

FIRST REGULAR SESSION

HOUSE BILL NO. 362

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE ROEBER.

0271H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 169.324, 169.560, and 169.660, RSMo, and to enact in lieu thereof three new sections relating to school employee retirement systems.

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

Section A. Sections 169.324, 169.560, and 169.660, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 169.324, 169.560, and 169.660, to read as follows:

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

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

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

(3) A retirant who was an active member of the retirement system at any time on or after June 30, 1999, and who either retires before January 1, 2014, or is a member of the retirement

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 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~~ **seven** hundred
47 hours in 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 before adjusting for the effect of the
100 proposed increase. The funded ratio is the ratio of assets to the pension benefit obligation;

101 (b) The actuarially required contribution rate, before adjusting for the effect of the
102 proposed increase, may not exceed the then applicable employer and member contribution rate
103 as determined under 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 retirant.

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 retirant 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.

169.560. 1. Any person retired and currently receiving a retirement allowance pursuant
2 to sections 169.010 to 169.141, other than for disability, may be employed in any capacity for
3 an employer included in the retirement system created by those sections on either a part-time or
4 temporary-substitute basis not to exceed a total of ~~five~~ **seven** hundred ~~fifty~~ hours in any one
5 school year, and through such employment may earn up to fifty percent of the annual
6 compensation payable under the employer's salary schedule for the position or positions filled
7 by the retiree, given such person's level of experience and education, without a discontinuance
8 of the person's retirement allowance. If the employer does not utilize a salary schedule, or if the
9 position in question is not subject to the employer's salary schedule, a retiree employed in
10 accordance with the provisions of this subsection may earn up to fifty percent of the annual
11 compensation paid to the person or persons who last held such position or positions. If the
12 position or positions did not previously exist, the compensation limit shall be determined in
13 accordance with rules duly adopted by the board of trustees of the retirement system; provided
14 that, it shall not exceed fifty percent of the annual compensation payable for the position by the
15 employer that is most comparable to the position filled by the retiree. In any case where a retiree
16 fills more than one position during the school year, the fifty-percent limit on permitted earning
17 shall be based solely on the annual compensation of the highest paid position occupied by the
18 retiree for at least one-fifth of the total hours worked during the year. Such a person shall not
19 contribute to the retirement system or to the public education employee retirement system
20 established by sections 169.600 to 169.715 because of earnings during such period of
21 employment. If such a person is employed in any capacity by such an employer in excess of the
22 limitations set forth in this subsection, the person shall not be eligible to receive the person's
23 retirement allowance for any month during which the person is so employed. In addition, such
24 person shall contribute to the retirement system if the person satisfies the retirement system's

25 membership eligibility requirements. In addition to the conditions set forth above, this
26 subsection shall apply to any person retired and currently receiving a retirement allowance under
27 sections 169.010 to 169.141, other than for disability, who is employed by a third party or is
28 performing work as an independent contractor, if such person is performing work for an
29 employer included in the retirement system as a temporary or long-term substitute teacher or in
30 any other position that would normally require that person to be duly certificated under the laws
31 governing the certification of teachers in Missouri if such person was employed by the district.
32 The retirement system may require the employer, the third-party employer, the independent
33 contractor, and the retiree subject to this subsection to provide documentation showing
34 compliance with this subsection. If such documentation is not provided, the retirement system
35 may deem the retiree to have exceeded the limitations provided in this subsection.

36 2. Notwithstanding any other provision of this section, any person retired and currently
37 receiving a retirement allowance in accordance with sections 169.010 to 169.141, other than for
38 disability, may be employed by an employer included in the retirement system created by those
39 sections in a position that does not normally require a person employed in that position to be duly
40 certificated under the laws governing the certification of teachers in Missouri, and through such
41 employment may earn up to sixty percent of the minimum teacher's salary as set forth in section
42 163.172, without a discontinuance of the person's retirement allowance. Such person shall not
43 contribute to the retirement system or to the public education employee retirement system
44 established by sections 169.600 to 169.715 because of earnings during such period of
45 employment, and such person shall not earn membership service for such employment. The
46 employer's contribution rate shall be paid by the hiring employer into the public education
47 employee retirement system established by sections 169.600 to 169.715. If such a person is
48 employed in any capacity by an employer in excess of the limitations set forth in this subsection,
49 the person shall not be eligible to receive the person's retirement allowance for any month during
50 which the person is so employed. In addition, such person shall become a member of and
51 contribute to any retirement system described in this subsection if the person satisfies the
52 retirement system's membership eligibility requirements.

169.660. 1. On and after the first day of July next following the operative date, any
2 member who is sixty or more years of age and who has at least five years of creditable service,
3 or who has attained age fifty-five and has at least twenty-five years of creditable service, or who
4 has at least thirty years of creditable service regardless of age may retire and receive the full
5 retirement benefits based on the member's creditable service. A member whose creditable
6 service at retirement is less than five years shall not be entitled to a retirement allowance but
7 shall be entitled to receive the member's contributions.

8 2. Any person retired and currently receiving a retirement allowance pursuant to sections
9 169.600 to 169.715, other than for disability, may be employed on either a part-time or
10 temporary-substitute basis by a district included in the retirement system not to exceed a total
11 of ~~five~~ **seven** hundred ~~fifty~~ hours in any one school year, without a discontinuance of the
12 person's retirement allowance. Such a person shall not contribute to the retirement system, or
13 to the public school retirement system established by sections 169.010 to 169.141, because of
14 earnings during such period of employment. If such a person is employed in any capacity by
15 such a district on a regular, full-time basis, or the person's part-time or temporary-substitute
16 service in any capacity exceeds ~~five~~ **seven** hundred ~~fifty~~ hours in any one school year, the
17 person shall not be eligible to receive the person's retirement allowance for any month during
18 which the person is so employed.

19 3. The system shall pay a monthly retirement allowance for the month in which a retired
20 member or beneficiary receiving a retirement allowance dies.

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