

SECOND REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 2044

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE TAYLOR.

5769H.01P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.020, 169.291, 169.324, 169.350, and 169.360, RSMo, and to enact in lieu thereof seven new sections relating to retirement benefits for public employees.

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

Section A. Sections 169.020, 169.291, 169.324, 169.350, and 169.360, RSMo, are
2 repealed and seven new sections enacted in lieu thereof, to be known as sections 70.227,
3 169.020, 169.291, 169.324, 169.350, 169.360, and 278.157, to read as follows:

70.227. 1. For purposes of this section, the following terms mean:

2 (1) "Local units", the same meaning given to the term under section 251.160;
3 (2) "Transportation planning boundary", the same meaning given to the term
4 under section 251.160.

5 **2. Notwithstanding the provisions of sections 70.600 to 70.755 to the contrary, a**
6 **metropolitan planning organization organized under 23 U.S.C. Section 134 and designated**
7 **by the governor shall be considered a political subdivision for the purposes of sections**
8 **70.600 to 70.755, and employees of such metropolitan planning organization shall be**
9 **eligible for membership in the Missouri local government employees' retirement system**
10 **upon the metropolitan planning organization becoming an employer, as defined in**
11 **subdivision (11) of section 70.600.**

12 **3. Upon receipt of certified copies of resolutions recommending the dissolution of**
13 **a metropolitan planning organization adopted by the governing bodies of a majority of the**
14 **local units within the transportation planning boundary served by the metropolitan**

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.

15 **planning organization, and upon a finding that all outstanding indebtedness of the**
16 **metropolitan planning organization has been paid, including moneys owed to any**
17 **retirement plan or system in which the organization participates and has pledged to pay**
18 **for the unfunded accrued liability of its past and current employees, and all unexpended**
19 **funds returned to the local units that supplied them or adequate provision made for the**
20 **funds, the governor shall issue a certificate of dissolution of the organization, which shall**
21 **thereupon cease to exist. If such organization was formally incorporated as a Missouri**
22 **nonprofit corporation, the secretary of state shall issue such certificate of dissolution.**

169.020. 1. For the purpose of providing retirement allowances and other benefits for
2 public school teachers, there is hereby created and established a retirement system which shall
3 be a body corporate, shall be under the management of a board of trustees herein described, and
4 shall be known as "The Public School Retirement System of Missouri". Such system shall, by
5 and in such name, sue and be sued, transact all of its business, invest all of its funds, and hold
6 all of its cash, securities, and other property. The system so created shall include all school
7 districts in this state, except those in cities that had populations of four hundred thousand or more
8 according to the latest United States decennial census, and such others as are or hereafter may
9 be included in a similar system or in similar systems established by law and made operative;
10 provided, that teachers in school districts of more than four hundred thousand inhabitants who
11 are or may become members of a local retirement system may become members of this system
12 with the same legal benefits as accrue to present members of such state system on the terms and
13 under the conditions provided for in section 169.021. The system hereby established shall begin
14 operations on the first day of July next following the date upon which sections 169.010 to
15 169.130 shall take effect.

2. The general administration and the responsibility for the proper operation of the
17 retirement system and for making effective the provisions of sections 169.010 to 169.141 are
18 hereby vested in a board of trustees of seven persons as follows: four persons to be elected as
19 trustees by the members and retired members of the public school retirement system created by
20 sections 169.010 to 169.141 and the public education employee retirement system created by
21 sections 169.600 to 169.715; and three members appointed by the governor with the advice and
22 consent of the senate. The first member appointed by the governor shall replace the
23 commissioner of education for a term beginning August 28, 1998. The other two members shall
24 be appointed by the governor at the time each member's, who was appointed by the state board
25 of education, term expires.

3. Trustees appointed and elected shall be chosen for terms of four years from the first
27 day of July next following their appointment or election, except that one of the elected trustees
28 shall be a member of the public education employee retirement system and shall be initially

29 elected for a term of three years from July 1, 1991. The initial term of one other elected trustee
30 shall commence on July 1, 1992.

31 4. Trustees appointed by the governor shall be residents of school districts included in
32 the retirement system, but not employees of such districts or a state employee or a state elected
33 official. At least one trustee so appointed shall be a retired member of the public school
34 retirement system or the public education employee retirement system. Three elected trustees
35 shall be members of the public school retirement system and one elected trustee shall be a
36 member of the public education employee retirement system.

37 5. The elections of the trustees shall be arranged for, managed and conducted by the
38 board of trustees of the retirement system.

39 6. If a vacancy occurs in the office of trustee, the vacancy shall be filled for the
40 unexpired term in the same manner as the office was previously filled.

41 7. Trustees of the retirement system shall serve without compensation but they shall be
42 reimbursed for expenses necessarily incurred through service on the board of trustees.

