

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2314
98TH GENERAL ASSEMBLY

5578H.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.460 and 169.490, RSMo, and to enact in lieu thereof two new sections relating to the public school retirement system of the City of St. Louis.

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

Section A. Sections 169.460 and 169.490, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 169.460 and 169.490, to read as follows:

169.460. 1. Any member may retire and receive a normal pension upon his **or her**
2 written application to the board of trustees setting forth at what time not less than fifteen days
3 nor more than one hundred eighty days subsequent to the execution and filing of such application
4 he **or she** desires to be retired; provided, that the member at the time so specified for **his or her**
5 retirement either (a) shall have attained age sixty-five or (b) shall have attained an age which
6 when added to the number of years of credited service of such member shall total a sum not less
7 than [eighty-five] **eighty**. For purposes of computing any member's age under this section, the
8 board shall, if necessary, add to his **or her** actual age any accumulated and unused days of sick
9 leave included in his **or her** credited service.

10 2. Upon retirement [pursuant to] **under** subsection 1 of this section, a member shall
11 receive an annual pension payable in monthly installments **in the following manner:**

12 **(1) A member retiring prior to January 1, 2017, shall receive an annual pension**
13 **payable in monthly installments** equal to his **or her** number of years of credited service
14 multiplied by two percent of his **or her** average final compensation subject to a maximum
15 pension of sixty percent of his **or her** average final compensation[.];

16 **(2) A member hired for the first time on or after January 1, 2017, shall receive an**
17 **annual pension payable in monthly installments equal to his or her number of years of**
18 **credited service multiplied by one and three-fourths percent of such member's average**

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.

19 **final compensation subject to a maximum pension of sixty percent of the member's average**
20 **final compensation; or**

21 **(3) A member who earned credited service prior to January 1, 2017, and who**
22 **earned credited service on or after January 1, 2017, shall receive an annual pension**
23 **payable in monthly installments. The annual pension payable in monthly installments shall**
24 **be the sum of the following partial monthly installments, subject to a maximum pension**
25 **of sixty percent of the member's average final compensation:**

26 **(a) For credited service earned prior to January 1, 2017, the member's partial**
27 **monthly installment shall be equal to his or her number of years of credited service**
28 **multiplied by two percent of the member's average final compensation; and**

29 **(b) For credited service earned on or after January 1, 2017, the partial monthly**
30 **installment shall be equal to his or her number of years of credited service multiplied by**
31 **one and three-fourths percent of such member's average final compensation.**

32 3. A member who is not eligible for normal pension pursuant to subsection 1 of this
33 section but who has attained age sixty and has five or more years of credited service may make
34 application in the same manner as pursuant to subsection 1 of this section for an early pension.
35 His **or her** early pension shall be computed pursuant to subsection 2 of this section, but shall be
36 reduced by five-ninths of one percent for each month such member's early retirement date
37 precedes the earliest date he **or she** could have received a normal pension pursuant to subsection
38 1 of this section had his **or her** service continued.

39 4. Upon the written application of the member or of the employing board, any active
40 member who has five or more years of credited service with such board and does not qualify for
41 a normal pension pursuant to subsection 1 of this section may be retired by the board of trustees,
42 not less than fifteen days and not more than one hundred eighty days next following the date of
43 filing such application, and receive a disability pension, provided, that the medical board after
44 a medical examination of such member or such member's medical records shall certify that such
45 member is unable to further perform his **or her** duties due to mental or physical incapacity, and
46 that such incapacity is likely to be permanent and that such member should be retired; or,
47 provided the member furnishes evidence of the receipt of disability benefits under the federal Old
48 Age, Survivors and Disability Insurance System of the Social Security Act. The determination
49 of the board of trustees in the matter shall be final and conclusive. A member being retired
50 pursuant to this subsection who has accumulated unused vacation and sick leave may elect to
51 have the commencement of his **or her** disability pension deferred for more than one hundred
52 eighty days during the period he **or she** is entitled to vacation and sick pay.

