

FIRST REGULAR SESSION

SENATE BILL NO. 441

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HEGEMAN.

Read 1st time February 20, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1961S.011

AN ACT

To repeal sections 169.324 and 169.560, RSMo, and to enact in lieu thereof two 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Section A. Sections 169.324 and 169.560, RSMo, are repealed and two new
2 sections enacted in lieu thereof, to be known as sections 169.324 and 169.560, to
3 read as follows:

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

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

11 (2) A retirant whose number of years of creditable service is greater than
12 thirty-four and one-quarter on August 28, 1993, shall receive an annual service
13 retirement allowance payable pursuant to section 169.320 in equal monthly
14 installments for life equal to the retirant's number of years of creditable service
15 as of August 28, 1993, multiplied by one and three-fourths percent of the person's
16 average final compensation but shall not receive a greater annual service
17 retirement allowance based on additional years of creditable service after August
18 28, 1993;

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

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

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

35 (5) Notwithstanding the provisions of subdivisions (1) to (4) of this
36 subsection, effective January 1, 1996, any retirant who retired on, before or after
37 January 1, 1996, with at least twenty years of creditable service shall receive at
38 least three hundred dollars each month as a retirement allowance, or the
39 actuarial equivalent thereof if the retirant elected any of the options available
40 under section 169.326. Any retirant who retired with at least ten years of
41 creditable service shall receive at least one hundred fifty dollars each month as
42 a retirement allowance, plus fifteen dollars for each additional full year of
43 creditable service greater than ten years but less than twenty years (or the
44 actuarial equivalent thereof if the retirant elected any of the options available
45 under section 169.326). Any beneficiary of a deceased retirant who retired with
46 at least ten years of creditable service and elected one of the options available
47 under section 169.326 shall also be entitled to the actuarial equivalent of the
48 minimum benefit provided by this subsection, determined from the option chosen.

49 2. Except as otherwise provided in sections 169.331[, 169.580] and
50 169.585, payment of a retirant's retirement allowance will be suspended for any
51 month for which such person receives remuneration from the person's employer
52 or from any other employer in the retirement system established by section
53 169.280 for the performance of services except any such person other than a
54 person receiving a disability retirement allowance under section 169.322 may

55 serve as a nonregular substitute, part-time or temporary employee for not more
56 than six hundred hours in any school year without becoming a member and
57 without having the person's retirement allowance discontinued, provided that
58 through such substitute, part-time, or temporary employment, the person may
59 earn no more than fifty percent of the annual salary or wages the person was last
60 paid by the employer before the person retired and commenced receiving a
61 retirement allowance, adjusted for inflation. If a person exceeds such hours limit
62 or such compensation limit, payment of the person's retirement allowance shall
63 be suspended for the month in which such limit was exceeded and each
64 subsequent month in the school year for which the person receives remuneration
65 from any employer in the retirement system. **In addition to the conditions**
66 **set forth above, this subsection shall apply to any person retired and**
67 **currently receiving a retirement allowance under sections 169.270 to**
68 **169.400, other than for disability, who is employed by a third party or**
69 **is performing work as an independent contractor if such person is**
70 **performing work in a district included in the retirement system as a**
71 **temporary or long-term substitute teacher or in any other position that**
72 **would normally require that person to be duly certificated under the**
73 **laws governing the certification of teachers in Missouri if such person**
74 **was employed by the district. The retirement system may require the**
75 **district, the third-party employer, the independent contractor, and the**
76 **retiree subject to this subsection to provide documentation showing**
77 **compliance with this subsection. If such documentation is not**
78 **provided, the retirement system may deem the retiree to have exceeded**
79 **the limitations provided in this subsection.** If a retirant is reemployed by
80 any employer in any capacity, whether pursuant to this section, or section
81 169.331[, 169.580,] or 169.585, or as a regular employee, the amount of such
82 person's retirement allowance attributable to service prior to the person's first
83 retirement date shall not be changed by the reemployment. If the person again
84 becomes an active member and earns additional creditable service, upon the
85 person's second retirement the person's retirement allowance shall be the sum of:
86 (1) The retirement allowance the person was receiving at the time the
87 person's retirement allowance was suspended, pursuant to the payment option
88 elected as of the first retirement date, plus the amount of any increase in such
89 retirement allowance the person would have received pursuant to subsection 3 of
90 this section had payments not been suspended during the person's reemployment;

91 and

92 (2) An additional retirement allowance computed using the benefit
93 formula in effect on the person's second retirement date, the person's creditable
94 service following reemployment, and the person's average final annual
95 compensation as of the second retirement date. The sum calculated pursuant to
96 this subsection shall not exceed the greater of sixty percent of the person's
97 average final compensation as of the second retirement date or the amount
98 determined pursuant to subdivision (1) of this subsection. Compensation earned
99 prior to the person's first retirement date shall be considered in determining the
100 person's average final compensation as of the second retirement date if such
101 compensation would otherwise be included in determining the person's average
102 final compensation.

