

SECOND REGULAR SESSION

HOUSE BILL NO. 2198

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE JACOBS.

4068H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal section 104.1091, RSMo, and to enact in lieu thereof one new section relating to public employee retirement benefits.

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

Section A. Section 104.1091, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 104.1091, to read as follows:

104.1091. 1. Notwithstanding any provision of the year 2000 plan to the contrary, each person who first becomes an employee on or after January 1, 2011, shall be a member of the year 2000 plan subject to the provisions of this section.

2. A member's normal retirement eligibility shall be as follows:

(1) The member's attainment of at least age sixty-seven and the completion of at least ten years of credited service; or the member's attainment of at least age fifty-five with the sum of the member's age and credited service equaling at least ninety; or, in the case of a member who is serving as a uniformed member of the highway patrol and subject to the mandatory retirement provisions of section 104.081, such member's attainment of at least age sixty or the attainment of at least age fifty-five with ten years of credited service;

(2) For members of the general assembly, the member's attainment of at least age sixty-two and the completion of at least three full biennial assemblies; or the member's attainment of at least age fifty-five with the sum of the member's age and credited service equaling at least ninety;

(3) For statewide elected officials, the official's attainment of at least age sixty-two and the completion of at least four years of credited service; or the official's attainment of at

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 least age fifty-five with the sum of the official's age and credited service equaling at least
18 ninety.

19 3. A vested former member's normal retirement eligibility shall be based on the
20 attainment of at least age sixty-seven and the completion of at least ten years of credited
21 service.

22 4. A temporary annuity paid pursuant to subsection 4 of section 104.1024 shall be
23 payable if the member has attained at least age fifty-five with the sum of the member's age
24 and credited service equaling at least ninety; or in the case of a member who is serving as a
25 uniformed member of the highway patrol and subject to the mandatory retirement provisions
26 of section 104.081, the temporary annuity shall be payable if the member has attained at least
27 age sixty, or at least age fifty-five with ten years of credited service.

28 5. A member, other than a member who is serving as a uniformed member of the
29 highway patrol and subject to the mandatory retirement provisions of section 104.081, shall
30 be eligible for an early retirement annuity upon the attainment of at least age sixty-two and
31 the completion of at least ten years of credited service. A vested former member who
32 terminated employment prior to the attainment of early retirement eligibility shall not be
33 eligible for early retirement.

34 6. The provisions of subsection 6 of section 104.1021 and section 104.344 as applied
35 pursuant to subsection 7 of section 104.1021 and section 104.1090 shall not apply to members
36 covered by this section.

37 7. The minimum credited service requirements of five years contained in sections
38 104.1018, 104.1030, 104.1036, and 104.1051 shall be ten years for members covered by this
39 section. The normal and early retirement eligibility requirements in this section shall apply
40 for purposes of administering section 104.1087.

41 8. A member shall be required to contribute four percent of the member's pay to the
42 retirement system, which shall stand to the member's credit in his or her individual account
43 with the system, together with investment credits thereon, for purposes of funding retirement
44 benefits payable under the year 2000 plan, subject to the following provisions:

45 (1) The state of Missouri employer, pursuant to the provisions of 26 U.S.C. Section
46 414(h)(2), shall pick up and pay the contributions that would otherwise be payable by the
47 member under this section. The contributions so picked up shall be treated as employer
48 contributions for purposes of determining the member's pay that is includable in the member's
49 gross income for federal income tax purposes;

50 (2) Member contributions picked up by the employer shall be paid from the same
51 source of funds used for the payment of pay to a member. A deduction shall be made from
52 each member's pay equal to the amount of the member's contributions picked up by the

53 employer. This deduction, however, shall not reduce the member's pay for purposes of
54 computing benefits under the retirement system pursuant to this chapter;

55 (3) Member contributions so picked up shall be credited to a separate account within
56 the member's individual account so that the amounts contributed pursuant to this section may
57 be distinguished from the amounts contributed on an after-tax basis;

58 (4) The contributions, although designated as employee contributions, shall be paid
59 by the employer in lieu of the contributions by the member. The member shall not have the
60 option of choosing to receive the contributed amounts directly instead of having them paid by
61 the employer to the retirement system;

62 (5) Interest shall be credited annually on June thirtieth based on the value in the
63 account as of July first of the immediately preceding year at a rate of four percent. Effective
64 June 30, 2014, and each June thirtieth thereafter, the interest crediting rate shall be equal to
65 the investment rate that is published by the United States Department of the Treasury, or its
66 successor agency, for fifty-two week treasury bills for the relevant auction that is nearest to
67 the preceding July first, or a successor treasury bill investment rate as approved by the board
68 if the fifty-two week treasury bill is no longer issued. Interest credits shall cease upon
69 termination of employment if the member is not a vested former member. Otherwise, interest
70 credits shall cease upon retirement or death;