53 5. Upon retirement for disability, a member shall receive a disability pension until such
54 time as he **or she** meets the requirements for a normal pension pursuant to subsection 1 of this

55 section, at which time his **or her** disability pension will be deemed to be a normal pension. The
56 member's disability pension shall be the larger of:

57 (1) A normal pension based on his **or her** credited service to the date of his **or her**
58 retirement for disability and calculated as if he **or she** were age sixty-five; or

59 (2) One-fourth of his **or her** average final compensation; except that such benefit shall
60 not exceed the normal pension which he **or she** would have received upon retirement if his **or**
61 **her** service had continued and he **or she** had satisfied the eligibility requirements of subsection
62 1 of this section and had his **or her** final average compensation been unchanged.

63 6. Once each year during the first five years following retirement for disability and once
64 in every three-year period thereafter while receiving a disability pension, the board of trustees
65 may, and shall, require any member receiving a disability pension who has not yet become
66 eligible for a normal pension pursuant to subsection 1 of this section to undergo a medical
67 examination at a place designated by the medical board or by a physician or physicians
68 designated by such board. If any such member receiving a disability pension refuses to submit
69 to such medical examination, his **or her** benefit may be discontinued until his **or her** withdrawal
70 of such refusal, and if his **or her** refusal continues for one year, all rights in and to his **or her**
71 pension may be revoked by the board of trustees.

72 7. If the board of trustees finds that any member receiving a disability pension is engaged
73 in or is able to engage in a gainful occupation paying more than the difference between his **or**
74 **her** disability pension plus benefits, if any, to which he **or she** and his **or her** family are eligible
75 under the federal Old Age, Survivors and Disability Insurance System of the Social Security Act
76 and the current rate of monthly compensation for the position he **or she** held at retirement, then
77 the amount of his **or her** disability pension shall be reduced to an amount which together with
78 the amount earnable by him **or her** shall equal such current rate of monthly compensation. The
79 decisions of the board of trustees in regard to such modification of disability benefits shall be
80 final and conclusive.

81 8. If any member receiving a disability pension is restored to service as an employee, he
82 **or she** shall again become an active member of the retirement system and contribute thereunder.
83 His **or her** credited service at the time of his **or her** retirement for disability shall be restored and
84 the excess of his **or her** accumulated contributions at his **or her** retirement for disability over
85 the total disability pension payments which he **or she** received shall be credited to his **or her**
86 account.

87 9. If a member with fewer than five years credited service ceases to be an employee,
88 except by death, he **or she** shall be paid the amount of his **or her** accumulated contributions in
89 accordance with applicable provisions of the Internal Revenue Code.

90 10. If a member with five years or more credited service ceases to be an employee,
91 except by death or retirement, he **or she** shall be paid on demand the amount of his **or her**
92 accumulated contributions, or he **or she** may leave his **or her** accumulated contributions with
93 the retirement system and be an inactive member and claim a retirement benefit at any time after
94 he **or she** reaches the minimum age for retirement, except that if such a member's accumulated
95 contributions do not exceed the involuntary distribution limits under provisions of the Internal
96 Revenue Code, the member must elect to become an inactive member within thirty days of
97 employment separation to avoid application of the involuntary distribution provisions of the
98 Internal Revenue Code. When an inactive member presents his **or her** valid claim to the board
99 of trustees, he **or she** shall be granted a benefit at such time and for such amount as is available
100 pursuant to subsection 2 or 3 of this section in accordance with the provisions of law in effect
101 at the time his **or her** active membership ceased. The accumulated contributions of an inactive
102 member may be withdrawn at any time upon ninety days' notice or such shorter notice as is
103 approved by the board of trustees. If an inactive member dies before retirement, his **or her**
104 accumulated contributions shall be paid to his **or her** designated beneficiary, if living, otherwise
105 to the estate of the member. A member's accumulated contributions shall not be paid to him **or**
106 **her** so long as he **or she** remains in service as an employee.

