

SECOND REGULAR SESSION

HOUSE BILL NO. 2095

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HALEY.

5208H.02I

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 169.070 and 169.670, RSMo, and to enact in lieu thereof two new sections relating to limitations on cost of living increases on retirement allowances for certain public school employees.

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

Section A. Sections 169.070 and 169.670, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 169.070 and 169.670, to read as follows:

169.070. 1. The retirement allowance of a member whose age at retirement is sixty years or more and whose creditable service is five years or more, or whose sum of age and creditable service equals eighty years or more, or who has attained age fifty-five and whose creditable service is twenty-five years or more or whose creditable service is thirty years or more regardless of age, may be the sum of the following items, not to exceed one hundred percent of the member's final average salary:

(1) Two and five-tenths percent of the member's final average salary for each year of membership service;

(2) Six-tenths of the amount payable for a year of membership service for each year of prior service not exceeding thirty years.

11

In lieu of the retirement allowance otherwise provided in subdivisions (1) and (2) of this subsection, a member may elect to receive a retirement allowance of:

(3) Two and four-tenths percent of the member's final average salary for each year of membership service, if the member's creditable service is twenty-nine years or more but less than thirty years, and the member has not attained age fifty-five;

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 (4) Two and thirty-five-hundredths percent of the member's final average salary for
18 each year of membership service, if the member's creditable service is twenty-eight years or
19 more but less than twenty-nine years, and the member has not attained age fifty-five;

20 (5) Two and three-tenths percent of the member's final average salary for each year of
21 membership service, if the member's creditable service is twenty-seven years or more but less
22 than twenty-eight years, and the member has not attained age fifty-five;

23 (6) Two and twenty-five-hundredths percent of the member's final average salary for
24 each year of membership service, if the member's creditable service is twenty-six years or
25 more but less than twenty-seven years, and the member has not attained age fifty-five;

26 (7) Two and two-tenths percent of the member's final average salary for each year of
27 membership service, if the member's creditable service is twenty-five years or more but less
28 than twenty-six years, and the member has not attained age fifty-five;

29 (8) Two and fifty-five hundredths percent of the member's final average salary for
30 each year of membership service, if the member's creditable service is thirty-two years or
31 more regardless of age.

32 2. In lieu of the retirement allowance provided in subsection 1 of this section, a
33 member whose age is sixty years or more on September 28, 1975, may elect to have the
34 member's retirement allowance calculated as a sum of the following items:

35 (1) Sixty cents plus one and five-tenths percent of the member's final average salary
36 for each year of membership service;

37 (2) Six-tenths of the amount payable for a year of membership service for each year
38 of prior service not exceeding thirty years;

39 (3) Three-fourths of one percent of the sum of subdivisions (1) and (2) of this
40 subsection for each month of attained age in excess of sixty years but not in excess of age
41 sixty-five.

42 3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this
43 section, collectively called "option 1", a member whose creditable service is twenty-five years
44 or more or who has attained the age of fifty-five with five or more years of creditable service
45 may elect in the member's application for retirement to receive the actuarial equivalent of the
46 member's retirement allowance in reduced monthly payments for life during retirement with
47 the provision that:

48 Option 2.

49 Upon the member's death the reduced retirement allowance shall be continued
50 throughout the life of and paid to such person as has an insurable interest in the life of the
51 member as the member shall have nominated in the member's election of the option, and
52 provided further that if the person so nominated dies before the retired member, the retirement

53 allowance will be increased to the amount the retired member would be receiving had the
54 retired member elected option 1; or

55 Option 3.

56 Upon the death of the member three-fourths of the reduced retirement allowance shall
57 be continued throughout the life of and paid to such person as has an insurable interest in the
58 life of the member and as the member shall have nominated in an election of the option, and
59 provided further that if the person so nominated dies before the retired member, the retirement
60 allowance will be increased to the amount the retired member would be receiving had the
61 member elected option 1; or

62 Option 4.

63 Upon the death of the member one-half of the reduced retirement allowance shall be
64 continued throughout the life of, and paid to, such person as has an insurable interest in the
65 life of the member and as the member shall have nominated in an election of the option, and
66 provided further that if the person so nominated dies before the retired member, the retirement
67 allowance shall be increased to the amount the retired member would be receiving had the
68 member elected option 1; or

69 Option 5.

70 Upon the death of the member prior to the member having received one hundred
71 twenty monthly payments of the member's reduced allowance, the remainder of the one
72 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary
73 as the member shall have nominated in the member's election of the option or in a subsequent
74 nomination. If there is no beneficiary so nominated who survives the member for the
75 remainder of the one hundred twenty monthly payments, the total of the remainder of such
76 one hundred twenty monthly payments shall be paid to the surviving spouse, surviving
77 children in equal shares, surviving parents in equal shares, or estate of the last person, in that
78 order of precedence, to receive a monthly allowance in a lump sum payment. If the total of
79 the one hundred twenty payments paid to the retired individual and the beneficiary of the
80 retired individual is less than the total of the member's accumulated contributions, the
81 difference shall be paid to the beneficiary in a lump sum; or

