

SECOND REGULAR SESSION

# HOUSE BILL NO. 1591

98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE KOENIG.

4494H.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To amend chapter 104, RSMo, by adding thereto one new section relating to state employee retirement systems.

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

Section A. Chapter 104, RSMo, is amended by adding thereto one new section, to be  
2 known as section 104.1094, to read as follows:

**104.1094. 1. Notwithstanding any provision of the year 2000 plan to the contrary,**  
2 **each person who first becomes an employee on or after January 1, 2017, shall be a member**  
3 **of the year 2000 plan subject to the provisions of subsections 1 to 15 of this section. The**  
4 **provisions of section 104.1091 shall not apply to such member. Notwithstanding any**  
5 **provision of the law to the contrary, each person who becomes an employee on or after**  
6 **January 1, 2017, who was previously employed and covered by section 104.1091 but**  
7 **terminated employment shall be a member of the year 2000 plan subject to the provisions**  
8 **of subsections 1 to 15 of this section if the former employee either is not entitled to receive**  
9 **a deferred annuity or has received a refund of the former employee's contributions. The**  
10 **provisions of section 104.1091 shall no longer apply to such member.**

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

12 **(1) The member's attainment of at least age sixty-seven and the completion of at**  
13 **least ten years of credited service; or the member's attainment of at least age fifty-five with**  
14 **the sum of the member's age and credited service equaling at least ninety;**

15 **(2) For members of the general assembly, the member's attainment of at least age**  
16 **sixty-two and the completion of at least three full biennial assemblies; or the member's**

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 attainment of at least age fifty-five with the sum of the member's age and credited service  
18 equaling at least ninety; or

19 (3) For statewide elected officials, the official's attainment of at least age sixty-two  
20 and the completion of at least four years of credited service; or the official's attainment of  
21 at least age fifty-five with the sum of the official's age and credited service equaling at least  
22 ninety.

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

26 4. For purposes of calculating the life annuity provided under subsection 2 of  
27 section 104.1024 for members covered by this section, such life annuity shall be an amount  
28 for life equal to one percent of the final average pay of the member multiplied by the  
29 member's years of credited service.

30 5. For purposes of calculating the normal retirement annuity provided under  
31 subsection 2 of section 104.1084 for members of the general assembly covered by this  
32 section, such normal retirement annuity shall be an amount for life equal to one forty-  
33 eighth of the monthly pay for a senator or representative on the annuity starting date  
34 multiplied by the years of credited service as a member of the general assembly. In no  
35 event shall any such member or eligible beneficiary receive annuity amounts in excess of  
36 fifty percent of pay.

37 6. For purposes of calculating the normal retirement annuity provided under  
38 subsection 5 of section 104.1084 for statewide elected officials covered by this section, such  
39 normal retirement annuity shall be an amount for life equal to one forty-eighth of the  
40 monthly pay in the highest office held by such member on the annuity starting date  
41 multiplied by the years of credited service as a statewide elected official. In no event shall  
42 any such member or eligible beneficiary receive annuity amounts in excess of twenty-five  
43 percent of pay.

44 7. For purposes of calculating the cost of living adjustment (COLA) provided under  
45 section 104.1045 for members covered by this section, such COLA shall not be more than  
46 two percent rather than the five percent limitation otherwise stipulated under 104.1045.

47 8. A temporary annuity paid under subsection 4 of section 104.1024 shall be  
48 payable if the member has attained at least age fifty-five with the sum of the member's age  
49 and credited service equaling at least ninety.

50 9. A member shall be eligible for an early retirement annuity upon the attainment  
51 of at least age sixty-two and the completion of at least ten years of credited service. A  
52 vested former member shall not be eligible for early retirement.

53           **10. The provisions of subsection 6 of section 104.1021, section 104.344 as applied**  
54 **under subsection 7 of section 104.1021, and sections 104.1090 and 105.691 shall not apply**  
55 **to members covered by subsections 1 to 13 of this section.**

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

60           **(1) The state of Missouri employer, under the provisions of 26 U.S.C. Section**  
61 **414(h)(2), shall pick up and pay the contributions that would otherwise be payable by the**  
62 **member under this subsection. The contributions so picked up shall be treated as**  
63 **employer contributions for purposes of determining the member's pay that is includable**  
64 **in the member's gross income for federal income tax purposes;**

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

70           **(3) Member contributions so picked up shall be credited to a separate account**  
71 **within the member's individual account so that the amounts contributed under this**  
72 **subsection may be distinguished from the amounts contributed on an after-tax basis;**