107 11. Any member upon retirement shall receive his **or her** pension payable throughout
108 life subject to the provision that if his **or her** death occurs before he **or she** has received total
109 benefits at least as large as his **or her** accumulated contributions at retirement, the difference
110 shall be paid in one sum to his **or her** designated beneficiary, if living, otherwise to the estate
111 of the retired member.

112 12. Prior to the date of retirement pursuant to subsection 2, 3, or 4 of this section, a
113 member may elect to receive the actuarial equivalent of his **or her** pension in a lesser amount,
114 payable throughout life under one of the following options with the provision that:

115 Option 1. Upon his **or her** death, his **or her** pension shall be continued throughout the
116 life of and paid to his **or her** beneficiary, or

117 Option 2. Upon his **or her** death, one-half of his **or her** pension shall be continued
118 throughout the life of and paid to his **or her** beneficiary, or

119 Option 3. Upon his **or her** death, his **or her** pension shall be continued throughout the
120 life of and paid to his **or her** beneficiary, provided that in the event his **or her** designated
121 beneficiary predeceases him **or her**, then his **or her** pension shall be adjusted effective the first
122 day of the month following the month in which his **or her** designated beneficiary died to the
123 amount determined pursuant to subsection 2 or 3 of this section at the time of his **or her**
124 retirement, or

125 Option 4. Upon his **or her** death, one-half of his **or her** pension shall be continued
126 throughout the life of and paid to his **or her** beneficiary, provided that in the event his **or her**
127 designated beneficiary predeceases him **or her**, then his **or her** pension shall be adjusted
128 effective the first day of the month following the month in which his **or her** designated
129 beneficiary died to the amount determined pursuant to subsection 2 or 3 of this section at the
130 time of his **or her** retirement.

131 Option 5. Prior to age sixty-two the member will receive an increased pension, where
132 the total pension prior to age sixty-two is approximately equal to the pension after age sixty-two
133 plus the member's estimated federal Social Security benefit, provided that the reduced pension
134 after age sixty-two is not less than one-half the pension the member could have received had no
135 option been elected. A member may elect a combination of Option 1 and Option 5, or Option 2
136 and Option 5. The survivor benefits payable to a beneficiary, other than the spouse of the retired
137 member, under any of the foregoing options shall in no event exceed fifty percent of the actuarial
138 equivalent of the pension determined pursuant to subsection 2 or 3 of this section at the time of
139 retirement.

140 13. If an option has been elected pursuant to subsection 12 of this section, and both the
141 retired member and beneficiary die before receiving total benefits as large as the member's
142 accumulated contributions at retirement, the difference shall be paid to the designated beneficiary
143 of the person last entitled to benefits, if living, otherwise to the estate of the person last entitled
144 to benefits.

145 14. If an active member dies while an employee and with five or more years of credited
146 service and a dependent of the member is designated as beneficiary to receive his **or her**
147 accumulated contributions, such beneficiary may, in lieu thereof, request that benefits be paid
148 under option 1, subsection 12 of this section, as if the member had attained age sixty, if the
149 member was less than sixty years of age at the time of his **or her** death, and had retired under
150 such option as of the date of death, provided that under the same circumstances a member may
151 provide by written designation that benefits must be paid pursuant to option 1 to such
152 beneficiary. In addition to benefits received under option 1, subsection 12 of this section, a
153 surviving spouse receiving benefits under this subsection shall receive sixty dollars per month
154 for each unmarried dependent child of the deceased member who is under twenty-two years of
155 age and is in the care of the surviving spouse; provided, that if there are more than three such
156 unmarried dependent children one hundred eighty dollars shall be divided equally among them.
157 A "dependent beneficiary" for the purpose of this subsection only shall mean either the surviving
158 spouse or a person who at the time of the death of the member was receiving at least one-half of
159 his **or her** support from the member, and the determination of the board of trustees as to whether
160 a person is a dependent shall be final.