82 Option 6.

83 Upon the death of the member prior to the member having received sixty monthly
84 payments of the member's reduced allowance, the remainder of the sixty monthly payments
85 of the reduced allowance shall be paid to such beneficiary as the member shall have
86 nominated in the member's election of the option or in a subsequent nomination. If there is no
87 beneficiary so nominated who survives the member for the remainder of the sixty monthly
88 payments, the total of the remainder of such sixty monthly payments shall be paid to the
89 surviving spouse, surviving children in equal shares, surviving parents in equal shares, or

90 estate of the last person, in that order of precedence, to receive a monthly allowance in a lump
91 sum payment. If the total of the sixty payments paid to the retired individual and the
92 beneficiary of the retired individual is less than the total of the member's accumulated
93 contributions, the difference shall be paid to the beneficiary in a lump sum.

94 (2) The election of an option may be made only in the application for retirement and
95 such application must be filed prior to the date on which the retirement of the member is to be
96 effective. If either the member or the person nominated to receive the survivorship payments
97 dies before the effective date of retirement, the option shall not be effective, provided that:

98 (a) If the member or a person retired on disability retirement dies after acquiring
99 twenty-five or more years of creditable service or after attaining the age of fifty-five years and
100 acquiring five or more years of creditable service and before retirement, except retirement
101 with disability benefits, and the person named by the member as the member's beneficiary has
102 an insurable interest in the life of the deceased member, the designated beneficiary may elect
103 to receive either survivorship benefits under option 2 or a payment of the accumulated
104 contributions of the member. If survivorship benefits under option 2 are elected and the
105 member at the time of death would have been eligible to receive an actuarial equivalent of the
106 member's retirement allowance, the designated beneficiary may further elect to defer the
107 option 2 payments until the date the member would have been eligible to receive the
108 retirement allowance provided in subsection 1 or 2 of this section;

109 (b) If the member or a person retired on disability retirement dies before attaining age
110 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and
111 the person named as the member's beneficiary has an insurable interest in the life of the
112 deceased member, the designated beneficiary may elect to receive either a payment of the
113 member's accumulated contributions, or survivorship benefits under option 2 to begin on the
114 date the member would first have been eligible to receive an actuarial equivalent of the
115 member's retirement allowance, or to begin on the date the member would first have been
116 eligible to receive the retirement allowance provided in subsection 1 or 2 of this section.

117 4. If the total of the retirement or disability allowance paid to an individual before the
118 death of the individual is less than the accumulated contributions at the time of retirement, the
119 difference shall be paid to the beneficiary of the individual, or to the surviving spouse,
120 surviving children in equal shares, surviving parents in equal shares, or estate of the
121 individual in that order of precedence. If an optional benefit as provided in option 2, 3 or 4 in
122 subsection 3 of this section had been elected, and the beneficiary dies after receiving the
123 optional benefit, and if the total retirement allowance paid to the retired individual and the
124 beneficiary of the retired individual is less than the total of the contributions, the difference
125 shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in

126 equal shares, or estate of the beneficiary, in that order of precedence, unless the retired
127 individual designates a different recipient with the board at or after retirement.

128 5. If a member dies and his or her financial institution is unable to accept the final
129 payment or payments due to the member, the final payment or payments shall be paid to the
130 beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving
131 children in equal shares, surviving parents in equal shares, or estate of the member, in that
132 order of precedence, unless otherwise stated. If the beneficiary of a deceased member dies
133 and his or her financial institution is unable to accept the final payment or payments, the final
134 payment or payments shall be paid to the surviving spouse, surviving children in equal shares,
135 surviving parents in equal shares, or estate of the member, in that order of precedence, unless
136 otherwise stated.

137 6. If a member dies before receiving a retirement allowance, the member's
138 accumulated contributions at the time of the death of the member shall be paid to the
139 beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving
140 children in equal shares, surviving parents in equal shares, or to the estate of the member, in
141 that order of precedence; except that, no such payment shall be made if the beneficiary elects
142 option 2 in subsection 3 of this section, unless the beneficiary dies before having received
143 benefits pursuant to that subsection equal to the accumulated contributions of the member, in
144 which case the amount of accumulated contributions in excess of the total benefits paid
145 pursuant to that subsection shall be paid to the surviving spouse, surviving children in equal
146 shares, surviving parents in equal shares, or estate of the beneficiary, in that order of
147 precedence.

148 7. If a member ceases to be a public school employee as herein defined and certifies
149 to the board of trustees that such cessation is permanent, or if the membership of the person is
150 otherwise terminated, the member shall be paid the member's accumulated contributions with
151 interest.