71 (6) A vested former member or a former member who is not vested may request a
72 refund of his or her contributions and interest credited thereon. If such member is married at
73 the time of such request, such request shall not be processed without consent from the spouse.
74 Such member is not eligible to request a refund if such member's retirement benefit is subject
75 to a division of benefit order pursuant to section 104.1051. Such refund shall be paid by the
76 system within an administratively reasonable period, but no sooner than ninety days from the
77 date of termination of employment. The amount refunded shall include all employee
78 contributions made to any retirement plan administered by the system and interest credited
79 thereon. A vested former member may not request a refund after such member becomes
80 eligible for normal retirement. A vested former member or a former member who is not
81 vested who receives a refund shall forfeit all the member's credited service and future rights to
82 receive benefits from the system and shall not be eligible to receive any disability benefits;
83 provided that any member or vested former member receiving disability benefits shall not be
84 eligible for a refund. If such member subsequently becomes an employee and works
85 continuously for at least one year, the credited service previously forfeited shall be restored if
86 the member returns to the system the amount previously refunded plus interest at a rate
87 established by the board;

88 (7) The beneficiary of any member who made contributions shall receive a refund
89 upon the member's death equal to the amount, if any, of such contributions and interest

90 credited thereon less any retirement benefits received by the member unless an annuity is
91 payable to a survivor or beneficiary as a result of the member's death. In that event, the
92 beneficiary of the survivor or beneficiary who received the annuity shall receive a refund
93 upon the survivor's or beneficiary's death equal to the amount, if any, of the member's
94 contributions less any annuity amounts received by the member and the survivor or
95 beneficiary.

96 9. The employee contribution rate, the benefits provided under the year 2000 plan to
97 members covered under this section, and any other provision of the year 2000 plan with
98 regard to members covered under this section may be altered, amended, increased, decreased,
99 or repealed, but only with respect to services rendered by the member after the effective date
100 of such alteration, amendment, increase, decrease, or repeal, or, with respect to interest
101 credits, for periods of time after the effective date of such alteration, amendment, increase,
102 decrease, or repeal.

103 10. For purposes of members covered by this section, the options under section
104 104.1027 shall be as follows:

105 Option 1.

106 A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise
107 payable. Such percent shall be eighty-eight and one half percent adjusted as follows: if the
108 retiree's age on the annuity starting date is younger than sixty-seven years, an increase of
109 three-tenths of one percent for each year the retiree's age is younger than age sixty-seven
110 years; and if the beneficiary's age is younger than the retiree's age on the annuity starting date,
111 a decrease of three-tenths of one percent for each year of age difference; and if the retiree's
112 age is younger than the beneficiary's age on the annuity starting date, an increase of three-
113 tenths of one percent for each year of age difference; provided, after all adjustments the
114 option 1 percent cannot exceed ninety-four and one quarter percent. Upon the retiree's death,
115 fifty percent of the retiree's reduced annuity shall be paid to such beneficiary who was the
116 retiree's spouse on the annuity starting date or as otherwise provided by subsection 5 of this
117 section.

118 Option 2.

119 A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise
120 payable. Such percent shall be eighty-one percent adjusted as follows: if the retiree's age on
121 the annuity starting date is younger than sixty-seven years, an increase of four-tenths of one
122 percent for each year the retiree's age is younger than sixty-seven years; and if the
123 beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of
124 five-tenths of one percent for each year of age difference; and if the retiree's age is younger
125 than the beneficiary's age on the annuity starting date, an increase of five-tenths of one
126 percent for each year of age difference; provided, after all adjustments the option 2 percent

127 cannot exceed eighty-seven and three quarter percent. Upon the retiree's death one hundred
128 percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's
129 spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

130 Option 3.

131 A retiree's life annuity shall be reduced to ninety-three percent of the annuity
132 otherwise payable. If the retiree dies before having received one hundred twenty monthly
133 payments, the reduced annuity shall be continued for the remainder of the one hundred
134 twenty-month period to the retiree's designated beneficiary provided that if there is no
135 beneficiary surviving the retiree, the present value of the remaining annuity payments shall be
136 paid as provided under subsection 3 of section 104.620. If the beneficiary survives the retiree
137 but dies before receiving the remainder of such one hundred twenty monthly payments, the
138 present value of the remaining annuity payments shall be paid as provided under subsection 3
139 of section 104.620.

140 Option 4.

141 A retiree's life annuity shall be reduced to eighty-six percent of the annuity otherwise
142 payable. If the retiree dies before having received one hundred eighty monthly payments, the
143 reduced annuity shall be continued for the remainder of the one hundred eighty-month period
144 to the retiree's designated beneficiary provided that if there is no beneficiary surviving the
145 retiree, the present value of the remaining annuity payments shall be paid as provided under
146 subsection 3 of section 104.620. If the beneficiary survives the retiree but dies before
147 receiving the remainder of such one hundred eighty monthly payments, the present value of
148 the remaining annuity payments shall be paid as provided under subsection 3 of section
149 104.620.

