

FIRST REGULAR SESSION

HOUSE BILL NO. 891

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE COOKSON.

1824H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.070, 169.073, 169.670, 169.673, 169.676, and 169.715, RSMo, and to enact in lieu thereof six 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Section A. Sections 169.070, 169.073, 169.670, 169.673, 169.676, and 169.715, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 169.070, 169.073, 169.670, 169.673, 169.676, and 169.715, to read as follows:

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

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

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

11

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

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

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

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

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

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

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

29 (8) Between July 1, 2001, and July 1, 2014, two and fifty-five hundredths percent of the
30 member's final average salary for each year of membership service, if the member's creditable
31 service is thirty-one years or more regardless of age.

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

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

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

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

41 3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this
42 section, collectively called "option 1", a member whose creditable service is twenty-five years
43 or more or who has attained the age of fifty-five with five or more years of creditable service may
44 elect in the member's application for retirement to receive the actuarial equivalent of the
45 member's retirement allowance in reduced monthly payments for life during retirement with the
46 provision that:

47 Option 2.

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

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

54 Option 3.

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

61 Option 4.

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

68 Option 5.

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

81 Option 6.

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

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

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

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

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

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

124 spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the
125 beneficiary, in that order of precedence, unless the retired individual designates a different
126 recipient with the board at or after retirement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

207 13. If the board of trustees determines that the cost of living, as measured by ~~[generally~~
208 ~~accepted standards]~~ **the consumer price index**, increases ~~[two]~~ **by any percentage not greater**
209 **than five percent** ~~[or more]~~ in the preceding fiscal year, the board shall increase the retirement
210 allowances which the retired members or beneficiaries are receiving by two percent of the
211 amount being received by the retired member or the beneficiary at the time the annual increase
212 is granted by the board with the provision that the increases provided for in this subsection shall
213 not become effective until the fourth January first following the member's retirement or January
214 1, 1977, whichever later occurs, or in the case of any member retiring on or after July 1, 2000,
215 the increase provided for in this subsection shall not become effective until the third January first
216 following the member's retirement, or in the case of any member retiring on or after July 1, 2001,
217 the increase provided for in this subsection shall not become effective until the second January
218 first following the member's retirement. ~~[Commencing with January 1, 1992,]~~ If the board of
219 trustees determines that the cost of living, **as measured by the consumer price index**, has
220 increased **more than** five percent ~~[or more]~~ in the preceding fiscal year, the board shall increase
221 the retirement allowances by five percent. The total of the increases granted to a retired member
222 or the beneficiary after December 31, 1976, may not exceed eighty percent of the retirement
223 allowance established at retirement or as previously adjusted by other subsections. ~~[If the cost~~
224 ~~of living increases less than five percent, the board of trustees may determine the percentage of~~
225 ~~increase to be made in retirement allowances, but at no time can the increase exceed five percent~~
226 ~~per year.]~~ If the cost of living decreases in a fiscal year, there will be no increase in allowances
227 for retired members on the following January first.

228 14. ~~[The board of trustees may reduce the amounts which have been granted as increases~~
229 ~~to a member pursuant to subsection 13 of this section if the cost of living, as determined by the~~

230 ~~board and as measured by generally accepted standards, is less than the cost of living was at the~~
231 ~~time of the first increase granted to the member; except that, the reductions shall not exceed the~~
232 ~~amount of increases which have been made to the member's allowance after December 31, 1976.~~

233 ~~———15.]~~ Any application for retirement shall include a sworn statement by the member
234 certifying that the spouse of the member at the time the application was completed was aware
235 of the application and the plan of retirement elected in the application.

236 ~~[16.]~~ **15.** Notwithstanding any other provision of law, any person retired prior to
237 September 28, 1983, who is receiving a reduced retirement allowance under option 1 or option
238 2 of subsection 3 of this section, as such option existed prior to September 28, 1983, and whose
239 beneficiary nominated to receive continued retirement allowance payments under the elected
240 option dies or has died, shall upon application to the board of trustees have his or her retirement
241 allowance increased to the amount he or she would have been receiving had the option not been
242 elected, actuarially adjusted to recognize any excessive benefits which would have been paid to
243 him or her up to the time of application.