152 8. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, if a
153 member ceases to be a public school employee after acquiring five or more years of
154 membership service in Missouri, the member may at the option of the member leave the
155 member's contributions with the retirement system and claim a retirement allowance any time
156 after reaching the minimum age for voluntary retirement. When the member's claim is
157 presented to the board, the member shall be granted an allowance as provided in sections
158 169.010 to 169.141 on the basis of the member's age, years of service, and the provisions of
159 the law in effect at the time the member requests the member's retirement to become
160 effective.

161 9. The retirement allowance of a member retired because of disability shall be nine-
162 tenths of the allowance to which the member's creditable service would entitle the member if

the member's age were sixty, or fifty percent of one-twelfth of the annual salary rate used in determining the member's contributions during the last school year for which the member received a year of creditable service immediately prior to the member's disability, whichever is greater, except that no such allowance shall exceed the retirement allowance to which the member would have been entitled upon retirement at age sixty if the member had continued to teach from the date of disability until age sixty at the same salary rate.

10. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, from October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be multiplied by the factor of two-thirds for any member of the system for whom federal Old Age and Survivors Insurance tax is paid from state or local tax funds on account of the member's employment entitling the person to membership in the system. The monetary benefits for a member who elected not to exercise an option to pay into the system a retroactive contribution of four percent on that part of the member's annual salary rate which was in excess of four thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each year of employment in a position covered by this system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of this section as it appears in RSMo, 1969, shall be the sum of:

(1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for years of membership service;

(2) For years of membership service after July 1, 1946, in which the full contribution rate was paid, full benefits under the formula in effect at the time of the member's retirement;

(3) For years of membership service after July 1, 1957, and prior to July 1, 1961, the benefits provided in this section as it appears in RSMo, 1959; except that if the member has at least thirty years of creditable service at retirement the member shall receive the benefit payable pursuant to that section as though the member's age were sixty-five at retirement;

(4) For years of membership service after July 1, 1961, in which the two-thirds contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of the member's retirement.

11. The monetary benefits for each other member for whom federal Old Age and Survivors Insurance tax is or was paid at any time from state or local funds on account of the member's employment entitling the member to membership in the system shall be the sum of:

(1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for years of membership service;

(2) For years of membership service after July 1, 1946, in which the full contribution rate was paid, full benefits under the formula in effect at the time of the member's retirement;

198 (3) For years of membership service after July 1, 1957, in which the two-thirds
199 contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of
200 the member's retirement.

201 12. Any retired member of the system who was retired prior to September 1, 1972, or
202 beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as
203 such option existed prior to September 1, 1972, will be eligible to receive an increase in the
204 retirement allowance of the member of two percent for each year, or major fraction of more
205 than one-half of a year, which the retired member has been retired prior to July 1, 1975. This
206 increased amount shall be payable commencing with January, 1976, and shall thereafter be
207 referred to as the member's retirement allowance. The increase provided for in this
208 subsection shall not affect the retired member's eligibility for compensation provided for in
209 section ~~[169.580 or]~~ 169.585, nor shall the amount being paid pursuant to these sections be
210 reduced because of any increases provided for in this section.

211 13. (1) If the board of trustees determines that the cost of living, as measured by
212 generally accepted standards, increases two percent or more in the preceding fiscal year, the
213 board shall increase the retirement allowances which the retired members or beneficiaries are
214 receiving by two percent of the amount being received by the retired member or the
215 beneficiary at the time the annual increase is granted by the board with the provision that the
216 increases provided for in this subsection shall not become effective until the fourth January
217 first following the member's retirement or January 1, 1977, whichever later occurs, or in the
218 case of any member retiring on or after July 1, 2000, the increase provided for in this
219 subsection shall not become effective until the third January first following the member's
220 retirement, or in the case of any member retiring on or after July 1, 2001, the increase
221 provided for in this subsection shall not become effective until the second January first
222 following the member's retirement. Commencing with January 1, 1992, if the board of
223 trustees determines that the cost of living has increased five percent or more in the preceding
224 fiscal year, the board shall increase the retirement allowances by five percent. The total of the
225 increases granted to a retired member or the beneficiary after December 31, 1976, may not
226 exceed eighty percent of the retirement allowance established at retirement or as previously
227 adjusted by other subsections.

228 (2) **Notwithstanding any other provision of this chapter to the contrary, the**
229 **limitation on the total of the increases granted to a retired member or beneficiary as**
230 **provided by subdivision (1) of this subsection shall be subject to an annual increase**
231 **approved by the board of trustees beginning on December 31, 2026, and on each**
232 **December thirty-first thereafter, except that such annual increase shall not exceed two**
233 **percent per year. Any increase to the limitation shall depend on the performance of the**
234 **system's investments. If the system's investments earn two percent or greater returns in**