43 8. Each trustee shall be commissioned by the governor, and before entering upon the
44 duties of the trustee's office, shall take and subscribe to an oath or affirmation to support the
45 Constitution of the United States, and of the state of Missouri and to demean himself or herself
46 faithfully in the trustee's office. Such oath as subscribed to shall be filed in the office of secretary
47 of state of this state.

48 9. Each trustee shall be entitled to one vote in the board of trustees. Four votes shall be
49 necessary for a decision by the trustees at any meeting of the board of trustees. Unless otherwise
50 expressly provided herein, a meeting need not be called or held to make any decision on a matter
51 before the board. Each member must be sent by the executive director a copy of the matter to
52 be decided with full information from the files of the board of trustees. The unanimous decision
53 of four trustees may decide the issue by signing a document declaring their decision and sending
54 such written instrument to the executive director of the board, provided that no other member
55 of the board of trustees shall send a dissenting decision to the executive director of the board
56 within fifteen days after such document and information was mailed to the trustee. If any
57 member is not in agreement with four members the matter is to be passed on at a regular board
58 meeting or a special meeting called for the purpose.

59 10. The board of trustees shall elect one of their number as chairman, and shall employ
60 a full-time executive director, not one of their number, who shall be the executive officer of the
61 board. Other employees of the board shall be chosen only upon the recommendation of the
62 executive director.

63 11. The board of trustees shall employ an actuary who shall be its technical advisor on
64 matters regarding the operation of the retirement system, and shall perform such duties as are

65 essential in connection therewith, including the recommendation for adoption by the board of
66 mortality and other necessary tables, and the recommendation of the level rate of contributions
67 required for operation of the system.

68 12. As soon as practicable after the establishment of the retirement system, and annually
69 thereafter, the actuary shall make a valuation of the system's assets and liabilities on the basis of
70 such tables as have been adopted.

71 13. At least once in the three-year period following the establishment of the retirement
72 system, and in each five-year period thereafter, the board of trustees shall cause to be made an
73 actuarial investigation into the mortality, service, and compensation experience of the members
74 and beneficiaries of the system, and shall make any changes in the mortality, service, and other
75 tables then in use which the results of the investigation show to be necessary.

76 14. Subject to the limitations of sections 169.010 to 169.141 and 169.600 to 169.715,
77 the board of trustees shall formulate and adopt rules and regulations for the government of its
78 own proceedings and for the administration of the retirement system.

79 15. The board of trustees shall determine and decide all questions of doubt as to what
80 constitutes employment within the meaning of sections 169.010 to 169.141 and 169.600 to
81 169.715, the amount of benefits to be paid to members, retired members, beneficiaries and
82 survivors and the amount of contributions to be paid by employer and employee. The executive
83 director shall notify by certified mail both employer and member, retired member, beneficiary
84 or survivor interested in such determination. Any member, retired member, beneficiary or
85 survivor, district or employer adversely affected by such determination, at any time within thirty
86 days after being notified of such determination, may appeal to the circuit court of Cole County.
87 Such appeal shall be tried and determined anew in the circuit court and such court shall hear and
88 consider any and all competent testimony relative to the issues in the case, which may be offered
89 by either party thereto. The circuit court shall determine the rights of the parties under sections
90 169.010 to 169.141 and 169.600 to 169.715 using the same standard provided in section
91 536.150, and the judgment or order of such circuit court shall be binding upon the parties and
92 the board shall carry out such judgment or order unless an appeal is taken from such decision of
93 the circuit court. Appeals may be had from the circuit court by the employer, member, retired
94 member, beneficiary, survivor or the board, in the manner provided by the civil code.

95 16. The board of trustees shall keep a record of all its proceedings, which shall be open
96 to public inspection. It shall prepare annually a comprehensive annual financial report, the
97 financial section of which shall be prepared in accordance with applicable accounting standards
98 and shall include the independent auditor's opinion letter. The report shall also include
99 information on the actuarial status and the investments of the system. The reports shall be
100 preserved by the executive director and made available for public inspection.

101 17. The board of trustees shall provide for the maintenance of an individual account with
102 each member, setting forth such data as may be necessary for a ready determination of the
103 member's earnings, contributions, and interest accumulations. It shall also collect and keep in
104 convenient form such data as shall be necessary for the preparation of the required mortality and
105 service tables and for the compilation of such other information as shall be required for the
106 valuation of the system's assets and liabilities. **Except for information pertaining to the**
107 **salaries and benefits of the executive director and other employees of the board described**
108 **under subsection 10 of this section,** all individually identifiable information pertaining to
109 members, retirees, beneficiaries and survivors shall be confidential.

110 18. The board of trustees shall meet regularly at least twice each year, with the dates of
111 such meetings to be designated in the rules and regulations adopted by the board. Such other
112 meetings as are deemed necessary may be called by the chairman of the board or by any four
113 members acting jointly.

