

HCS HB 2431 -- PUBLIC EMPLOYEE RETIREMENT SYSTEMS
SPONSOR: Hovis

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for HB 2431.

Currently, the governing bodies of the employers of the system elect three trustees to the Board of the Missouri Local Government Employees' Retirement System (LAGERS). Beginning on January 1, 2025, this bill specifies that the employer trustee with a term ending December 31, 2024, shall thereafter be replaced by a person elected by the retirants of the system.

This bill specifies that not more than one trustee elected by the members shall be public safety personnel.

Currently, the employer trustees shall be elected or appointed officials of the employers and shall not be members of the System and no more than one shall be from any one employer. This bill specifies that for terms beginning on or after January 1, 2025, employer trustees shall be either elected or appointed officials of the governing bodies of the employers or executive level employees certified by the governing bodies of the employers, but no more than one trustee shall be from any one employer, and no more than one trustee shall be a policeman, and no more than one trustee shall be a fireman, and no more than one trustee shall be public safety personnel.

Additionally, this bill repeals the requirements on the annual meetings and elections of delegates. Furthermore, this bill states that the elections of the trustees shall be arranged for and managed and conducted by the board. Finally, this bill specifies that only four trustees shall constitute a quorum of the board, instead of four trustees consisting of at least two member trustees and two employer trustees (Section 70.605, RSMo).

The bill repeals the provision prohibiting membership for any person who will not become vested prior to retirement eligibility.

This statute is superseded by Federal law (Section 70.630).

The bill modifies the currently used Consumer Price Index measure to authorize the board to chose which measure will be used (Section 70.655).

The bill changes the window for transfer of member contributions for non-vested members to the income expense fund from three years to 10 years to make it consistent with current administrative practice (Section 70.690).

The bill allows certain deliberations on investments or other financial records to be conducted in a closed meeting if such decisions would jeopardize the ability to implement a decision or achieve investment objectives (Section 70.745 and 105.688).

The bill repeals a requirement for investment counselor's to be registered as an investment advisor with the United States Securities and Exchange Commission (Section 70.746).

The bill removes a restriction on investments on real-estate investments to be not more than 1/10th of the total investment (Section 70.747).

The bill provides clarification language to allow the pooling of assets only for investment purposes for legacy plans and current LAGERS staff plans (Section 70.748).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that these updates are all aspects of good governance and a common sense approach to help modernize the current process. The board is supportive of these changes and this expansion would allow additional individuals to serve as a trustee.

Testifying in person for the bill were Representative Hovis and the Missouri Local Government Employee Retirement System.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.