235 excess of the investment return rate adopted by the board of trustees in the immediately
236 prior fiscal year, the percentage of the retirement allowance for the total of increases
237 granted to a retired member or beneficiary shall be increased by two percent. The two
238 percent increase shall be incorporated in the calculation applicable to the retirement
239 allowances in the calendar year that immediately follows the fiscal year in which the
240 system's investments met or exceeded by two percent the investment return rate. The
241 total of the increases granted to a retired member or beneficiary shall not exceed eighty
242 percent of the retirement allowance established at retirement or as previously adjusted
243 by other sections. If a retired member or beneficiary has already reached the eighty
244 percent cap under this subdivision, such retired member or beneficiary shall be granted
245 a two percent cost of living adjustment for such year, but such increases shall not be
246 cumulative. In a year that the system's investments fail to earn at least two percent
247 returns in excess of the investment return rate adopted by the board of trustees in the
248 immediately prior fiscal year, the retired member or beneficiary that has already
249 reached the eighty percent cap under this subdivision shall not be granted a cost of
250 living adjustment for that year. The percentage of the retirement allowance for the total
251 of increases granted to a retired member or beneficiary shall not be decreased. Any
252 reference to the limitation on the total of increases granted to a retired member or
253 beneficiary in any other section of this chapter shall be construed to be the percentage of
254 the retirement allowance in effect as increased pursuant to this subdivision unless such
255 increase to the percentage of the retirement allowance is otherwise expressly excluded.

256 (3) If the cost of living increases less than five percent, the board of trustees may
257 determine the percentage of increase to be made in retirement allowances, but at no time can
258 the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there
259 will be no increase in allowances for retired members on the following January first.

260 14. The board of trustees may reduce the amounts which have been granted as
261 increases to a member pursuant to subsection 13 of this section if the cost of living, as
262 determined by the board and as measured by generally accepted standards, is less than the
263 cost of living was at the time of the first increase granted to the member; except that, the
264 reductions shall not exceed the amount of increases which have been made to the member's
265 allowance after December 31, 1976.

266 15. Any application for retirement shall include a sworn statement by the member
267 certifying that the spouse of the member at the time the application was completed was aware
268 of the application and the plan of retirement elected in the application.

269 16. Notwithstanding any other provision of law, any person retired prior to September
270 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of
271 subsection 3 of this section, as such option existed prior to September 28, 1983, and whose

272 beneficiary nominated to receive continued retirement allowance payments under the elected
273 option dies or has died, shall upon application to the board of trustees have his or her
274 retirement allowance increased to the amount he or she would have been receiving had the
275 option not been elected, actuarially adjusted to recognize any excessive benefits which would
276 have been paid to him or her up to the time of application.

277 17. Benefits paid pursuant to the provisions of the public school retirement system of
278 Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code
279 except as provided pursuant to this subsection. Notwithstanding any other law to the
280 contrary, the board of trustees may establish a benefit plan pursuant to Section 415(m) of Title
281 26 of the United States Code. Such plan shall be created solely for the purpose described in
282 Section 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may
283 promulgate regulations necessary to implement the provisions of this subsection and to create
284 and administer such benefit plan.

285 18. Notwithstanding any other provision of law to the contrary, any person retired
286 before, on, or after May 26, 1994, shall be made, constituted, appointed and employed by the
287 board as a special consultant on the matters of education, retirement and aging, and upon
288 request shall give written or oral opinions to the board in response to such requests. As
289 compensation for such duties the person shall receive an amount based on the person's years
290 of service so that the total amount received pursuant to sections 169.010 to 169.141 shall be at
291 least the minimum amounts specified in subdivisions (1) to (4) of this subsection. In
292 determining the minimum amount to be received, the amounts in subdivisions (3) and (4) of
293 this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was
294 applied to the person's retirement allowance. In determining the minimum amount to be
295 received, beginning September 1, 1996, the amounts in subdivisions (1) and (2) of this
296 subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was
297 applied to the person's retirement allowance due to election of an optional form of retirement
298 having a continued monthly payment after the person's death. Notwithstanding any other
299 provision of law to the contrary, no person retired before, on, or after May 26, 1994, and no
300 beneficiary of such a person, shall receive a retirement benefit pursuant to sections 169.010 to
301 169.141 based on the person's years of service less than the following amounts:

- 302 (1) Thirty or more years of service, one thousand two hundred dollars;
303 (2) At least twenty-five years but less than thirty years, one thousand dollars;
304 (3) At least twenty years but less than twenty-five years, eight hundred dollars;
305 (4) At least fifteen years but less than twenty years, six hundred dollars.

306 19. Notwithstanding any other provisions of law to the contrary, any person retired
307 prior to May 26, 1994, and any designated beneficiary of such a retired member who was
308 deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the

309 board as a special consultant on the matters of education, retirement or aging and upon
310 request shall give written or oral opinions to the board in response to such requests.
311 Beginning September 1, 1996, as compensation for such service, the member shall have
312 added, pursuant to this subsection, to the member's monthly annuity as provided by this
313 section a dollar amount equal to the lesser of sixty dollars or the product of two dollars
314 multiplied by the member's number of years of creditable service. Beginning September 1,
315 1999, the designated beneficiary of the deceased member shall as compensation for such
316 service have added, pursuant to this subsection, to the monthly annuity as provided by this
317 section a dollar amount equal to the lesser of sixty dollars or the product of two dollars
318 multiplied by the member's number of years of creditable service. The total compensation
319 provided by this section including the compensation provided by this subsection shall be used
320 in calculating any future cost-of-living adjustments provided by subsection 13 of this section.