114 19. The headquarters of the retirement system shall be in Jefferson City, where suitable
115 office space, utilities and other services and equipment necessary for the operation of the system
116 shall be provided by the board of trustees and all costs shall be paid from funds of the system.
117 All suits or proceedings directly or indirectly against the board of trustees, the board's members
118 or employees or the retirement system established by sections 169.010 to 169.141 or 169.600 to
119 169.715 shall be brought in Cole County.

120 20. The board may appoint an attorney or firm of attorneys to be the legal advisor to the
121 board and to represent the board in legal proceedings, however, if the board does not make such
122 an appointment, the attorney general shall be the legal advisor of the board of trustees, and shall
123 represent the board in all legal proceedings.

124 21. The board of trustees shall arrange for adequate surety bonds covering the executive
125 director. When approved by the board, such bonds shall be deposited in the office of the
126 secretary of state of this state.

127 22. The board shall arrange for annual audits of the records and accounts of the system
128 by a firm of certified public accountants.

129 23. The board by its rules may establish an interest charge to be paid by the employer
130 on any payments of contributions which are delinquent. The rate charged shall not exceed the
131 actuarially assumed rate of return on invested funds of the pertinent system.

169.291. 1. The general administration and the responsibility for the proper operation
2 of the retirement system are hereby vested in a board of trustees of twelve persons who shall be
3 resident taxpayers of the school district, as follows:

4 (1) Four trustees to be appointed for terms of four years by the board of education;
5 provided, however, that the terms of office of the first four trustees so appointed shall begin

6 immediately upon their appointment and shall expire one, two, three and four years from the date
7 the retirement system becomes operative, respectively;

8 (2) Four trustees to be elected for terms of four years by and from the members of the
9 retirement system; provided, however, that the terms of office of the first four trustees so elected
10 shall begin immediately upon their election and shall expire one, two, three and four years from
11 the date the retirement system becomes operative, respectively;

12 (3) The ninth trustee shall be the superintendent of schools of the school district;

13 (4) The tenth trustee shall be one retirant of the retirement system elected for a term of
14 four years beginning the first day of January immediately following August 13, 1986, by the
15 retirants of the retirement system;

16 (5) The eleventh trustee shall be appointed for a term of four years beginning the first
17 day of January immediately following August 13, 1990, by the board of trustees described in
18 subdivision (3) of section 182.701;

19 (6) The twelfth trustee shall be a retirant of the retirement system elected for a term of
20 four years beginning the first day of January immediately following August 28, 1992, by the
21 retirants of the retirement system.

22 2. If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the
23 unexpired term in the same manner as the office was previously filled, except that the board of
24 trustees may appoint a qualified person to fill the vacancy in the office of an elected member
25 until the next regular election at which time a member shall be elected for the unexpired term.
26 No vacancy or vacancies on the board of trustees shall impair the power of the remaining trustees
27 to administer the retirement system pending the filling of such vacancy or vacancies.

28 3. In the event of a lapse of the school district's corporate organization as described in
29 subsections 1 and 4 of section 162.081, the general administration and responsibility for the
30 proper operation of the retirement system shall continue to be vested in a twelve-person board
31 of trustees, all of whom shall be resident taxpayers of a city, other than a city not within a county,
32 of four hundred thousand or more. In such event, if vacancies occur in the offices of the four
33 trustees appointed, prior to the lapse, by the board of education, or in the offices of the four
34 trustees elected, prior to the lapse, by the members of the retirement system, or in the office of
35 trustee held, prior to the lapse, by the superintendent of schools in the school district, as provided
36 in subdivisions (1), (2) and (3) of subsection 1 of this section, the board of trustees shall appoint
37 a qualified person to fill each vacancy and subsequent vacancies in the office of trustee for terms
38 of up to four years, as determined by the board of trustees.

39 4. Each trustee shall, before assuming the duties of a trustee, take the oath of office
40 before the court of the judicial circuit or one of the courts of the judicial circuit in which the
41 school district is located that so far as it devolves upon the trustee, such trustee shall diligently

42 and honestly administer the affairs of the board of trustees and that the trustee will not knowingly
43 violate or willingly permit to be violated any of the provisions of the law applicable to the
44 retirement system. Such oath shall be subscribed to by the trustee making it and filed in the
45 office of the clerk of the circuit court.

46 5. Each trustee shall be entitled to one vote in the board of trustees. Seven trustees shall
47 constitute a quorum at any meeting of the board of trustees. At any meeting of the board of
48 trustees where a quorum is present, the vote of at least seven of the trustees in support of a
49 motion, resolution or other matter is necessary to be the decision of the board; provided,
50 however, that in the event of a lapse in the school district's corporate organization as described
51 in subsections 1 and 4 of section 162.081, a majority of the trustees then in office shall constitute
52 a quorum at any meeting of the board of trustees, and the vote of a majority of the trustees then
53 in office in support of a motion, resolution or other matter shall be necessary to be the decision
54 of the board.

