

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 333
99TH GENERAL ASSEMBLY

Reported from the Committee on Health and Pensions, March 2, 2017, with recommendation that the Senate Committee Substitute do pass.

1546S.03C

ADRIANE D. CROUSE, Secretary.

AN ACT

To repeal section 104.1091, RSMo, and to enact in lieu thereof one new section relating to the retirement of state employees.

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

Section A. Section 104.1091, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 104.1091, to read as follows:

104.1091. 1. Notwithstanding any provision of the year 2000 plan to the
2 contrary, each person who first becomes an employee on or after January 1, 2011,
3 shall be a member of the year 2000 plan subject to the provisions of this section.

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

5 (1) The member's attainment of at least age sixty-seven and the
6 completion of at least ten years of credited service; or the member's attainment
7 of at least age fifty-five with the sum of the member's age and credited service
8 equaling at least ninety; or, in the case of a member who is serving as a
9 uniformed member of the highway patrol and subject to the mandatory retirement
10 provisions of section 104.081, such member's attainment of at least age sixty or
11 the attainment of at least age fifty-five with ten years of credited service;

12 (2) For members of the general assembly, the member's attainment of at
13 least age sixty-two and the completion of at least three full biennial assemblies;
14 or the member's attainment of at least age fifty-five with the sum of the member's
15 age and credited service equaling at least ninety;

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

20 3. A vested former member's normal retirement eligibility shall be based

21 on the attainment of at least age sixty-seven and the completion of at least ten
22 years of credited service.

23 4. A temporary annuity paid pursuant to subsection 4 of section 104.1024
24 shall be payable if the member has attained at least age fifty-five with the sum
25 of the member's age and credited service equaling at least ninety; or in the case
26 of a member who is serving as a uniformed member of the highway patrol and
27 subject to the mandatory retirement provisions of section 104.081, the temporary
28 annuity shall be payable if the member has attained at least age sixty, or at least
29 age fifty-five with ten years of credited service.

30 5. A member, other than a member who is serving as a uniformed member
31 of the highway patrol and subject to the mandatory retirement provisions of
32 section 104.081, shall be eligible for an early retirement annuity upon the
33 attainment of at least age sixty-two and the completion of at least ten years of
34 credited service. A vested former member shall not be eligible for early
35 retirement.

36 6. The provisions of subsection 6 of section 104.1021 and section 104.344
37 as applied pursuant to subsection 7 of section 104.1021 and section 104.1090 shall
38 not apply to members covered by this section.

39 7. The minimum credited service requirements of five years contained in
40 sections 104.1018, 104.1030, 104.1036, and 104.1051 shall be ten years for
41 members covered by this section. The normal and early retirement eligibility
42 requirements in this section shall apply for purposes of administering section
43 104.1087.

44 8. A member shall be required to contribute four percent of the member's
45 pay to the retirement system, which shall stand to the member's credit in his or
46 her individual account with the system, together with investment credits thereon,
47 for purposes of funding retirement benefits payable under the year 2000 plan,
48 subject to the following provisions:

49 (1) The state of Missouri employer, pursuant to the provisions of 26 U.S.C.
50 Section 414(h)(2), shall pick up and pay the contributions that would otherwise
51 be payable by the member under this section. The contributions so picked up
52 shall be treated as employer contributions for purposes of determining the
53 member's pay that is includable in the member's gross income for federal income
54 tax purposes;

55 (2) Member contributions picked up by the employer shall be paid from
56 the same source of funds used for the payment of pay to a member. A deduction

57 shall be made from each member's pay equal to the amount of the member's
58 contributions picked up by the employer. This deduction, however, shall not
59 reduce the member's pay for purposes of computing benefits under the retirement
60 system pursuant to this chapter;

61 (3) Member contributions so picked up shall be credited to a separate
62 account within the member's individual account so that the amounts contributed
63 pursuant to this section may be distinguished from the amounts contributed on
64 an after-tax basis;

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

69 (5) Interest shall be credited annually on June thirtieth based on the
70 value in the account as of July first of the immediately preceding year at a rate
71 of four percent. Effective June 30, 2014, and each June thirtieth thereafter, the
72 interest crediting rate shall be equal to the investment rate that is published by
73 the United States Department of Treasury, or its successor agency, for fifty-two
74 week treasury bills for the relevant auction that is nearest to the preceding July
75 first, or a successor treasury bill investment rate as approved by the board if the
76 fifty-two week treasury bill is no longer issued. Interest credits shall cease upon
77 termination of employment if the member is not a vested former
78 member. Otherwise, interest credits shall cease upon retirement or death;

79 (6) A vested former member or a former member who is not vested may
80 request a refund of his or her contributions and interest credited thereon. If such
81 member is married at the time of such request, such request shall not be
82 processed without consent from the spouse. Such member is not eligible to
83 request a refund if such member's retirement benefit is subject to a division of
84 benefit order pursuant to section 104.1051. Such refund shall be paid by the
85 system after ninety days from the date of termination of employment or the
86 request, whichever is later, and shall include all contributions made to any
87 retirement plan administered by the system and interest credited thereon. A
88 vested former member may not request a refund after such member becomes
89 eligible for normal retirement. A vested former member or a former member who
90 is not vested who receives a refund shall forfeit all the member's credited service
91 and future rights to receive benefits from the system and shall not be eligible to
92 receive any long-term disability benefits; provided that any member or vested

93 former member receiving long-term disability benefits shall not be eligible for a
94 refund. If such member subsequently becomes an employee and works
95 continuously for at least one year, the credited service previously forfeited shall
96 be restored if the member returns to the system the amount previously refunded
97 plus interest at a rate established by the board;

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

106 9. The employee contribution rate, the benefits provided under the year
107 2000 plan to members covered under this section, and any other provision of the
108 year 2000 plan with regard to members covered under this section may be
109 altered, amended, increased, decreased, or repealed, but only with respect to
110 services rendered by the member after the effective date of such alteration,
111 amendment, increase, decrease, or repeal, or, with respect to interest credits, for
112 periods of time after the effective date of such alteration, amendment, increase,
113 decrease, or repeal.