321 20. Any member who has retired prior to July 1, 1998, and the designated beneficiary
322 of a deceased retired member shall be made, constituted, appointed and employed by the
323 board as a special consultant on the matters of education, retirement and aging, and upon
324 request shall give written or oral opinions to the board in response to such requests. As
325 compensation for such duties the person shall receive a payment equivalent to eight and
326 seven-tenths percent of the previous month's benefit, which shall be added to the member's or
327 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections
328 13 and 14 of this section for the purposes of the limit on the total amount of increases which
329 may be received.

330 21. Any member who has retired shall be made, constituted, appointed and employed
331 by the board as a special consultant on the matters of education, retirement and aging, and
332 upon request shall give written or oral opinions to the board in response to such request. As
333 compensation for such duties, the beneficiary of the retired member, or, if there is no
334 beneficiary, the surviving spouse, surviving children in equal shares, surviving parents in
335 equal shares, or estate of the retired member, in that order of precedence, shall receive as a
336 part of compensation for these duties a death benefit of five thousand dollars.

337 22. Any member who has retired prior to July 1, 1999, and the designated beneficiary
338 of a retired member who was deceased prior to July 1, 1999, shall be made, constituted,
339 appointed and employed by the board as a special consultant on the matters of education,
340 retirement and aging, and upon request shall give written or oral opinions to the board in
341 response to such requests. As compensation for such duties, the person shall have added,
342 pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount
343 equal to five dollars times the member's number of years of creditable service.

344 23. Any member who has retired prior to July 1, 2000, and the designated beneficiary
345 of a deceased retired member shall be made, constituted, appointed and employed by the

346 board as a special consultant on the matters of education, retirement and aging, and upon
347 request shall give written or oral opinions to the board in response to such requests. As
348 compensation for such duties, the person shall receive a payment equivalent to three and five-
349 tenths percent of the previous month's benefit, which shall be added to the member or
350 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections
351 13 and 14 of this section for the purposes of the limit on the total amount of increases which
352 may be received.

353 24. Any member who has retired prior to July 1, 2001, and the designated beneficiary
354 of a deceased retired member shall be made, constituted, appointed and employed by the
355 board as a special consultant on the matters of education, retirement and aging, and upon
356 request shall give written or oral opinions to the board in response to such requests. As
357 compensation for such duties, the person shall receive a dollar amount equal to three dollars
358 times the member's number of years of creditable service, which shall be added to the
359 member's or beneficiary's monthly annuity and which shall not be subject to the provisions of
360 subsections 13 and 14 of this section for the purposes of the limit on the total amount of
361 increases which may be received.

169.670. 1. The retirement allowance of a member whose age at retirement is sixty
2 years or more and whose creditable service is five years or more, or whose sum of age and
3 creditable service equals eighty years or more, or whose creditable service is thirty years or
4 more regardless of age, shall be the sum of the following items:

5 (1) For each year of membership service, one and sixty-one hundredths percent of the
6 member's final average salary;

7 (2) Six-tenths of the amount payable for a year of membership service for each year
8 of prior service;

9 (3) Eighty-five one-hundredths of one percent of any amount by which the member's
10 average compensation for services rendered prior to July 1, 1973, exceeds the average
11 monthly compensation on which federal Social Security taxes were paid during the period
12 over which such average compensation was computed, for each year of membership service
13 credit for services rendered prior to July 1, 1973, plus six-tenths of the amount payable for a
14 year of membership service for each year of prior service credit;

15 (4) In lieu of the retirement allowance otherwise provided by subdivisions (1) to (3)
16 of this subsection, a member may elect to receive a retirement allowance of:

17 (a) One and fifty-nine hundredths percent of the member's final average salary for
18 each year of membership service, if the member's creditable service is twenty-nine years or
19 more but less than thirty years and the member has not attained the age of fifty-five;

20 (b) One and fifty-seven hundredths percent of the member's final average salary for
21 each year of membership service, if the member's creditable service is twenty-eight years or
22 more but less than twenty-nine years, and the member has not attained the age of fifty-five;

23 (c) One and fifty-five hundredths percent of the member's final average salary for
24 each year of membership service, if the member's creditable service is twenty-seven years or
25 more but less than twenty-eight years and the member has not attained the age of fifty-five;

26 (d) One and fifty-three hundredths percent of the member's final average salary for
27 each year of membership service, if the member's creditable service is twenty-six years or
28 more but less than twenty-seven years and the member has not attained the age of fifty-five;

29 (e) One and fifty-one hundredths percent of the member's final average salary for
30 each year of membership service, if the member's creditable service is twenty-five years or
31 more but less than twenty-six years and the member has not attained the age of fifty-five; and

32 (5) In addition to the retirement allowance provided in subdivisions (1) to (3) of this
33 subsection, a member retiring on or after July 1, 2001, whose creditable service is thirty years
34 or more or whose sum of age and creditable service is eighty years or more, shall receive a
35 temporary retirement allowance equivalent to eight-tenths of one percent of the member's
36 final average salary multiplied by the member's years of service until such time as the
37 member reaches the minimum age for Social Security retirement benefits.