55 6. The board of trustees shall have exclusive original jurisdiction in all matters relating
56 to or affecting the funds herein provided for, including, in addition to all other matters, all claims
57 for benefits or refunds, and its action, decision or determination in any matter shall be reviewable
58 in accordance with chapter 536 or chapter 621. Subject to the limitations of sections 169.270
59 to 169.400, the board of trustees shall, from time to time, establish rules and regulations for the
60 administration of funds of the retirement system, for the transaction of its business, and for the
61 limitation of the time within which claims may be filed.

62 7. The trustees shall serve without compensation. The board of trustees shall elect from
63 its membership a chairman and a vice chairman. The board of trustees shall appoint an executive
64 director who shall serve as the administrative officer of the retirement system and as secretary
65 to the board of trustees. It shall employ one or more persons, firms or corporations experienced
66 in the investment of moneys to serve as investment counsel to the board of trustees. The
67 compensation of all persons engaged by the board of trustees and all other expenses of the board
68 necessary for the operation of the retirement system shall be paid at such rates and in such
69 amounts as the board of trustees shall approve, and shall be paid from the investment income.

70 8. The board of trustees shall keep in convenient form such data as shall be necessary
71 for actuarial valuations of the various funds of the retirement system and for checking the
72 experience of the system.

73 9. The board of trustees shall keep a record of all its proceedings which shall be open to
74 public inspection. It shall prepare annually and furnish to the board of education and to each
75 member of the retirement system who so requests a report showing the fiscal transactions of the
76 retirement system for the preceding fiscal year, the amount of accumulated cash and securities

77 of the system, and the last balance sheet showing the financial condition of the system by means
78 of an actuarial valuation of the assets and liabilities of the retirement system.

79 10. The board of trustees shall have, in its own name, power to sue and to be sued, to
80 enter into contracts, to own property, real and personal, and to convey the same; but the members
81 of such board of trustees shall not be personally liable for obligations or liabilities of the board
82 of trustees or of the retirement system.

83 11. The board of trustees shall arrange for necessary legal advice for the operation of the
84 retirement system.

85 12. The board of trustees shall designate a medical board to be composed of three or
86 more physicians who shall not be eligible for membership in the system and who shall pass upon
87 all medical examinations required under the provisions of sections 169.270 to 169.400, shall
88 investigate all essential statements and certificates made by or on behalf of a member in
89 connection with an application for disability retirement and shall report in writing to the board
90 of trustees its conclusions and recommendations upon all matters referred to it.

91 13. The board of trustees shall designate an actuary who shall be the technical advisor
92 of the board of trustees on matters regarding the operation of the retirement system and shall
93 perform such other duties as are required in connection therewith. Such person shall be qualified
94 as an actuary by membership as a Fellow of the Society of Actuaries or by similar objective
95 standards.

96 14. At least once in each five-year period the actuary shall make an investigation into the
97 actuarial experience of the members, retirants and beneficiaries of the retirement system and,
98 taking into account the results of such investigation, the board of trustees shall adopt for the
99 retirement system such actuarial assumptions as the board of trustees deems necessary for the
100 financial soundness of the retirement system.

101 15. On the basis of such actuarial assumptions as the board of trustees adopts, the actuary
102 shall make annual valuations of the assets and liabilities of the funds of the retirement system.

103 16. The rate of contribution payable by the employers shall equal one and ninety-nine
104 one-hundredths percent, effective July 1, 1993; three and ninety-nine one-hundredths percent,
105 effective July 1, 1995; five and ninety-nine one-hundredths percent, effective July 1, 1996; seven
106 and one-half percent effective January 1, 1999, and for subsequent calendar years through 2013.
107 For calendar year 2014 and each subsequent year, the rate of contribution payable by the
108 employers for each year shall be determined [~~by the actuary for the retirement system in the~~
109 ~~manner~~] as provided in [~~subsection~~] **subsections 4 and 6** of section 169.350 and shall be
110 certified by the board of trustees to the employers at least six months prior to the date such rate
111 is to be effective.

112 17. In the event of a lapse of a school district's corporate organization as described in
113 subsections 1 and 4 of section 162.081, no retirement system, nor any of the assets of any
114 retirement system, shall be transferred to or merged with another retirement system without prior
115 approval of such transfer or merge by the board of trustees of the retirement system.

 169.324. 1. The annual service retirement allowance payable pursuant to section
2 169.320 shall be the retirant's number of years of creditable service multiplied by a percentage
3 of the retirant's average final compensation, determined as follows:

4 (1) A retirant whose last employment as a regular employee ended prior to June 30,
5 1999, shall receive an annual service retirement allowance payable pursuant to section 169.320
6 in equal monthly installments for life equal to the retirant's number of years of creditable service
7 multiplied by one and three-fourths percent of the person's average final compensation, subject
8 to a maximum of sixty percent of the person's average final compensation;