244 ~~[17.]~~ **16.** Benefits paid pursuant to the provisions of the public school retirement system
245 of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code
246 except as provided pursuant to this subsection. Notwithstanding any other law to the contrary,
247 the board of trustees may establish a benefit plan pursuant to Section 415(m) of Title 26 of the
248 United States Code. Such plan shall be created solely for the purpose described in Section
249 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate
250 regulations necessary to implement the provisions of this subsection and to create and administer
251 such benefit plan.

252 ~~[18.]~~ **17.** Notwithstanding any other provision of law to the contrary, any person retired
253 before, on, or after May 26, 1994, shall be made, constituted, appointed and employed by the
254 board as a special consultant on the matters of education, retirement and aging, and upon request
255 shall give written or oral opinions to the board in response to such requests. As compensation
256 for such duties the person shall receive an amount based on the person's years of service so that
257 the total amount received pursuant to sections 169.010 to 169.141 shall be at least the minimum
258 amounts specified in subdivisions (1) to (4) of this subsection. In determining the minimum
259 amount to be received, the amounts in subdivisions (3) and (4) of this subsection shall be
260 adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's
261 retirement allowance. In determining the minimum amount to be received, beginning September
262 1, 1996, the amounts in subdivisions (1) and (2) of this subsection shall be adjusted in
263 accordance with the actuarial adjustment, if any, that was applied to the person's retirement
264 allowance due to election of an optional form of retirement having a continued monthly payment
265 after the person's death. Notwithstanding any other provision of law to the contrary, no person

266 retired before, on, or after May 26, 1994, and no beneficiary of such a person, shall receive a
267 retirement benefit pursuant to sections 169.010 to 169.141 based on the person's years of service
268 less than the following amounts:

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

273 ~~[19.]~~ **18.** Notwithstanding any other provisions of law to the contrary, any person retired
274 prior to May 26, 1994, and any designated beneficiary of such a retired member who was
275 deceased prior to July 1, 1999, shall be made, constituted, appointed and employed by the board
276 as a special consultant on the matters of education, retirement or aging and upon request shall
277 give written or oral opinions to the board in response to such requests. Beginning September 1,
278 1996, as compensation for such service, the member shall have added, pursuant to this
279 subsection, to the member's monthly annuity as provided by this section a dollar amount equal
280 to the lesser of sixty dollars or the product of two dollars multiplied by the member's number of
281 years of creditable service. Beginning September 1, 1999, the designated beneficiary of the
282 deceased member shall as compensation for such service have added, pursuant to this subsection,
283 to the monthly annuity as provided by this section a dollar amount equal to the lesser of sixty
284 dollars or the product of two dollars multiplied by the member's number of years of creditable
285 service. The total compensation provided by this section including the compensation provided
286 by this subsection shall be used in calculating any future cost-of-living adjustments provided by
287 subsection 13 of this section.

288 ~~[20.]~~ **19.** Any member who has retired prior to July 1, 1998, and the designated
289 beneficiary of a deceased retired member shall be made, constituted, appointed and employed
290 by the board as a special consultant on the matters of education, retirement and aging, and upon
291 request shall give written or oral opinions to the board in response to such requests. As
292 compensation for such duties the person shall receive a payment equivalent to eight and
293 seven-tenths percent of the previous month's benefit, which shall be added to the member's or
294 beneficiary's monthly annuity and which shall not be subject to the provisions of ~~[subsections]~~
295 **subsection** 13 ~~[and 14]~~ of this section for the purposes of the limit on the total amount of
296 increases which may be received.

297 ~~[21.]~~ **20.** Any member who has retired shall be made, constituted, appointed and
298 employed by the board as a special consultant on the matters of education, retirement and aging,
299 and upon request shall give written or oral opinions to the board in response to such request. As
300 compensation for such duties, the beneficiary of the retired member, or, if there is no beneficiary,
301 the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or

302 estate of the retired member, in that order of precedence, shall receive as a part of compensation
303 for these duties a death benefit of five thousand dollars.

304 ~~[22.]~~ **21.** Any member who has retired prior to July 1, 1999, and the designated
305 beneficiary of a retired member who was deceased prior to July 1, 1999, shall be made,
306 constituted, appointed and employed by the board as a special consultant on the matters of
307 education, retirement and aging, and upon request shall give written or oral opinions to the board
308 in response to such requests. As compensation for such duties, the person shall have added,
309 pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount
310 equal to five dollars times the member's number of years of creditable service.