38 2. (1) If the board of trustees determines that the cost of living, as measured by
39 generally accepted standards, increases five percent or more in the preceding fiscal year, the
40 board shall increase the retirement allowances which the retired members or beneficiaries are
41 receiving by five percent of the amount being received by the retired member or the
42 beneficiary at the time the annual increase is granted by the board; provided that, the increase
43 provided in this subsection shall not become effective until the fourth January first following
44 a member's retirement or January 1, 1982, whichever occurs later, and the total of the
45 increases granted to a retired member or the beneficiary after December 31, 1981, may not
46 exceed eighty percent of the retirement allowance established at retirement or as previously
47 adjusted by other provisions of law.

48 (2) **Notwithstanding any other provision of this chapter to the contrary, the**
49 **limitation on the total of the increases granted to a retired member or beneficiary as**
50 **provided by subdivision (1) of this subsection shall be subject to an annual increase**
51 **approved by the board of trustees beginning on December 31, 2026, and on each**
52 **December thirty-first thereafter, except that such annual increase shall not exceed two**
53 **percent per year. Any increase to the limitation shall depend on the performance of the**
54 **system's investments. If the system's investments earn two percent or greater returns in**
55 **excess of the investment return rate adopted by the board of trustees in the immediately**
56 **prior fiscal year, the percentage of the retirement allowance for the total of increases**

57 granted to a retired member or beneficiary shall be increased by two percent. The two
58 percent increase shall be incorporated in the calculation applicable to the retirement
59 allowances in the calendar year that immediately follows the fiscal year in which the
60 system's investments met or exceeded by two percent the investment return rate. The
61 total of the increases granted to a retired member or beneficiary shall not exceed eighty
62 percent of the retirement allowance established at retirement or as previously adjusted
63 by other sections. If a retired member or beneficiary has already reached the eighty
64 percent cap under this subdivision, such retired member or beneficiary shall be granted
65 a two percent cost of living adjustment for such year, but such increases shall not be
66 cumulative. In a year that the system's investments fail to earn at least two percent
67 returns in excess of the investment return rate adopted by the board of trustees in the
68 immediately prior fiscal year, the retired member or beneficiary that has already
69 reached the eighty percent cap under this subdivision shall not be granted a cost of
70 living adjustment for that year. The percentage of the retirement allowance for the total
71 of increases granted to a retired member or beneficiary shall not be decreased. Any
72 reference to the limitation on the total of increases granted to a retired member or
73 beneficiary in any other section of this chapter shall be construed to be the percentage of
74 the retirement allowance in effect as increased pursuant to this subdivision unless such
75 increase to the percentage of the retirement allowance is otherwise expressly excluded.

76 (3) If the cost of living increases less than five percent, the board of trustees may
77 determine the percentage of increase to be made in retirement allowances, but at no time can
78 the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there
79 will be no increase in allowances for retired members on the following January first.

80 3. The board of trustees may reduce the amounts which have been granted as
81 increases to a member pursuant to subsection 2 of this section if the cost of living, as
82 determined by the board and as measured by generally accepted standards, is less than the
83 cost of living was at the time of the first increase granted to the member; provided that, the
84 reductions shall not exceed the amount of increases which have been made to the member's
85 allowance after December 31, 1981.

86 4. (1) In lieu of the retirement allowance provided in subsection 1 of this section,
87 called option 1, a member whose creditable service is twenty-five years or more or who has
88 attained age fifty-five with five or more years of creditable service may elect, in the
89 application for retirement, to receive the actuarial equivalent of the member's retirement
90 allowance in reduced monthly payments for life during retirement with the provision that:

91 Option 2.

92 Upon the member's death, the reduced retirement allowance shall be continued
93 throughout the life of and paid to such person as has an insurable interest in the life of the

94 member as the member shall have nominated in the member's election of the option, and
95 provided further that if the person so nominated dies before the retired member, the retirement
96 allowance will be increased to the amount the retired member would be receiving had the
97 member elected option 1; or

98 Option 3.

99 Upon the death of the member three-fourths of the reduced retirement allowance shall
100 be continued throughout the life of and paid to such person as has an insurable interest in the
101 life of the member and as the member shall have nominated in an election of the option, and
102 provided further that if the person so nominated dies before the retired member, the retirement
103 allowance will be increased to the amount the retired member would be receiving had the
104 member elected option 1; or