9 (2) A retirant whose number of years of creditable service is greater than thirty-four and
10 one-quarter on August 28, 1993, shall receive an annual service retirement allowance payable
11 pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number
12 of years of creditable service as of August 28, 1993, multiplied by one and three-fourths percent
13 of the person's average final compensation but shall not receive a greater annual service
14 retirement allowance based on additional years of creditable service after August 28, 1993;

15 (3) A retirant who was an active member of the retirement system at any time on or after
16 June 30, 1999, and who either retires before January 1, 2014, or is a member of the retirement
17 system on December 31, 2013, and remains a member continuously to retirement shall receive
18 an annual service retirement allowance payable pursuant to section 169.320 in equal monthly
19 installments for life equal to the retirant's number of years of creditable service multiplied by two
20 percent of the person's average final compensation, subject to a maximum of sixty percent of the
21 person's final compensation;

22 (4) A retirant who becomes a member of the retirement system on or after January 1,
23 2014, including any retirant who was a member of the retirement system before January 1, 2014,
24 but ceased to be a member for any reason other than retirement, shall receive an annual service
25 retirement allowance payable pursuant to section 169.320 in equal monthly installments for life
26 equal to the retirant's number of years of creditable service multiplied by one and three-fourths
27 percent of the person's average final compensation, subject to a maximum of sixty percent of the
28 person's average final compensation;

29 (5) Notwithstanding the provisions of subdivisions (1) to (4) of this subsection, effective
30 January 1, 1996, any retirant who retired on, before or after January 1, 1996, with at least twenty
31 years of creditable service shall receive at least three hundred dollars each month as a retirement
32 allowance, or the actuarial equivalent thereof if the retirant elected any of the options available

33 under section 169.326. Any retirant who retired with at least ten years of creditable service shall
34 receive at least one hundred fifty dollars each month as a retirement allowance, plus fifteen
35 dollars for each additional full year of creditable service greater than ten years but less than
36 twenty years (or the actuarial equivalent thereof if the retirant elected any of the options available
37 under section 169.326). Any beneficiary of a deceased retirant who retired with at least ten years
38 of creditable service and elected one of the options available under section 169.326 shall also be
39 entitled to the actuarial equivalent of the minimum benefit provided by this subsection,
40 determined from the option chosen.

41 2. Except as otherwise provided in sections 169.331 and 169.585, payment of a retirant's
42 retirement allowance will be suspended for any month for which such person receives
43 remuneration from the person's employer or from any other employer in the retirement system
44 established by section 169.280 for the performance of services except any such person other than
45 a person receiving a disability retirement allowance under section 169.322 may serve as a
46 nonregular substitute, part-time or temporary employee for not more than six hundred hours in
47 any school year without becoming a member and without having the person's retirement
48 allowance discontinued, provided that through such substitute, part-time, or temporary
49 employment, the person may earn no more than fifty percent of the annual salary or wages the
50 person was last paid by the employer before the person retired and commenced receiving a
51 retirement allowance, adjusted for inflation. If a person exceeds such hours limit or such
52 compensation limit, payment of the person's retirement allowance shall be suspended for the
53 month in which such limit was exceeded and each subsequent month in the school year for which
54 the person receives remuneration from any employer in the retirement system. In addition to the
55 conditions set forth above, the restrictions of this subsection shall also apply to any person retired
56 and currently receiving a retirement allowance under sections 169.270 to 169.400, other than for
57 disability, who is employed by a third party or is performing work as an independent contractor
58 if the services performed by such person are provided to or for the benefit of any employer in the
59 retirement system established under section 169.280. The retirement system may require the
60 employer receiving such services, the third-party employer, the independent contractor, and the
61 retirant subject to this subsection to provide documentation showing compliance with this
62 subsection. If such documentation is not provided, the retirement system may deem the retirant
63 to have exceeded the limitations provided for in this subsection. If a retirant is reemployed by
64 any employer in any capacity, whether pursuant to this section, or section 169.331 or 169.585,
65 or as a regular employee, the amount of such person's retirement allowance attributable to service
66 prior to the person's first retirement date shall not be changed by the reemployment. If the person
67 again becomes an active member and earns additional creditable service, upon the person's
68 second retirement the person's retirement allowance shall be the sum of:

69 (1) The retirement allowance the person was receiving at the time the person's retirement
70 allowance was suspended, pursuant to the payment option elected as of the first retirement date,
71 plus the amount of any increase in such retirement allowance the person would have received
72 pursuant to subsection 3 of this section had payments not been suspended during the person's
73 reemployment; and

74 (2) An additional retirement allowance computed using the benefit formula in effect on
75 the person's second retirement date, the person's creditable service following reemployment, and
76 the person's average final annual compensation as of the second retirement date.

77

78 The sum calculated pursuant to this subsection shall not exceed the greater of sixty percent of
79 the person's average final compensation as of the second retirement date or the amount
80 determined pursuant to subdivision (1) of this subsection. Compensation earned prior to the
81 person's first retirement date shall be considered in determining the person's average final
82 compensation as of the second retirement date if such compensation would otherwise be included
83 in determining the person's average final compensation.