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

77           **(5) Interest shall be credited annually on June thirtieth based on the value in the**  
78 **account as of July first of the immediately preceding year at a rate equal to the investment**  
79 **rate that is published by the United States Department of Treasury, or its successor agency,**  
80 **for fifty-two week treasury bills for the relevant auction that is nearest to the preceding**  
81 **July first or a successor treasury bill investment rate as approved by the board if the fifty-**  
82 **two week treasury bill is no longer issued. Interest credits shall cease upon termination of**  
83 **employment if the member is not a vested former member. Otherwise, interest credits shall**  
84 **cease upon retirement or death;**

85           **(6) A vested former member or a former member who is not vested may request a**  
86 **refund of his or her contributions and interest credited thereon. If such member is**  
87 **married at the time of such request, the request shall not be processed without consent**  
88 **from the spouse. Such member is not eligible to request a refund if such member's**

89 retirement benefit is subject to a division of benefit order under section 104.1051. Such  
90 refund shall be paid by the system after ninety days from the date of termination of  
91 employment or the request, whichever is later, and shall include all contributions made to  
92 any retirement plan administered by the system and interest credited thereon. A vested  
93 former member shall not request a refund after such member becomes eligible for normal  
94 retirement. A former member, vested or not vested, who receives a refund shall forfeit all  
95 the member's credited service and future rights to receive benefits from the system and  
96 shall not be eligible to receive any long-term disability benefits, provided that any member  
97 or vested former member receiving long-term disability benefits shall not be eligible for a  
98 refund. If such member subsequently becomes an employee and works continuously for  
99 at least one year, the credited service previously forfeited shall be restored if the member  
100 returns to the system the amount previously refunded plus interest at a rate established by  
101 the board; and

102 (7) The beneficiary of any member who made contributions shall receive a refund  
103 upon the member's death equal to the amount, if any, of such contributions and interest  
104 credited thereon less any retirement benefits received by the member unless an annuity is  
105 payable to a survivor or beneficiary as a result of the member's death. In that event, the  
106 beneficiary of the survivor or beneficiary who received the annuity shall receive a refund  
107 upon the survivor's or beneficiary's death equal to the amount, if any, of the member's  
108 contributions less any annuity amounts received by the member and the survivor or  
109 beneficiary.

110 12. The employee contribution rate, the benefits provided under the year 2000 plan  
111 to members covered under subsections 1 to 13 of this section, and any other provision of  
112 the year 2000 plan with regard to members covered by this section may be altered,  
113 amended, increased, decreased, or repealed, but only with respect to services rendered by  
114 the member after the effective date of such alteration, amendment, increase, decrease, or  
115 repeal, or, with respect to interest credits, for periods of time after the effective date of such  
116 alteration, amendment, increase, decrease, or repeal.

117 13. For purposes of members covered under subsections 1 to 13 of this section, the  
118 options under section 104.1027 shall be as follows:

119 Option 1. A retiree's life annuity shall be reduced to a certain percentage of the  
120 annuity otherwise payable. Such percent shall be eighty-eight and one-half percent  
121 adjusted as follows:

122 (1) If the retiree's age on the annuity starting date is younger than sixty-seven  
123 years, an increase of three-tenths of one percent for each year the retiree's age is younger  
124 than age sixty-seven years;

125           **(2) If the beneficiary's age is younger than the retiree's age on the annuity starting**  
126 **date, a decrease of three-tenths of one percent for each year of age difference; and**

127           **(3) If the retiree's age is younger than the beneficiary's age on the annuity starting**  
128 **date, an increase of three-tenths of one percent for each year of age difference;**

129

130 **provided, after all adjustments, the option 1 percentage cannot exceed ninety-four and one-**  
131 **quarter percent. Upon the retiree's death, fifty percent of the retiree's reduced annuity**  
132 **shall be paid to such beneficiary who was the retiree's spouse on the annuity starting date**  
133 **or as otherwise provided under subsection 5 of this section.**

134           **Option 2. A retiree's life annuity shall be reduced to a certain percentage of the**  
135 **annuity otherwise payable. Such percentage shall be eighty-one percent adjusted as**  
136 **follows:**

137           **(1) If the retiree's age on the annuity starting date is younger than sixty-seven**  
138 **years, an increase of four-tenths of one percent for each year the retiree's age is younger**  
139 **than sixty-seven years;**