311 ~~[23.]~~ **22.** Any member who has retired prior to July 1, 2000, and the designated
312 beneficiary of a deceased retired member shall be made, constituted, appointed and employed
313 by the board as a special consultant on the matters of education, retirement and aging, and upon
314 request shall give written or oral opinions to the board in response to such requests. As
315 compensation for such duties, the person shall receive a payment equivalent to three and
316 five-tenths percent of the previous month's benefit, which shall be added to the member or
317 beneficiary's monthly annuity and which shall not be subject to the provisions of ~~[subsections]~~
318 **subsection 13** ~~[and 14]~~ of this section for the purposes of the limit on the total amount of
319 increases which may be received.

320 ~~[24.]~~ **23.** Any member who has retired prior to July 1, 2001, and the designated
321 beneficiary of a deceased retired member shall be made, constituted, appointed and employed
322 by the board as a special consultant on the matters of education, retirement and aging, and upon
323 request shall give written or oral opinions to the board in response to such requests. As
324 compensation for such duties, the person shall receive a dollar amount equal to three dollars
325 times the member's number of years of creditable service, which shall be added to the member's
326 or beneficiary's monthly annuity and which shall not be subject to the provisions of ~~[subsections]~~
327 **subsection 13** ~~[and 14]~~ of this section for the purposes of the limit on the total amount of
328 increases which may be received.

169.073. 1. Any member eligible for a retirement allowance pursuant to section 169.070
2 and who has not previously received a retirement allowance, including an allowance under
3 disability retirement under section 169.070, and whose sum of age and creditable service equals
4 eighty-six years or more or whose creditable service is thirty-three years or more or whose age
5 is sixty-three years or more and who has eight years or more of creditable service may elect a
6 distribution under the partial lump sum option plan provided in this section if the member
7 notifies the retirement system on the application for retirement.

8 2. A member entitled to make an election pursuant to this section may elect to receive
9 a lump sum distribution in addition to the member's monthly retirement allowance pursuant to

10 section 169.070, as reduced pursuant to this section. Such member may elect the amount of the
11 member's lump sum distribution from one, but not more than one, of the following options:

12 (1) A lump sum amount equal to twelve times the retirement allowance the member
13 would receive if no election were made pursuant to this section and the member had chosen
14 option 1 pursuant to section 169.070;

15 (2) A lump sum amount equal to twenty-four times the retirement allowance the member
16 would receive if no election were made pursuant to this section and the member had chosen
17 option 1 pursuant to section 169.070; or

18 (3) A lump sum amount equal to thirty-six times the retirement allowance the member
19 would receive if no election were made pursuant to this section and the member had chosen
20 option 1 pursuant to section 169.070.

21 3. When a member makes an election to receive a lump sum distribution pursuant to this
22 section, the retirement allowance that the member would have received in the absence of the
23 election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump
24 sum distribution and the reduced retirement allowance shall be the member's retirement
25 allowance thereafter for all purposes in relation to retirement allowance amounts pursuant to
26 section 169.070. A retirement allowance increased due to the death of a person nominated by the
27 member to receive benefits pursuant to the provisions of option 2, 3, or 4 of subsection 3 of
28 section 169.070 shall be increased pursuant to such provisions to the amount the retired member
29 would be receiving had the retired member elected option 1 as actuarially reduced due to the
30 lump sum distribution made pursuant to this section. Any payment of accumulated contributions
31 pursuant to the provisions of sections 169.010 to 169.141 shall be reduced by the amount of any
32 lump sum distribution made pursuant to this section in addition to any other reductions required
33 by sections 169.010 to 169.141.

34 4. If the member dies before receiving a lump sum distribution pursuant to this section,
35 the lump sum distribution shall be paid in accordance with rules adopted by the board of trustees.

36 5. Benefits paid pursuant to this section, in addition to all other provisions of the public
37 school retirement system of Missouri, shall not exceed the limitations of Section 415 of Title 26
38 of the United States Code except as provided in subsection [17] **16** of section 169.070.