84 3. The board of trustees shall determine annually whether the investment return on funds
85 of the system can provide for an increase in benefits for retirants eligible for such increase. A
86 retirant shall and will be eligible for an increase awarded pursuant to this section as of the second
87 January following the date the retirant commenced receiving retirement benefits. Any such
88 increase shall also apply to any monthly joint and survivor retirement allowance payable to such
89 retirant's beneficiaries, regardless of age. The board shall make such determination as follows:

90 (1) After determination by the actuary of the investment return for the preceding year as
91 of December thirty-first (the "valuation year"), the actuary shall recommend to the board of
92 trustees what portion of the investment return is available to provide such benefits increase, if
93 any, and shall recommend the amount of such benefits increase, if any, to be implemented as of
94 the first day of the thirteenth month following the end of the valuation year, and first payable on
95 or about the first day of the fourteenth month following the end of the valuation year. The
96 actuary shall make such recommendations so as not to affect the financial soundness of the
97 retirement system, recognizing the following safeguards:

98 (a) The retirement system's funded ratio as of January first of the year preceding the year
99 of a proposed increase shall be at least one hundred percent ~~after~~ **before** adjusting for the effect
100 of the proposed increase. The funded ratio is the ratio of assets to the pension benefit obligation;

101 (b) The actuarially required contribution rate, ~~after~~ **before** adjusting for the effect of
102 the proposed increase, may not exceed the then applicable employer and member contribution
103 rate as determined under ~~subsection~~ **subsections 4, 5, and 6** of section 169.350;

104 (c) The actuary shall certify to the board of trustees that the proposed increase will not
105 impair the actuarial soundness of the retirement system;

106 (d) A benefit increase, under this section, once awarded, cannot be reduced in succeeding
107 years;

108 (2) The board of trustees shall review the actuary's recommendation and report and shall,
109 in their discretion, determine if any increase is prudent and, if so, shall determine the amount of
110 increase to be awarded.

111 4. This section does not guarantee an annual increase to any retiree.

112 5. If an inactive member becomes an active member after June 30, 2001, and after a
113 break in service, unless the person earns at least four additional years of creditable service
114 without another break in service, upon retirement the person's retirement allowance shall be
115 calculated separately for each separate period of service ending in a break in service. The
116 retirement allowance shall be the sum of the separate retirement allowances computed for each
117 such period of service using the benefit formula in effect, the person's average final
118 compensation as of the last day of such period of service and the creditable service the person
119 earned during such period of service; provided, however, if the person earns at least four
120 additional years of creditable service without another break in service, all of the person's
121 creditable service prior to and including such service shall be aggregated and, upon retirement,
122 the retirement allowance shall be computed using the benefit formula in effect and the person's
123 average final compensation as of the last day of such period of four or more years and all of the
124 creditable service the person earned prior to and during such period.

125 6. Notwithstanding anything contained in this section to the contrary, the amount of the
126 annual service retirement allowance payable to any retiree pursuant to the provisions of sections
127 169.270 to 169.400, including any adjustments made pursuant to subsection 3 of this section,
128 shall at all times comply with the provisions and limitations of Section 415 of the Internal
129 Revenue Code of 1986, as amended, and the regulations thereunder, the terms of which are
130 specifically incorporated herein by reference.

131 7. All retirement systems established by the laws of the state of Missouri shall develop
132 a procurement action plan for utilization of minority and women money managers, brokers and
133 investment counselors. Such retirement systems shall report their progress annually to the joint
134 committee on public employee retirement and the governor's minority advocacy commission.

169.350. 1. All of the assets of the retirement system (other than tangible real or
2 personal property owned by the retirement system for use in carrying out its duties, such as office
3 supplies and furniture) shall be credited, according to the purpose for which they are held, in
4 either the employees' contribution fund or the general reserve fund.

5 (1) The employees' contribution fund shall be the fund in which shall be accumulated
6 the contributions of the members. The employer shall, except as provided in subdivision (5) of
7 this subsection, cause to be deducted from the compensation of each member on each and every
8 payroll, for each and every payroll period, the pro rata portion of five and nine-tenths percent of
9 his annualized compensation. Effective January 1, 1999, through December 31, 2013, the
10 employer shall deduct an additional one and six-tenths percent of the member's annualized
11 compensation. For 2014 and for each subsequent year, the employer shall deduct from each
12 member's annualized compensation the rate of contribution determined for such year ~~[by the~~
13 ~~actuary for the retirement system in the manner]~~ as provided in ~~[subsection]~~ **subsections 4, 5,**
14 **and 6** of this section.

15 (2) The employer shall pay all such deductions and any amount it may elect to pay
16 pursuant to subdivision (5) of this subsection to the retirement system at once. The retirement
17 system shall credit such deductions and such amounts to the individual account of each member
18 from whose compensation the deduction was made or with respect to whose compensation the
19 amount was paid pursuant to subdivision (5) of this subsection. In determining the deduction
20 for a member in any payroll period, the board of trustees may consider the rate of compensation
21 payable to such member on the first day of the payroll period as continuing throughout such
22 period.