161 15. In lieu of accepting the payment of the accumulated contributions of a member who
162 dies after having at least eighteen months of credited service and while an employee, an eligible
163 beneficiary or, if no surviving eligible beneficiary, the unmarried dependent children of the
164 member under twenty-two years of age may elect to receive the benefits pursuant to subdivision
165 (1), (2), (3), or (4) of this subsection. An "eligible beneficiary" is the surviving spouse,
166 unmarried dependent children under twenty-two years of age or dependent parents of the
167 member, if designated as beneficiary. A "dependent" is one receiving at least one-half of his **or**
168 **her** support from the member at his **or her** death.

169 (1) A surviving spouse who is sixty-two years of age at the death of the member or upon
170 becoming such age thereafter, and who was married to the member at least one year, may receive
171 sixty dollars per month for life. A spouse may receive this benefit after receiving benefits
172 pursuant to subdivision (2) of this subsection;

173 (2) A surviving spouse who has in his or her care an unmarried dependent child of the
174 deceased member under twenty-two years of age may receive sixty dollars per month plus sixty
175 dollars per month for each child under twenty-two years of age but not more than a total of two
176 hundred forty dollars per month;

177 (3) If no benefits are payable pursuant to subdivision (2) of this subsection, unmarried
178 dependent children under the age of twenty-two may receive sixty dollars each per month;
179 provided that if there are more than three such children one hundred eighty dollars per month
180 shall be divided equally among them;

181 (4) A dependent parent upon attaining sixty-two years of age may receive sixty dollars
182 per month as long as not remarried provided no benefits are payable at any time pursuant to
183 subdivision (1), (2), or (3) of this subsection. If there are two dependent parents entitled to
184 benefits, sixty dollars per month shall be divided equally between them;

185 (5) If the benefits pursuant to this subsection are elected and the total amount paid is less
186 than an amount equal to the accumulated contributions of a member at his **or her** death, the
187 difference shall be payable to the beneficiary or the estate of the beneficiary last entitled to
188 benefits.

189 16. If a member receiving a normal pension again becomes an active member, his **or her**
190 pension benefit payments shall cease during such membership and shall be resumed upon
191 subsequent retirement together with such pension benefit as shall accrue by reason of his **or her**
192 latest period of membership. Except as otherwise provided in section 105.269, a retired member
193 may not receive a pension benefit for any month for which he **or she** receives compensation from
194 an employing board, except he **or she** may serve as a part-time or temporary employee for not
195 to exceed sixty days in any calendar year without becoming a member and without having his
196 **or her** pension benefit discontinued. A retired member may also serve as a member of the board

197 of trustees and receive any reimbursement for expenses allowed him **or her** because of such
198 service without becoming an active member and without having his **or her** pension benefit
199 discontinued or reduced.

200 17. Upon approval of the board of trustees, any member may make contributions in
201 addition to those required. Any additional contributions shall be accumulated at interest and paid
202 in addition to the benefits provided hereunder. The board of trustees shall make such rules and
203 regulations as it deems appropriate in connection with additional contributions including
204 limitations on amounts of contributions and methods of payment of benefits.

205 18. Notwithstanding any other provisions of this section, any member retiring on or after
206 age sixty-five who has five or more years of credited service shall be entitled to an annual
207 pension of the lesser of (a) an amount equal to his **or her** number of years of credited service
208 multiplied by one hundred twenty dollars, or (b) one thousand eight hundred dollars. Upon the
209 death of such member, any benefits payable to the beneficiary of such member shall be computed
210 as otherwise provided.

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

2 **[1.] 2. (1) For any member hired before January 1, 2017,** the employing board shall
3 cause to be deducted from the compensation of each member at every payroll period five percent
4 of his **or her** compensation[, and] .

5 **(2) Beginning January 1, 2017, the percentage in subdivision (1) of this subsection**
6 **shall increase one-half of one percent annually until such time as the percentage equals**
7 **nine percent.**

8 **(3) For any member hired for the first time on or after January 1, 2017, the**
9 **employing board shall cause to be deducted from the compensation of each member at**
10 **every payroll period nine percent of such member's compensation.**

11 **(4)** The amounts so deducted shall be transferred to the board of trustees and credited
12 to the individual account of each member from whose compensation the deduction was made.
13 In determining the amount earnable by a member in any payroll period, the board of trustees may
14 consider the rate of earnable compensation payable to such member on the first day of the payroll
15 period as continuing throughout such payroll period; it may omit deduction from compensation
16 for any period less than a full payroll period if the employee was not a member on the first day
17 of the payroll period; and to facilitate the making of the deductions, it may modify the deduction
18 required of any member by such amount as shall not exceed one-tenth of one percent of the
19 compensation upon the basis of which such deduction was made.

