

SECOND REGULAR SESSION

HOUSE BILL NO. 2816

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE VEIT.

5819H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

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

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

Section A. Section 104.1091, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 104.1091, to read as follows:

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

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

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

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

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

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

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

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

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

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

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

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

49 (2) Member contributions picked up by the employer shall be paid from the same
50 source of funds used for the payment of pay to a member. A deduction shall be made from
51 each member's pay equal to the amount of the member's contributions picked up by the
52 employer. This deduction, however, shall not reduce the member's pay for purposes of
53 computing benefits under the retirement system pursuant to this chapter;

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

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

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

70 (6) A vested former member or a former member who is not vested may request a
71 refund of his or her contributions and interest credited thereon. If such member is married at
72 the time of such request, such request shall not be processed without consent from the spouse.
73 Such member is not eligible to request a refund if such member's retirement benefit is subject
74 to a division of benefit order pursuant to section 104.1051. Such refund shall be paid by the
75 system after ninety days from the date of termination of employment or the request,
76 whichever is later, and shall include all contributions made to any retirement plan
77 administered by the system and interest credited thereon. A vested former member may not
78 request a refund after such member becomes eligible for normal retirement. A vested former
79 member or a former member who is not vested who receives a refund shall forfeit all the
80 member's credited service and future rights to receive benefits from the system and shall not
81 be eligible to receive any long-term disability benefits; provided that any member or vested
82 former member receiving long-term disability benefits shall not be eligible for a refund. If
83 such member subsequently becomes an employee and works continuously for at least one
84 year, the credited service previously forfeited shall be restored if the member returns to the
85 system the amount previously refunded plus interest at a rate established by the board;

86 (7) The beneficiary of any member who made contributions shall receive a refund
87 upon the member's death equal to the amount, if any, of such contributions and interest
88 credited thereon less any retirement benefits received by the member unless an annuity is
89 payable to a survivor or beneficiary as a result of the member's death. In that event, the
90 beneficiary of the survivor or beneficiary who received the annuity shall receive a refund

91 upon the survivor's or beneficiary's death equal to the amount, if any, of the member's
92 contributions less any annuity amounts received by the member and the survivor or
93 beneficiary.

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

101 10. For purposes of members covered by this section, the options under section
102 104.1027 shall be as follows:

103 Option 1.

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

116 Option 2.

117 A retiree's life annuity shall be reduced to a certain percent of the annuity otherwise
118 payable. Such percent shall be eighty-one percent adjusted as follows: if the retiree's age on
119 the annuity starting date is younger than sixty-seven years, an increase of four-tenths of one
120 percent for each year the retiree's age is younger than sixty-seven years; and if the
121 beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of
122 five-tenths of one percent for each year of age difference; and if the retiree's age is younger
123 than the beneficiary's age on the annuity starting date, an increase of five-tenths of one
124 percent for each year of age difference; provided, after all adjustments the option 2 percent
125 cannot exceed eighty-seven and three quarter percent. Upon the retiree's death one hundred
126 percent of the retiree's reduced annuity shall be paid to such beneficiary who was the retiree's
127 spouse on the annuity starting date or as otherwise provided by subsection 5 of this section.

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Option 3.

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

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Option 4.

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

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149 11. The provisions of subsection 6 of section 104.1024 shall not apply to members
covered by this section.

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

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155 (1) A member's normal retirement eligibility shall be based on the attainment of at
156 least age sixty-seven and the completion of at least five years of credited service; or the
157 member's attainment of at least age fifty-five with the sum of the member's age and credited
158 service equaling at least ninety; **or the member's attainment of at least age fifty with the
159 sum of the member's age and credited service equaling at least eighty after the system
160 first attains a funded ratio of at least eighty percent, as defined in section 105.660 and as
161 determined by the system's annual actuarial valuation, with the provision not being
162 incorporated in the annual actuarial valuation of the system until the funded ratio is at
163 least eighty percent and thereafter;** or in the case of a member who is serving as a
164 uniformed member of the highway patrol and subject to the mandatory retirement provisions
of section 104.081, such member's attainment of at least age sixty or the attainment of at least
age fifty-five with five years of credited service;

165 (2) A vested former member's normal retirement eligibility shall be based on the
166 attainment of at least age sixty-seven and the completion of at least five years of credited
167 service;

168 (3) A temporary annuity paid under subsection 4 of section 104.1024 shall be payable
169 if the member has attained at least age fifty-five with the sum of the member's age and
170 credited service equaling at least ninety; or in the case of a member who is serving as a
171 uniformed member of the highway patrol and subject to the mandatory retirement provisions
172 of section 104.081, the temporary annuity shall be payable if the member has attained at least
173 age sixty, or at least age fifty-five with five years of credited service;

174 (4) A member, other than a member who is serving as a uniformed member of the
175 highway patrol and subject to the mandatory retirement provisions of section 104.081, shall
176 be eligible for an early retirement annuity upon the attainment of at least age sixty-two and
177 the completion of at least five years of credited service. A vested former member shall not be
178 eligible for early retirement;

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

181 (6) The survivor annuity payable under section 104.1030 for vested former members
182 covered by this section shall not be payable until the deceased member would have reached
183 his or her normal retirement eligibility under this subsection;

184 (7) The annual cost-of-living adjustment payable under section 104.1045 shall not
185 commence until the second anniversary of a vested former member's annuity starting date for
186 members covered by this subsection;

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

191 (9) The minimum credited service requirements of five years contained in sections
192 104.1018, 104.1030, 104.1036, and 104.1051 shall be five years for members covered by this
193 subsection.

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