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

111 (1) After determination by the actuary of the investment return for the
112 preceding year as of December thirty-first (the "valuation year"), the actuary shall
113 recommend to the board of trustees what portion of the investment return is
114 available to provide such benefits increase, if any, and shall recommend the
115 amount of such benefits increase, if any, to be implemented as of the first day of
116 the thirteenth month following the end of the valuation year, and first payable
117 on or about the first day of the fourteenth month following the end of the
118 valuation year. The actuary shall make such recommendations so as not to affect
119 the financial soundness of the retirement system, recognizing the following
120 safeguards:

121 (a) The retirement system's funded ratio as of January first of the year
122 preceding the year of a proposed increase shall be at least one hundred percent
123 after adjusting for the effect of the proposed increase. The funded ratio is the
124 ratio of assets to the pension benefit obligation;

125 (b) The actuarially required contribution rate, after adjusting for the
126 effect of the proposed increase, may not exceed the then applicable employer and

127 member contribution rate as determined under subsection 4 of section 169.350;

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

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

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

135 4. This section does not guarantee an annual increase to any retirant.

136 5. If an inactive member becomes an active member after June 30, 2001,
137 and after a break in service, unless the person earns at least four additional
138 years of creditable service without another break in service, upon retirement the
139 person's retirement allowance shall be calculated separately for each separate
140 period of service ending in a break in service. The retirement allowance shall be
141 the sum of the separate retirement allowances computed for each such period of
142 service using the benefit formula in effect, the person's average final
143 compensation as of the last day of such period of service and the creditable
144 service the person earned during such period of service; provided, however, if the
145 person earns at least four additional years of creditable service without another
146 break in service, all of the person's creditable service prior to and including such
147 service shall be aggregated and, upon retirement, the retirement allowance shall
148 be computed using the benefit formula in effect and the person's average final
149 compensation as of the last day of such period of four or more years and all of the
150 creditable service the person earned prior to and during such period.

151 6. Notwithstanding anything contained in this section to the contrary, the
152 amount of the annual service retirement allowance payable to any retirant
153 pursuant to the provisions of sections 169.270 to 169.400, including any
154 adjustments made pursuant to subsection 3 of this section, shall at all times
155 comply with the provisions and limitations of Section 415 of the Internal Revenue
156 Code of 1986, as amended, and the regulations thereunder, the terms of which are
157 specifically incorporated herein by reference.

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

169.560. Any person retired and currently receiving a retirement allowance pursuant to sections 169.010 to 169.141, other than for disability, may be employed in any capacity in a district included in the retirement system created by those sections on either a part-time or temporary-substitute basis not to exceed a total of five hundred fifty hours in any one school year, and through such employment may earn up to fifty percent of the annual compensation payable under the [employing] district's salary schedule for the position or positions filled by the retiree, given such person's level of experience and education, without a discontinuance of the person's retirement allowance. If the [employing] school district does not utilize a salary schedule, or if the position in question is not subject to the [employing] district's salary schedule, a retiree employed in accordance with the provisions of this section may earn up to fifty percent of the annual compensation paid to the person or persons who last held such position or positions. If the position or positions did not previously exist, the compensation limit shall be determined in accordance with rules duly adopted by the board of trustees of the retirement system; provided that, it shall not exceed fifty percent of the annual compensation payable for the position in the [employing] school district that is most comparable to the position filled by the retiree. In any case where a retiree fills more than one position during the school year, the fifty-percent limit on permitted earning shall be based solely on the annual compensation of the highest paid position occupied by the retiree for at least one-fifth of the total hours worked during the year. Such a person shall not contribute to the retirement system or to the public education employee retirement system established by sections 169.600 to 169.715 because of earnings during such period of employment. If such a person is employed in any capacity by such a district [on a regular, full-time basis,] **in excess of the limitations set forth in this section**, the person shall not be eligible to receive the person's retirement allowance for any month during which the person is so employed [and]. **In addition, such person shall contribute to the retirement system if the person satisfies the retirement system's membership eligibility requirements. In addition to the conditions set forth above, this section shall apply to any person retired and currently receiving a retirement allowance under sections 169.010 to 169.141, other than for disability, who is employed by a third party or is performing work as an independent contractor, if such person is performing work in a district included in the retirement system as a temporary or long-term**

37 substitute teacher or in any other position that would normally require
38 that person to be duly certificated under the laws governing the
39 certification of teachers in Missouri if such person was employed by the
40 district. The retirement system may require the district, the third-
41 party employer, the independent contractor, and the retiree subject to
42 this section to provide documentation showing compliance with this
43 section. If such documentation is not provided, the retirement system
44 may deem the retiree to have exceeded the limitations provided in this
45 section.

Unofficial ✓

Bill

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