150 11. The provisions of subsection 6 of section 104.1024 shall not apply to members
151 covered by this section **who have been paid retirement benefits on or before December**
152 **31, 2026. Notwithstanding the funded ratio requirements in subsection 1 of section**
153 **105.684, effective January 1, 2027, any member, except an elected official or a member**
154 **of the general assembly, who has not been paid retirement benefits and continues**
155 **employment for at least two years beyond the date of normal retirement eligibility, may**
156 **elect to receive an annuity and lump sum payment or payments, determined as follows:**

157 (1) A retroactive starting date shall be established which shall be a date selected
158 by the member; provided, however, that the retroactive starting date selected by the
159 member shall not be a date which is earlier than the date when a normal annuity would
160 have first been payable. In addition, the retroactive starting date shall not be more than
161 five years prior to the annuity starting date. The member's selection of a retroactive
162 starting date shall be done in twelve-month increments, except this restriction shall not

163 apply when the member selects the total available time between the retroactive starting
164 date and the annuity starting date;

165 (2) The prospective annuity payable as of the annuity starting date shall be
166 determined under the provisions of this section, with the exception that it shall be the
167 amount which would have been payable at the annuity starting date had the member
168 actually retired on the retroactive starting date under the retirement plan selected by
169 the member. Other than for the lump sum payment or payments specified in
170 subdivision (3) of this subsection, no other amount shall be due for the period between
171 the retroactive starting date and the annuity starting date;

172 (3) The lump sum payable shall be ninety percent of the annuity amounts which
173 would have been paid to the member from the retroactive starting date to the annuity
174 starting date had the member actually retired on the retroactive starting date and
175 received a life annuity. The member shall receive the lump sum amount in its entirety at
176 the same time as the initial annuity payment is made; and

177 (4) For purposes of determining annual benefit increases payable as part of the
178 lump sum and annuity provided pursuant to this section, the retroactive starting date
179 shall be considered the member's date of retirement.

180 12. Effective January 1, 2018, a member who is not a statewide elected official or a
181 member of the general assembly shall be eligible for retirement under this subsection subject
182 to the following conditions:

183 (1) A member's normal retirement eligibility shall be based on the attainment of at
184 least age sixty-seven and the completion of at least five years of credited service; or the
185 member's attainment of at least age fifty-five with the sum of the member's age and credited
186 service equaling at least ninety; or in the case of a member who is serving as a uniformed
187 member of the highway patrol and subject to the mandatory retirement provisions of section
188 104.081, such member's attainment of at least age sixty or the attainment of at least age fifty-
189 five with five years of credited service;

190 (2) A vested former member's normal retirement eligibility shall be based on the
191 attainment of at least age sixty-seven and the completion of at least five years of credited
192 service; except that, a vested former member who terminates employment after the attainment
193 of normal retirement eligibility as described in subdivision (1) of this subsection shall be
194 covered under such subdivision;

195 (3) A temporary annuity paid under subsection 4 of section 104.1024 shall be payable
196 if the member has attained at least age fifty-five with the sum of the member's age and
197 credited service equaling at least ninety; or in the case of a member who is serving as a
198 uniformed member of the highway patrol and subject to the mandatory retirement provisions

199 of section 104.081, the temporary annuity shall be payable if the member has attained at least
200 age sixty, or at least age fifty-five with five years of credited service;

201 (4) A member, other than a member who is serving as a uniformed member of the
202 highway patrol and subject to the mandatory retirement provisions of section 104.081, shall
203 be eligible for an early retirement annuity upon the attainment of at least age sixty-two and
204 the completion of at least five years of credited service. A vested former member who
205 terminated employment prior to the attainment of early retirement eligibility shall not be
206 eligible for early retirement;

207 (5) The normal and early retirement eligibility requirements in this subsection shall
208 apply for purposes of administering section 104.1087;

209 (6) The survivor annuity payable under section 104.1030 for vested former members
210 who terminated employment prior to the attainment of early retirement eligibility and who are
211 covered by this section shall not be payable until the deceased member would have reached
212 his or her normal retirement eligibility under this subsection;

213 (7) The annual cost-of-living adjustment payable under section 104.1045 shall not
214 commence until the second anniversary of the annuity starting date for vested former
215 members who terminated employment prior to the attainment of early retirement eligibility
216 and who are covered by this subsection;

217 (8) The unused sick leave credit granted under subsection 2 of section 104.1021 shall
218 not apply to members covered by this subsection unless the member terminates employment
219 after reaching normal retirement eligibility or becoming eligible for an early retirement
220 annuity under this subsection; and

221 (9) The minimum credited service requirements of five years contained in sections
222 104.1018, 104.1030, 104.1036, and 104.1051 shall be five years for members covered by this
223 subsection.

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