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

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

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

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

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

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

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

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

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

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

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

38 2. If the board of trustees determines that the cost of living, as measured by ~~generally~~
39 ~~accepted standards~~ **the consumer price index**, increases by **any percentage not greater than**
40 **five percent** ~~[or more]~~ in the preceding fiscal year, the board shall increase the retirement
41 allowances which the retired members or beneficiaries are receiving by ~~[five]~~ **two** percent of the
42 amount being received by the retired member or the beneficiary at the time the annual increase

43 is granted by the board; provided that, the increase provided in this subsection shall not become
44 effective until the fourth January first following a member's retirement or January 1, 1982,
45 whichever occurs later, and the total of the increases granted to a retired member or the
46 beneficiary after December 31, 1981, may not exceed eighty percent of the retirement allowance
47 established at retirement or as previously adjusted by other provisions of law. If the cost of
48 living, **as measured by the consumer price index**, increases ~~[less]~~ **more** than five percent **in**
49 **the preceding fiscal year**, the board of trustees ~~[may determine the percentage of increase to be~~
50 ~~made in]~~ **shall increase the** retirement allowances~~[, but at no time can the increase exceed]~~ **by**
51 five percent ~~[per year]~~. If the cost of living decreases in a fiscal year, there will be no increase
52 in allowances for retired members on the following January first.

53 3. ~~[The board of trustees may reduce the amounts which have been granted as increases~~
54 ~~to a member pursuant to subsection 2 of this section if the cost of living, as determined by the~~
55 ~~board and as measured by generally accepted standards, is less than the cost of living was at the~~
56 ~~time of the first increase granted to the member; provided that, the reductions shall not exceed~~
57 ~~the amount of increases which have been made to the member's allowance after December 31,~~
58 ~~1981.]~~

59 ~~4.]~~ (1) In lieu of the retirement allowance provided in subsection 1 of this section, called
60 option 1, a member whose creditable service is twenty-five years or more or who has attained
61 age fifty-five with five or more years of creditable service may elect, in the application for
62 retirement, to receive the actuarial equivalent of the member's retirement allowance in reduced
63 monthly payments for life during retirement with the provision that:

64 Option 2. Upon the member's death, the reduced retirement allowance shall be continued
65 throughout the life of and paid to such person as has an insurable interest in the life of the
66 member as the member shall have nominated in the member's election of the option, and
67 provided further that if the person so nominated dies before the retired member, the retirement
68 allowance will be increased to the amount the retired member would be receiving had the
69 member elected option 1; OR

70 Option 3. Upon the death of the member three-fourths of the reduced retirement
71 allowance shall be continued throughout the life of and paid to such person as has an insurable
72 interest in the life of the member and as the member shall have nominated in an election of the
73 option, and provided further that if the person so nominated dies before the retired member, the
74 retirement allowance will be increased to the amount the retired member would be receiving had
75 the member elected option 1; OR

76 Option 4. Upon the death of the member one-half of the reduced retirement allowance
77 shall be continued throughout the life of, and paid to, such person as has an insurable interest in
78 the life of the member and as the member shall have nominated in an election of the option, and

79 provided further that if the person so nominated dies before the retired member, the retirement
80 allowance shall be increased to the amount the retired member would be receiving had the
81 member elected option 1; OR

82 Option 5. Upon the death of the member prior to the member having received one
83 hundred twenty monthly payments of the member's reduced allowance, the remainder of the one
84 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as
85 the member shall have nominated in the member's election of the option or in a subsequent
86 nomination. If there is no beneficiary so nominated who survives the member for the remainder
87 of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred
88 twenty monthly payments shall be paid to the surviving spouse, surviving children in equal
89 shares, surviving parents in equal shares, or estate of the last person, in that order of precedence,
90 to receive a monthly allowance in a lump sum payment. If the total of the one hundred twenty
91 payments paid to the retired individual and the beneficiary of the retired individual is less than
92 the total of the member's accumulated contributions, the difference shall be paid to the
93 beneficiary in a lump sum; OR

94 Option 6. Upon the death of the member prior to the member having received sixty
95 monthly payments of the member's reduced allowance, the remainder of the sixty monthly
96 payments of the reduced allowance shall be paid to such beneficiary as the member shall have
97 nominated in the member's election of the option or in a subsequent nomination. If there is no
98 beneficiary so nominated who survives the member for the remainder of the sixty monthly
99 payments, the reserve for the remainder of such sixty monthly payments shall be paid to the
100 surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate
101 of the last person, in that order of precedence, to receive a monthly allowance in a lump sum
102 payment. If the total of the sixty payments paid to the retired individual and the beneficiary of
103 the retired individual is less than the total of the member's accumulated contributions, the
104 difference shall be paid to the beneficiary in a lump sum; OR

105 Option 7. A plan of variable monthly benefit payments which provides, in conjunction
106 with the member's retirement benefits under the federal Social Security laws, level or near-level
107 retirement benefit payments to the member for life during retirement, and if authorized, to an
108 appropriate beneficiary designated by the member. Such a plan shall be actuarially equivalent
109 to the retirement allowance under option 1 and shall be available for election only if established
110 by the board of trustees under duly adopted rules.