105 Option 4.

106 Upon the death of the member one-half of the reduced retirement allowance shall be
107 continued throughout the life of, and paid to, such person as has an insurable interest in the
108 life of the member and as the member shall have nominated in an election of the option, and
109 provided further that if the person so nominated dies before the retired member, the retirement
110 allowance shall be increased to the amount the retired member would be receiving had the
111 member elected option 1; or

112 Option 5.

113 Upon the death of the member prior to the member having received one hundred
114 twenty monthly payments of the member's reduced allowance, the remainder of the one
115 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary
116 as the member shall have nominated in the member's election of the option or in a subsequent
117 nomination. If there is no beneficiary so nominated who survives the member for the
118 remainder of the one hundred twenty monthly payments, the reserve for the remainder of such
119 one hundred twenty monthly payments shall be paid to the surviving spouse, surviving
120 children in equal shares, surviving parents in equal shares, or estate of the last person, in that
121 order of precedence, to receive a monthly allowance in a lump sum payment. If the total of
122 the one hundred twenty payments paid to the retired individual and the beneficiary of the
123 retired individual is less than the total of the member's accumulated contributions, the
124 difference shall be paid to the beneficiary in a lump sum; or

125 Option 6.

126 Upon the death of the member prior to the member having received sixty monthly
127 payments of the member's reduced allowance, the remainder of the sixty monthly payments
128 of the reduced allowance shall be paid to such beneficiary as the member shall have
129 nominated in the member's election of the option or in a subsequent nomination. If there is no
130 beneficiary so nominated who survives the member for the remainder of the sixty monthly

131 payments, the reserve for the remainder of such sixty monthly payments shall be paid to the
132 surviving spouse, surviving children in equal shares, surviving parents in equal shares, or
133 estate of the last person, in that order of precedence, to receive a monthly allowance in a lump
134 sum payment. If the total of the sixty payments paid to the retired individual and the
135 beneficiary of the retired individual is less than the total of the member's accumulated
136 contributions, the difference shall be paid to the beneficiary in a lump sum; or

137 Option 7.

138 A plan of variable monthly benefit payments which provides, in conjunction with the
139 member's retirement benefits under the federal Social Security laws, level or near-level
140 retirement benefit payments to the member for life during retirement, and if authorized, to an
141 appropriate beneficiary designated by the member. Such a plan shall be actuarially equivalent
142 to the retirement allowance under option 1 and shall be available for election only if
143 established by the board of trustees under duly adopted rules.

144 (2) The election of an option may be made only in the application for retirement and
145 such application must be filed prior to the date on which the retirement of the member is to be
146 effective. If either the member or the person nominated dies before the effective date of
147 retirement, the option shall not be effective, provided that:

148 (a) If the member or a person retired on disability retirement dies after attaining age
149 fifty-five and acquiring five or more years of creditable service or after acquiring twenty-five
150 or more years of creditable service and before retirement, except retirement with disability
151 benefits, and the person named by the member as the member's beneficiary has an insurable
152 interest in the life of the deceased member, the designated beneficiary may elect to receive
153 either survivorship payments under option 2 or a payment of the member's accumulated
154 contributions. If survivorship benefits under option 2 are elected and the member at the time
155 of death would have been eligible to receive an actuarial equivalent of the member's
156 retirement allowance, the designated beneficiary may further elect to defer the option 2
157 payments until the date the member would have been eligible to receive the retirement
158 allowance provided in subsection 1 of this section.

159 (b) If the member or a person retired on disability retirement dies before attaining age
160 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and
161 the person named as the beneficiary has an insurable interest in the life of the deceased
162 member or disability retiree, the designated beneficiary may elect to receive either a payment
163 of the person's accumulated contributions or survivorship benefits under option 2 to begin on
164 the date the member would first have been eligible to receive an actuarial equivalent of the
165 person's retirement allowance, or to begin on the date the member would first have been
166 eligible to receive the retirement allowance provided in subsection 1 of this section.

167 5. If the total of the retirement or disability allowances paid to an individual before
168 the person's death is less than the person's accumulated contributions at the time of the
169 person's retirement, the difference shall be paid to the person's beneficiary or, if there is no
170 beneficiary, to the surviving spouse, surviving children in equal shares, surviving parents in
171 equal shares, or person's estate, in that order of precedence; provided, however, that if an
172 optional benefit, as provided in option 2, 3 or 4 in subsection 4 of this section, had been
173 elected and the beneficiary dies after receiving the optional benefit, then, if the total
174 retirement allowances paid to the retired individual and the individual's beneficiary are less
175 than the total of the contributions, the difference shall be paid to the surviving spouse,
176 surviving children in equal shares, surviving parents in equal shares, or estate of the
177 beneficiary, in that order of precedence, unless the retired individual designates a different
178 recipient with the board at or after retirement.