23 (3) The deductions provided for herein are declared to be a part of the compensation of
24 the member and the making of such deductions shall constitute payments by the member out of
25 the person's compensation and such deductions shall be made notwithstanding that the amount
26 actually paid to the member after such deductions is less than the minimum compensation
27 provided by law for any member. Every member shall be deemed to consent to the deductions
28 made and provided for herein, and shall receipt for the person's full compensation, and the
29 making of the deduction and the payment of compensation less the deduction shall be a full and
30 complete discharge and acquittance of all claims and demands whatsoever for services rendered
31 during the period covered by the payment except as to benefits provided by sections 169.270 to
32 169.400.

33 (4) The accumulated contributions with interest of a member withdrawn by the person
34 or paid to the person's estate or designated beneficiary in the event of the person's death before
35 retirement shall be paid from the employees' contribution fund. Upon retirement of a member
36 the member's accumulated contributions with interest shall be transferred from the employees'
37 contribution fund to the general reserve fund.

38 (5) The employer may elect to pay on behalf of all members all or part of the amount that
39 the members would otherwise be required to contribute to the employees' contribution fund
40 pursuant to subdivision (1) of this subsection. Such amounts paid by the employer shall be in

41 lieu of members' contributions and shall be treated for all purposes of sections 169.270 to
42 169.400 as contributions made by members. Notwithstanding any other provision of this chapter
43 to the contrary, no member shall be entitled to receive such amounts directly. The election shall
44 be made by a duly adopted resolution of the employer's board and shall remain in effect for at
45 least one year from the effective date thereof. The election may be thereafter terminated only by
46 an affirmative act of the employer's board notwithstanding any limitation in the term thereof in
47 the adopting resolution. Any such termination resolution shall be adopted at least sixty days
48 prior to the effective date thereof, and the effective date thereof shall coincide with a fiscal year-
49 end of the employer. In the absence of such a termination resolution, the election shall remain
50 in effect from fiscal year to fiscal year.

51 2. The general reserve fund shall be the fund in which shall be accumulated all reserves
52 for the payment of all benefit expenses and other demands whatsoever upon the retirement
53 system except those items heretofore allocated to the employees' contribution fund.

54 (1) All contributions by the employer, except those the employer elects to make on
55 behalf of the members pursuant to subdivision (5) of subsection 1 of this section, shall be
56 credited to the general reserve fund.

57 (2) Should a retirant be restored to active service and again become a member of the
58 retirement system, the excess, if any, of the person's accumulated contributions over benefits
59 received by the retirant shall be transferred from the general reserve fund to the employees'
60 contribution fund and credited to the person's account.

61 3. Gifts, devises, bequests and legacies may be accepted by the board of trustees and
62 deposited in the general reserve fund to be held, invested and used at its discretion for the benefit
63 of the retirement system except where specific direction for the use of a gift is made by a donor.

64 4. Beginning in 2013, the actuary for the retirement system shall annually calculate the
65 rate of employer contributions and member contributions for 2014 and for each subsequent
66 calendar year **through 2018**, expressed as a level percentage of the annualized compensation of
67 the members, subject to the following:

68 (1) The rate of contribution for any calendar year shall be determined based on an
69 actuarial valuation of the retirement system as of the first day of the prior calendar year. Such
70 actuarial valuation shall be performed using the actuarial cost method and actuarial assumptions
71 adopted by the board of trustees and in accordance with accepted actuarial standards of practice
72 in effect at the time the valuation is performed, as promulgated by the actuarial standards board
73 or its successor;

74 (2) The target combined employer and member contribution rate shall be the amount
75 actuarially required to cover the normal cost and amortize any unfunded accrued actuarial
76 liability over a period that shall not exceed thirty years from the date of the valuation;

77 (3) The target combined rate as so determined shall be allocated equally between the
78 employer contribution rate and the member contribution rate, provided, however, that the level
79 rate of contributions to be paid by the employers and the level rate of contributions to be
80 deducted from the compensation of members for any calendar year shall each be limited as
81 follows:

82 (a) The contribution rate shall not be less than seven and one-half percent;

83 (b) The contribution rate shall not exceed nine percent; and

84 (c) Changes in the contribution rate from year to year shall be in increments of one-half
85 percent such that the contribution rate for any year shall not be greater than or less than the rate
86 in effect for the prior year by more than one-half percent;

87 (4) The board of trustees shall certify to the employers the contribution rate for the
88 following calendar year no later than six months prior to the date such rate is to be effective.