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

115 (a) If the member or a person retired on disability retirement dies after attaining age
116 fifty-five and acquiring five or more years of creditable service or after acquiring twenty-five or
117 more years of creditable service and before retirement, except retirement with disability benefits,
118 and the person named by the member as the member's beneficiary has an insurable interest in the
119 life of the deceased member, the designated beneficiary may elect to receive either survivorship
120 payments under option 2 or a payment of the member's accumulated contributions. If
121 survivorship benefits under option 2 are elected and the member at the time of death would have
122 been eligible to receive an actuarial equivalent of the member's retirement allowance, the
123 designated beneficiary may further elect to defer the option 2 payments until the date the member
124 would have been eligible to receive the retirement allowance provided in subsection 1 of this
125 section.

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

134 ~~[5-]~~ 4. If the total of the retirement or disability allowances paid to an individual before
135 the person's death is less than the person's accumulated contributions at the time of the person's
136 retirement, the difference shall be paid to the person's beneficiary or, if there is no beneficiary,
137 to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or
138 person's estate, in that order of precedence; provided, however, that if an optional benefit, as
139 provided in option 2, 3 or 4 in subsection ~~[4]~~ 3 of this section, had been elected and the
140 beneficiary dies after receiving the optional benefit, then, if the total retirement allowances paid
141 to the retired individual and the individual's beneficiary are less than the total of the
142 contributions, the difference shall be paid to the surviving spouse, surviving children in equal
143 shares, surviving parents in equal shares, or estate of the beneficiary, in that order of precedence,
144 unless the retired individual designates a different recipient with the board at or after retirement.

145 ~~[6-]~~ 5. If a member dies and his or her financial institution is unable to accept the final
146 payment or payments due to the member, the final payment or payments shall be paid to the
147 beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving
148 children in equal shares, surviving parents in equal shares, or estate of the member, in that order
149 of precedence, unless otherwise stated. If the beneficiary of a deceased member dies and his or
150 her financial institution is unable to accept the final payment or payments, the final payment or

151 payments shall be paid to the surviving spouse, surviving children in equal shares, surviving
152 parents in equal shares, or estate of the member, in that order of precedence, unless otherwise
153 stated.

154 ~~[7-]~~ **6.** If a member dies before receiving a retirement allowance, the member's
155 accumulated contributions at the time of the member's death shall be paid to the member's
156 beneficiary or, if there is no beneficiary, to the surviving spouse, surviving children in equal
157 shares, surviving parents in equal shares, or to the member's estate; provided, however, that no
158 such payment shall be made if the beneficiary elects option 2 in subsection ~~[4]~~ **3** of this section,
159 unless the beneficiary dies before having received benefits pursuant to that subsection equal to
160 the accumulated contributions of the member, in which case the amount of accumulated
161 contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the
162 surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate
163 of the beneficiary, in that order of precedence.

164 ~~[8-]~~ **7.** If a member ceases to be an employee as defined in section 169.600 and certifies
165 to the board of trustees that such cessation is permanent or if the person's membership is
166 otherwise terminated, the person shall be paid the person's accumulated contributions with
167 interest.

168 ~~[9-]~~ **8.** Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary,
169 if a member ceases to be an employee as defined in section 169.600 after acquiring five or more
170 years of creditable service, the member may, at the option of the member, leave the member's
171 contributions with the retirement system and claim a retirement allowance any time after the
172 member reaches the minimum age for voluntary retirement. When the member's claim is
173 presented to the board, the member shall be granted an allowance as provided in sections
174 169.600 to 169.715 on the basis of the member's age and years of service.

175 ~~[10-]~~ **9.** The retirement allowance of a member retired because of disability shall be
176 nine-tenths of the allowance to which the member's creditable service would entitle the member
177 if the member's age were sixty.

178 ~~[11-]~~ **10.** Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary,
179 any member who is a member prior to October 13, 1969, may elect to have the member's
180 retirement allowance computed in accordance with sections 169.600 to 169.715 as they existed
181 prior to October 13, 1969.