179 6. If a member dies and his or her financial institution is unable to accept the final
180 payment or payments due to the member, the final payment or payments shall be paid to the
181 beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving
182 children in equal shares, surviving parents in equal shares, or estate of the member, in that
183 order of precedence, unless otherwise stated. If the beneficiary of a deceased member dies
184 and his or her financial institution is unable to accept the final payment or payments, the final
185 payment or payments shall be paid to the surviving spouse, surviving children in equal shares,
186 surviving parents in equal shares, or estate of the member, in that order of precedence, unless
187 otherwise stated.

188 7. If a member dies before receiving a retirement allowance, the member's
189 accumulated contributions at the time of the member's death shall be paid to the member's
190 beneficiary or, if there is no beneficiary, to the surviving spouse, surviving children in equal
191 shares, surviving parents in equal shares, or to the member's estate; provided, however, that
192 no such payment shall be made if the beneficiary elects option 2 in subsection 4 of this
193 section, unless the beneficiary dies before having received benefits pursuant to that subsection
194 equal to the accumulated contributions of the member, in which case the amount of
195 accumulated contributions in excess of the total benefits paid pursuant to that subsection shall
196 be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal
197 shares, or estate of the beneficiary, in that order of precedence.

198 8. If a member ceases to be an employee as defined in section 169.600 and certifies to
199 the board of trustees that such cessation is permanent or if the person's membership is
200 otherwise terminated, the person shall be paid the person's accumulated contributions with
201 interest.

202 9. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, if a
203 member ceases to be an employee as defined in section 169.600 after acquiring five or more

204 years of creditable service, the member may, at the option of the member, leave the member's
205 contributions with the retirement system and claim a retirement allowance any time after the
206 member reaches the minimum age for voluntary retirement. When the member's claim is
207 presented to the board, the member shall be granted an allowance as provided in sections
208 169.600 to 169.715 on the basis of the member's age and years of service.

209 10. The retirement allowance of a member retired because of disability shall be nine-
210 tenths of the allowance to which the member's creditable service would entitle the member if
211 the member's age were sixty.

212 11. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary,
213 any member who is a member prior to October 13, 1969, may elect to have the member's
214 retirement allowance computed in accordance with sections 169.600 to 169.715 as they
215 existed prior to October 13, 1969.

216 12. Any application for retirement shall include a sworn statement by the member
217 certifying that the spouse of the member at the time the application was completed was aware
218 of the application and the plan of retirement elected in the application.

219 13. Notwithstanding any other provision of law, any person retired prior to August
220 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4
221 of this section, as the option existed prior to August 14, 1984, and whose beneficiary
222 nominated to receive continued retirement allowance payments under the elected option dies
223 or has died, shall upon application to the board of trustees have the person's retirement
224 allowance increased to the amount the person would have been receiving had the person not
225 elected the option actuarially adjusted to recognize any excessive benefits which would have
226 been paid to the person up to the time of the application.

227 14. Benefits paid pursuant to the provisions of the public education employee
228 retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of
229 the United States Code, except as provided under this subsection. Notwithstanding any other
230 law, the board of trustees may establish a benefit plan under Section 415(m) of Title 26 of the
231 United States Code. Such plan shall be credited solely for the purpose described in Section
232 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate
233 regulations necessary to implement the provisions of this subsection and to create and
234 administer such benefit plan.

235 15. Any member who has retired prior to July 1, 1999, and the designated beneficiary
236 of a deceased retired member upon request shall be made, constituted, appointed and
237 employed by the board as a special consultant on the matters of education, retirement and
238 aging. As compensation for such duties the person shall receive a payment equivalent to
239 seven and four-tenths percent of the previous month's benefit, which shall be added to the
240 member's or beneficiary's monthly annuity and which shall not be subject to the provisions of

241 subsections 2 and 3 of this section for the purposes of the limit on the total amount of
242 increases which may be received.

243 16. Any member who has retired prior to July 1, 2000, and the designated beneficiary
244 of a deceased retired member upon request shall be made, constituted, appointed and
245 employed by the board as a special consultant on the matters of education, retirement and
246 aging. As compensation for such duties the person shall receive a payment equivalent to
247 three and four-tenths percent of the previous month's benefit, which shall be added to the
248 member's or beneficiary's monthly annuity and which shall not be subject to the provisions of
249 subsections 2 and 3 of this section for the purposes of the limit on the total amount of
250 increases which may be received.

251 17. Any member who has retired prior to July 1, 2001, and the designated beneficiary
252 of a deceased retired member upon request shall be made, constituted, appointed and
253 employed by the board as a special consultant on the matters of education, retirement and
254 aging. As compensation for such duties the person shall receive a payment equivalent to
255 seven and one-tenth percent of the previous month's benefit, which shall be added to the
256 member's or beneficiary's monthly annuity and which shall not be subject to the provisions of
257 subsections 2 and 3 of this section for the purposes of the limit on the total amount of
258 increases which may be received.

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