneconomic environmental, social, political, ideological, or other goals. The bill also specifies the methods for voting by proxy.

These provisions are the same as HB 657 (2025)

DIVESTMENT OF CERTAIN INVESTMENTS OF PUBLIC EMPLOYEE RETIREMENT SYSTEMS (Section 105.693)

After August 28, 2025, the public retirement and benefit systems must not knowingly invest in a restricted entity or a restricted investment product, as these terms are defined in the bill to include certain Chinese persons and investments and those listed on the Specially Designated Nationals and Blocked Persons List published by the Office of Foreign Assets Control of the U.S. Department of the Treasury, and must divest any investment that the system has on behalf of a fund, defined in the bill.

Before December 1, 2025, and annually on or before December first of each subsequent year, the Board is required to make a good faith effort to identify all restricted entities and restricted investment products in which the system holds an investment. The bill sets forth the time period and the percentages of the divestments in a restricted entity or a restricted investment product that the Board determines needs to be removed from the fund.

On or before December 31, 2025, and annually on or before December 31st of each subsequent year, the Board is required to submit a report to the General Assembly including the information that is specified in the bill.

The bill grants immunity from civil liability to the State and any political subdivision; its officers, agents, and employees; and the board and employees of a system for any act or omission related to the removal of an asset from a fund and indemnifies the system for all losses, costs, and expenses, as detailed in the bill. The divestment requirements included in the bill do not apply to private market funds and actively managed investment funds, as indicated in the bill.

This provision is similar to SB 529 (2025) .

PRIVATE PENSION TAXATION (Section 143.124)

This bill increases the maximum amount to be subtracted from a taxpayer's adjusted gross income for tax years beginning on or after January 1, 2026, to the first $12,000 of any retirement allowance received from any privately funded sources. The current maximum is $6,000.

The following limits on a taxpayer's adjusted gross income in order to be entitled to the above maximum exemption are also increased for tax years beginning on or after January 1, 2026:

(1) Single, Head of Household - increases from $25,000 to $50,000;

(2) Married Filing Combined - increases from $32,000 to $64,000; and

(3) Married Filing Separate - increases from $16,000 to $32,600

This provision is the same as HB 44 & 426 (2025)

RETIREMENT BENEFITS FOR CERTAIN TEACHER RETIREMENT SYSTEMS (Section 169.490)

Currently, for calendar years after 2018, the percentage rate of employer contribution payable by the St. Louis Public School District that has established a retirement system for providing retirement benefits to the employees, decreases to one-half of one percent annually until calendar year 2032, when the rate of contribution payable equals nine percent of the total compensation of all members employed by that employer. For calendar years after 2032, the rate of contribution payable by each employer equals nine percent.

Under the bill, the percentage rate of contribution decreases one half of one percent annually until calendar year 2025 when the rate of contribution payable by each employer equals 12.5% of the total compensation of all members employed by that employer with an exception that on the effective date of the bill, the rate of contribution payable by each employer increases from 9% to 14% of the total compensation of all members employed by that employer.

This provision is the same as HB 1504.