114 10. For purposes of members covered by this section, the options under
115 section 104.1027 shall be as follows:

116 Option 1. A retiree's life annuity shall be reduced to a certain percent of
117 the annuity otherwise payable. Such percent shall be eighty-eight and one half
118 percent adjusted as follows: if the retiree's age on the annuity starting date is
119 younger than sixty-seven years, an increase of three-tenths of one percent for
120 each year the retiree's age is younger than age sixty-seven years; and if the
121 beneficiary's age is younger than the retiree's age on the annuity starting date,
122 a decrease of three-tenths of one percent for each year of age difference; and if the
123 retiree's age is younger than the beneficiary's age on the annuity starting date,
124 an increase of three-tenths of one percent for each year of age difference;
125 provided, after all adjustments the option 1 percent cannot exceed ninety-four and
126 one quarter percent. Upon the retiree's death, fifty percent of the retiree's
127 reduced annuity shall be paid to such beneficiary who was the retiree's spouse on
128 the annuity starting date or as otherwise provided by subsection 5 of this section.

129 Option 2. A retiree's life annuity shall be reduced to a certain percent of
130 the annuity otherwise payable. Such percent shall be eighty-one percent adjusted
131 as follows: if the retiree's age on the annuity starting date is younger than
132 sixty-seven years, an increase of four-tenths of one percent for each year the
133 retiree's age is younger than sixty-seven years; and if the beneficiary's age is
134 younger than the retiree's age on the annuity starting date, a decrease of
135 five-tenths of one percent for each year of age difference; and if the retiree's age
136 is younger than the beneficiary's age on the annuity starting date, an increase of
137 five-tenths of one percent for each year of age difference; provided, after all
138 adjustments the option 2 percent cannot exceed eighty-seven and three quarter
139 percent. Upon the retiree's death one hundred percent of the retiree's reduced
140 annuity shall be paid to such beneficiary who was the retiree's spouse on the
141 annuity starting date or as otherwise provided by subsection 5 of this section.

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

152 Option 4. A retiree's life annuity shall be reduced to eighty-six percent of
153 the annuity otherwise payable. If the retiree dies before having received one
154 hundred eighty monthly payments, the reduced annuity shall be continued for the
155 remainder of the one hundred eighty-month period to the retiree's designated
156 beneficiary provided that if there is no beneficiary surviving the retiree, the
157 present value of the remaining annuity payments shall be paid as provided under
158 subsection 3 of section 104.620. If the beneficiary survives the retiree but dies
159 before receiving the remainder of such one hundred eighty monthly payments, the
160 present value of the remaining annuity payments shall be paid as provided under
161 subsection 3 of section 104.620.

162 11. The provisions of subsection 6 of section 104.1024 shall not apply to
163 members covered by this section.

164 **12. Notwithstanding the other provisions of this section or the**

165 year 2000 plan to the contrary, effective January 1, 2018, a member who
166 is not a statewide elected official or a member of the general assembly
167 shall be eligible for retirement under this subsection subject to the
168 following conditions:

169 (1) A member's normal retirement eligibility shall be based on
170 the attainment of at least age sixty-seven and the completion of at least
171 five years of credited service; or the member's attainment of at least
172 age fifty-five with the sum of the member's age and credited service
173 equaling at least ninety; or, in the case of a member who is serving as
174 a uniformed member of the highway patrol and subject to the
175 mandatory retirement provisions of section 104.081, such member's
176 attainment of at least age sixty or the attainment of at least age
177 fifty-five with five years of credited service;

178 (2) A vested former member's normal retirement eligibility shall
179 be based on the attainment of at least age sixty-seven and the
180 completion of at least five years of credited service;

181 (3) A temporary annuity paid under subsection 4 of section
182 104.1024 shall be payable if the member has attained at least age
183 fifty-five with the sum of the member's age and credited service
184 equaling at least ninety; or, in the case of a member who is serving as
185 a uniformed member of the highway patrol and subject to the
186 mandatory retirement provisions of section 104.081, the temporary
187 annuity shall be payable if the member has attained at least age sixty,
188 or at least age fifty-five with five years of credited service;

189 (4) A member, other than a member who is serving as a
190 uniformed member of the highway patrol and subject to the mandatory
191 retirement provisions of section 104.081, shall be eligible for an early
192 retirement annuity upon the attainment of at least age sixty-two and
193 the completion of at least five years of credited service. A vested
194 former member shall not be eligible for early retirement;

195 (5) The normal and early retirement eligibility requirements in
196 this subsection shall apply for purposes of administering section
197 104.1087;

198 (6) The survivor annuity payable under section 104.1030 for
199 vested former members covered by this section shall not be payable
200 until the deceased member would have reached his or her normal
201 retirement eligibility under this subsection;

202 **(7) The annual cost-of-living adjustment payable under section**
203 **104.1045 shall not commence until the second anniversary of a vested**
204 **former member's annuity starting date for members covered by this**
205 **subsection; and**

206 **(8) The unused sick leave credit granted under subsection 2 of**
207 **section 104.1021 shall not apply to members covered by this subsection**
208 **unless the member terminates employment after reaching normal**
209 **retirement eligibility or becoming eligible for an early retirement**
210 **annuity under this subsection.**

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Bill

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