89 **5. The member contribution rate for 2019 and subsequent periods shall be nine**
90 **percent of compensation unless a lower member contribution rate applies for any period**
91 **beginning on or after July 1, 2021, in accordance with the provisions of subdivision (4) of**
92 **subsection 6 of this section.**

93 **6. The employer contribution rate for calendar year 2019 shall be ten and one-half**
94 **percent. The employer contribution rate for the eighteen-month period beginning January**
95 **1, 2020, through June 30, 2021, shall be twelve percent. For the twelve-month period**
96 **beginning July 1, 2021, and for each subsequent twelve-month period beginning July first**
97 **each year, the employer contribution rate shall be determined as follows:**

98 (1) **The actuary shall determine the total actuarially required contribution based**
99 **on an actuarial valuation of the retirement system as of the first day of the preceding**
100 **calendar year. Such actuarial valuation shall be performed using the actuarial cost method**
101 **and actuarial assumptions adopted by the board of trustees and in accordance with**
102 **actuarial standards of practice applicable as of the valuation date. The total actuarially**
103 **required contribution rate, including both employer and member contributions, shall be**
104 **an amount determined in accordance with the board's current funding policy, expressed**
105 **as a level percentage of the annualized compensation of the members;**

106 (2) **If the retirement system's funded ratio as of the first day of the preceding**
107 **calendar year is below one hundred percent, the employer contribution rate shall be the**
108 **greater of twelve percent or the difference between the total actuarially required**
109 **contribution rate and the nine percent member contribution rate, subject to the limits on**
110 **annual adjustments stated in subdivision (6) of this subsection;**

111 (3) **If the retirement system's funded ratio as of the first day of the preceding**
112 **calendar year equals or exceeds one hundred percent and the total actuarially required**

113 contribution rate exceeds eighteen percent, the employer contribution rate shall be the
114 difference between the total actuarially required contribution rate and the nine percent
115 member contribution rate, subject to the limits on annual adjustments stated in subdivision
116 (6) of this subsection;

117 (4) If the retirement system's funded ratio as of the first day of the preceding
118 calendar year equals or exceeds one hundred percent and the total actuarially required
119 contribution rate does not exceed eighteen percent, the total actuarially required
120 contribution rate shall be allocated equally between the employer contribution rate and the
121 member contribution rate. If the total actuarially required contribution rate falls below
122 eighteen percent after being above eighteen percent for the preceding twelve-month period,
123 the member contribution rate and the employer contribution rate shall be adjusted to one-
124 half of the total actuarially required contribution rate for such period, regardless of the
125 magnitude of the decrease from the rate in effect for the prior period, in order to equalize
126 the employer and member contribution rates. Otherwise, adjustments in the contribution
127 rates shall be limited by the annual adjustment limits stated in subdivision (6) of this
128 subsection;

129 (5) If the retirement system's funded ratio as of the first day of the preceding
130 calendar year again falls below one hundred percent, or if the total actuarially required
131 contribution rate rises above eighteen percent, the provisions of subdivision (2) or (3) of
132 this subsection shall apply, as applicable, subject to the limits on annual adjustments stated
133 in subdivision (6) of this subsection;

134 (6) Except as stated in subdivision (4) of this subsection, in transitioning to the
135 contribution rates prescribed in this subsection for periods beginning on or after July 1,
136 2021, the employer contribution rate and the member contribution rate, respectively, shall
137 not increase by more than one percent or decrease by more than one-half percent for any
138 period from the corresponding rate in effect immediately before such increase or decrease;
139 and

140 (7) The board of trustees shall certify to the employers the contribution rate to be
141 effective for July 1, 2021, and for each following July first, no later than six months prior
142 to the date such rate is to be effective.

169.360. 1. Before the first of July of each year, the board of trustees shall certify to
2 each employer the amounts which will become due and payable from each during the school year
3 next following to the general reserve fund. The amount so certified shall be appropriated by each
4 employer's board by a resolution explicitly directing the appropriate officials to pay the same,
5 not later than July twenty-fifth of each year and transferred to the retirement system on or before
6 December thirty-first of the same year.

7 **2. Effective January 1, 2019, each employer shall transfer its employer**
8 **contributions to the retirement system promptly following the end of each payroll period**
9 **at the time the employer transfers member contributions.**

278.157. 1. Notwithstanding the provisions of section 70.600 to the contrary, a soil
2 **and water conservation district organized under sections 278.060 to 278.155 shall be**
3 **considered a political subdivision for the purposes of sections 70.600 to 70.755, and**
4 **employees of such a soil and water conservation district shall be eligible for membership**
5 **in the Missouri local government employees' retirement system upon the soil and water**
6 **district becoming an "employer" as defined in subdivision (11) of section 70.600.**

7 **2. Prior to the soil and water commission declaring a soil and water conservation**
8 **district disestablished under section 278.150, the soil and water commission shall make a**
9 **determination that all outstanding indebtedness of the soil and water conservation district**
10 **has been paid, including moneys owed to any retirement plan or system in which the soil**
11 **and water conservation district participates and has pledged to pay for the unfunded**
12 **accrued liability of past and current employees.**

✓