20 **[(2)] (5)** The deductions provided for herein are declared to be a part of the salary of the
21 member and the making of such deductions shall constitute payments by the member out of his
22 **or her** salary or earnings and such deductions shall be made notwithstanding that the minimum

23 compensation provided by law for any member shall be reduced thereby. Every member shall
24 be deemed to consent to the deductions made and provided for herein, and shall receipt for his
25 **or her** full salary or compensation, and the making of said deductions and the payment of salary
26 or compensation less said deduction shall be a full and complete discharge and acquittance of
27 all claims and demands whatsoever for services rendered during the period covered by the
28 payment except as to benefits provided by sections 169.410 to 169.540.

29 [(3)] (6) The employing board may elect to pay member contributions required by this
30 section as an employer pick up of employee contributions under Section 414(h)(2) of the Internal
31 Revenue Code of 1986, as amended, and such contributions picked up by the employing board
32 shall be treated as contributions made by members for all purposes of sections 169.410 to
33 169.540.

34 [2] 3. If a retired member receiving a pension pursuant to sections 169.410 to 169.540
35 is restored to active service and again becomes an active member of the retirement system, there
36 shall be credited to his **or her** individual account an amount equal to the excess, if any, of his
37 **or her** accumulated contributions at retirement over the total pension benefits paid to him **or**
38 **her**.

39 [3] 4. Annually, the actuary for the retirement system shall calculate each employer's
40 contribution as an amount equal to a certain percentage of the total compensation of all members
41 employed by that employer. The percentage shall be fixed on the basis of the liabilities of the
42 retirement system as shown by the annual actuarial valuation. The annual actuarial valuation
43 shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted
44 by the board of trustees, provided that the actuarial cost method adopted shall be in accordance
45 with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if
46 any, shall be amortized by level annual payments over a period not to exceed thirty years. **The**
47 **provisions of this subsection shall expire on December 31, 2016. Thereafter subsection 5**
48 **of this section shall apply.**

49 **5. For calendar year 2017, the rate of contribution payable by each employer shall**
50 **equal sixteen percent of the total compensation of all members employed by that employer.**
51 **For calendar year 2018, the rate of contribution payable by each employer shall equal**
52 **fifteen percent of the total compensation of all members employed by that employer. For**
53 **calendar year 2019, the rate of contribution payable by each employer shall equal fourteen**
54 **percent of the total compensation of all members employed by that employer. For calendar**
55 **year 2020, the rate of contribution payable by each employer shall equal thirteen percent**
56 **of the total compensation of all members employed by that employer. For calendar year**
57 **2021, the rate of contribution payable by each employer shall equal twelve percent of the**
58 **total compensation of all members employed by that employer. For calendar year 2022,**

59 **the rate of contribution payable by each employer shall equal eleven percent of the total**
60 **compensation of all members employed by that employer. For calendar year 2023, the rate**
61 **of contribution payable by each employer shall equal ten percent of the total compensation**
62 **of all members employed by that employer. For calendar year 2024 and subsequent**
63 **calendar years, the rate of contribution payable by each employer shall equal nine percent**
64 **of the total compensation of all members employed by that employer.**

65 [4.] 6. The expense and contingency reserve shall be a reserve for investment
66 contingencies and estimated expenses of administration of the retirement system as determined
67 annually by the board of trustees.

68 [5.] 7. Gifts, devises, bequests and legacies may be accepted by the board of trustees to
69 be held and invested as a part of the assets of the retirement system and shall not be separately
70 accounted for except where specific direction for the use of a gift is made by a donor.

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