182 ~~[12-]~~ **11.** Any application for retirement shall include a sworn statement by the member
183 certifying that the spouse of the member at the time the application was completed was aware
184 of the application and the plan of retirement elected in the application.

185 ~~[13-]~~ **12.** Notwithstanding any other provision of law, any person retired prior to August
186 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection ~~[4]~~

187 3 of this section, as the option existed prior to August 14, 1984, and whose beneficiary
188 nominated to receive continued retirement allowance payments under the elected option dies or
189 has died, shall upon application to the board of trustees have the person's retirement allowance
190 increased to the amount the person would have been receiving had the person not elected the
191 option actuarially adjusted to recognize any excessive benefits which would have been paid to
192 the person up to the time of the application.

193 ~~[14.]~~ 13. Benefits paid pursuant to the provisions of the public education employee
194 retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the
195 United States Code, except as provided under this subsection. Notwithstanding any other law,
196 the board of trustees may establish a benefit plan under Section 415(m) of Title 26 of the United
197 States Code. Such plan shall be credited solely for the purpose described in Section
198 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate
199 regulations necessary to implement the provisions of this subsection and to create and administer
200 such benefit plan.

201 ~~[15.]~~ 14. Any member who has retired prior to July 1, 1999, and the designated
202 beneficiary of a deceased retired member upon request shall be made, constituted, appointed and
203 employed by the board as a special consultant on the matters of education, retirement and aging.
204 As compensation for such duties the person shall receive a payment equivalent to seven and
205 four-tenths percent of the previous month's benefit, which shall be added to the member's or
206 beneficiary's monthly annuity and which shall not be subject to the provisions of ~~[subsections]~~
207 **subsection 2** ~~and 3~~ of this section for the purposes of the limit on the total amount of increases
208 which may be received.

209 ~~[16.]~~ 15. Any member who has retired prior to July 1, 2000, and the designated
210 beneficiary of a deceased retired member upon request shall be made, constituted, appointed and
211 employed by the board as a special consultant on the matters of education, retirement and aging.
212 As compensation for such duties the person shall receive a payment equivalent to three and
213 four-tenths percent of the previous month's benefit, which shall be added to the member's or
214 beneficiary's monthly annuity and which shall not be subject to the provisions of ~~[subsections]~~
215 **subsection 2** ~~and 3~~ of this section for the purposes of the limit on the total amount of increases
216 which may be received.

217 ~~[17.]~~ 16. Any member who has retired prior to July 1, 2001, and the designated
218 beneficiary of a deceased retired member upon request shall be made, constituted, appointed and
219 employed by the board as a special consultant on the matters of education, retirement and aging.
220 As compensation for such duties the person shall receive a payment equivalent to seven and
221 one-tenth percent of the previous month's benefit, which shall be added to the member's or
222 beneficiary's monthly annuity and which shall not be subject to the provisions of ~~[subsections]~~

223 **subsection 2** [~~and 3~~] of this section for the purposes of the limit on the total amount of increases
224 which may be received.

169.673. 1. Any member eligible for a retirement allowance pursuant to section 169.670
2 and who has not previously received a retirement allowance, including an allowance under
3 disability retirement, pursuant to section 169.670, and whose sum of age and creditable service
4 equals eighty-six years or more or whose creditable service is thirty-three years or more or whose
5 age is sixty-three years or more and has eight years or more creditable service may elect a
6 distribution under the partial lump sum option plan provided in this section if the member
7 notifies the retirement system on the application for retirement of the member's effective date
8 of retirement; provided that the partial lump sum option plan may not be elected if the member
9 elects a retirement allowance under option 7 of subdivision (1) of subsection [4] **3** of section
10 169.670.

11 2. A member entitled to make an election pursuant to this section may elect to receive
12 a lump sum distribution in addition to the member's monthly retirement allowance payment
13 pursuant to section 169.670 as reduced pursuant to this section. Such member may elect the
14 amount of the member's lump sum distribution from one, but not more than one, of the following
15 options:

16 (1) A lump sum amount equal to twelve times the retirement allowance, less any
17 temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section
18 169.670, the member would receive if no election were made under this section and the member
19 had chosen option 1 under section 169.670;

20 (2) A lump sum amount equal to twenty-four times the retirement allowance, less any
21 temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section
22 169.670, the member would receive if no election were made pursuant to this section and the
23 member had chosen option 1 under section 169.670; or

24 (3) A lump sum amount equal to thirty-six times the retirement allowance, less any
25 temporary retirement allowance payable pursuant to subdivision (5) of subsection 1 of section
26 169.670, the member would receive if no election were made pursuant to this section and the
27 member had chosen option 1 under section 169.670.