140           **(2) If the beneficiary's age is younger than the retiree's age on the annuity starting**  
141 **date, a decrease of five-tenths of one percent for each year of age difference; and**

142           **(3) If the retiree's age is younger than the beneficiary's age on the annuity starting**  
143 **date, an increase of five-tenths of one percent for each year of age difference;**

144

145 **provided, after all adjustments, the option 2 percentage cannot exceed eighty-seven and**  
146 **three-quarters percent. Upon the retiree's death, one hundred percent of the retiree's**  
147 **reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the**  
148 **annuity starting date or as otherwise provided under subsection 5 of this section.**

149           **Option 3. A retiree's life annuity shall be reduced to ninety-three percent of the**  
150 **annuity otherwise payable. If the retiree dies before having received one hundred twenty**  
151 **monthly payments, the reduced annuity shall be continued for the remainder of the one-**  
152 **hundred-twenty-month period to the retiree's designated beneficiary provided that if there**  
153 **is no beneficiary surviving the retiree, the present value of the remaining annuity payments**  
154 **shall be paid as provided under subsection 3 of section 104.620. If the beneficiary survives**  
155 **the retiree but dies before receiving the remainder of such one hundred twenty monthly**  
156 **payments, the present value of the remaining annuity payments shall be paid as provided**  
157 **under subsection 3 of section 104.620.**

158           **Option 4. A retiree's life annuity shall be reduced to eighty-six percent of the**  
159 **annuity otherwise payable. If the retiree dies before having received one hundred eighty**  
160 **monthly payments, the reduced annuity shall be continued for the remainder of the one-**

161 **hundred-eighty-month period to the retiree's designated beneficiary, provided that if there**  
162 **is no beneficiary surviving the retiree, the present value of the remaining annuity payments**  
163 **shall be paid as provided under subsection 3 of section 104.620. If the beneficiary survives**  
164 **the retiree but dies before receiving the remainder of such one hundred eighty monthly**  
165 **payments, the present value of the remaining annuity payments shall be paid as provided**  
166 **under subsection 3 of section 104.620.**

167 **14. In any plan year that the plan's actuary determines that the funded ratio of the**  
168 **most recent periodic actuarial valuation is at least ninety percent, beginning January first**  
169 **of the following plan year and all plan years thereafter, the credited service requirement**  
170 **for retirement eligibility in subdivision (1) of subsection 2 and subsections 3 and 9 of this**  
171 **section shall decrease from ten years to five years for current members employed on that**  
172 **date or new members employed on or after that date.**

173 **15. The provisions under subsection 6 of section 104.1024 shall not apply to**  
174 **members covered by subsections 1 to 15 of this section. The normal and early retirement**  
175 **eligibility requirements under this section shall apply for purposes of administering section**  
176 **104.1087.**

177 **16. Notwithstanding any provision of law to the contrary and in addition to the**  
178 **benefits provided under the year 2000 plan as modified by this section, members covered**  
179 **under subsections 1 to 15 of this section shall participate in the deferred compensation**  
180 **program established under section 105.927, subject to the additional provisions of this**  
181 **subsection. In addition to any contribution on behalf of such participants under section**  
182 **105.927, the contribution rate for such plan shall be as follows:**

183 **(1) The employer contribution rate shall be equal to three percent of payroll;**

184 **(2) The participant contribution rate shall be equal to one percent of payroll;**

185 **(3) Employers, under the provisions of 26 U.S.C. Section 414(h)(2), shall pick up**  
186 **and pay the contributions that would otherwise be payable by a participant under this**  
187 **subsection. The contributions so picked up shall be treated as employer contributions for**  
188 **purposes of determining the participant's pay that is includable in the participant's gross**  
189 **income for federal income tax purposes;**

190 **(4) Participant contributions picked up by the employer shall be paid from the**  
191 **same source of funds used for the payment of pay to a participant. A deduction shall be**  
192 **made from each participant's pay equal to the amount of the participant's contributions**  
193 **picked up by the employer;**

194 **(5) Participant contributions so picked up shall be credited to a separate account**  
195 **within the participant's individual account; and**

196           **(6) The contributions so picked up, although designated as participant**  
197 **contributions, shall be paid by the employer in lieu of the contributions by the participant.**  
198 **The participant shall not have the option of choosing to receive the contributed amounts**  
199 **directly instead of having them paid by the employer to the deferred compensation**  
200 **program.**  
201           **17. The provisions of this section shall not apply to uniformed members of the**  
202 **highway patrol.**

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