28 3. When a member makes an election to receive a lump sum distribution pursuant to this
29 section, the retirement allowance that the member would have received in the absence of the
30 election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump
31 sum distribution and the reduced retirement allowance shall be the member's retirement
32 allowance thereafter for all purposes in relation to retirement allowance amounts pursuant to
33 section 169.670. If eligible, the member may also receive a temporary benefit, pursuant to
34 subdivision (5) of subsection 1 of section 169.670, for the period of time described therein. A

35 retirement allowance increased due to the death of a person nominated by the member to receive
36 benefits pursuant to the provisions of option 2, 3, or 4 of subsection [4] 3 of section 169.670
37 shall be increased pursuant to such provisions to the amount the retired member would be
38 receiving had the retired member elected option 1 as actuarially reduced due to the lump sum
39 distribution made pursuant to this section. Any payment of accumulated contributions pursuant
40 to the provisions of sections 169.600 to 169.715 shall be reduced by the amount of any lump sum
41 distribution made pursuant to this section in addition to any other reductions required by sections
42 169.600 to 169.715.

43 4. If the member dies before receiving a lump-sum distribution under this section the
44 lump-sum distribution shall be paid in accordance with rules adopted by the board of trustees.

45 5. Benefits paid pursuant to this section in addition to all other provisions of the public
46 education employee retirement system of Missouri shall not exceed the limitations of Section
47 415 of Title 26 of the United States Code except as provided in subsection 13 of section 169.670.

169.676. 1. If a member dies before service retirement and is not survived by a
2 beneficiary under a valid beneficiary designation filed with the retirement system or all
3 designated beneficiaries have disclaimed the right to receive benefits from the retirement system,
4 the following individuals shall be deemed to be the member's designated beneficiaries, in the
5 following order of precedence, for the purpose of making an election and receiving benefits
6 under paragraph (a) or (b) of subdivision (2) of subsection [4] 3 of section 169.670:

- 7 (1) Surviving spouse at the time of the member's death;
- 8 (2) Surviving children, share and share alike;
- 9 (3) Surviving parents, share and share alike;
- 10 (4) Estate.

11 2. The member's most recent valid designation of a beneficiary received by the
12 retirement system prior to the member's death revokes all previous designations in their entirety.
13 The member's marriage, divorce, withdrawal of accumulated contributions, or the birth of the
14 member's child, or the member's adoption of a child, shall result in an automatic revocation of
15 the member's previous designation in its entirety upon the retirement system receiving actual
16 notice of such event before or after the member's death and prior to any payments being made
17 under the provisions of this chapter. This section applies to all beneficiary designations filed
18 with the retirement system before or after August 28, 2005, under which payments have not been
19 made under this chapter. This section shall not apply to the member's designation of a
20 beneficiary to receive a monthly benefit upon the death of the member under subdivision (1) of
21 subsection [4] 3 of section 169.670.

169.715. 1. Any person receiving a retirement allowance under sections 169.600 to
2 169.712, and who elected a reduced retirement allowance under subsection [4] 3 of section

3 169.670 with his **or her** spouse as the nominated beneficiary, may nominate a successor
4 beneficiary under either of the following circumstances:

5 (1) If the nominated beneficiary precedes the retired person in death, the retired person
6 may, upon remarriage, nominate the new spouse under the same option elected in the application
7 for retirement;

8 (2) If the marriage of the retired person and the nominated beneficiary is dissolved, and
9 if the dissolution decree provides for sole retention by the retired person of all rights in the
10 retirement allowance, the retired person may, upon remarriage, nominate the new spouse under
11 the same option elected in the application for retirement.

12 2. Any nomination of a successor beneficiary under subdivision (1) or (2) of subsection
13 1 of this section must be made in accordance with procedures established by the board of
14 trustees, and must be filed within ninety days of May 6, 1993, or within ninety days of the
15 remarriage, whichever later occurs. Upon receipt of a successor nomination filed in accordance
16 with those procedures, the board shall adjust the retirement allowance to reflect actuarial
17 considerations of that nomination as well as previous beneficiary and successor beneficiary
18 nominations.

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