

SENATE BILL NO. 877

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR BECK.

3048S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 169.070, RSMo, and to enact in lieu thereof one new section relating to public school retirement systems.

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

Section A. Section 169.070, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 169.070,
3 to read as follows:

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

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

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

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

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

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

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

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

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

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

43 (8) **Two and fifty-three-hundredths percent of the**
44 **member's final average salary for each year of membership**
45 **service, if the member's creditable service is thirty-one**
46 **years or more but less than thirty-two years regardless of**
47 **age;**

48 (9) Two and [fifty-five hundredths] **fifty-six-**
49 **hundredths** percent of the member's final average salary for

50 each year of membership service, if the member's creditable
51 service is thirty-two years or more **but less than thirty-**
52 **three years** regardless of age;

53 (10) **Two and six-tenths percent of the member's final**
54 **average salary for each year of membership service, if the**
55 **member's creditable service is thirty-three years or more**
56 **regardless of age.**

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

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

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

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

72 3. (1) In lieu of the retirement allowance provided
73 either in subsection 1 or 2 of this section, collectively
74 called "option 1", a member whose creditable service is
75 twenty-five years or more or who has attained the age of
76 fifty-five with five or more years of creditable service may
77 elect in the member's application for retirement to receive
78 the actuarial equivalent of the member's retirement
79 allowance in reduced monthly payments for life during
80 retirement with the provision that:

81 Option 2.

114 reduced allowance, the remainder of the one hundred twenty
115 monthly payments of the reduced allowance shall be paid to
116 such beneficiary as the member shall have nominated in the
117 member's election of the option or in a subsequent
118 nomination. If there is no beneficiary so nominated who
119 survives the member for the remainder of the one hundred
120 twenty monthly payments, the total of the remainder of such
121 one hundred twenty monthly payments shall be paid to the
122 surviving spouse, surviving children in equal shares,
123 surviving parents in equal shares, or estate of the last
124 person, in that order of precedence, to receive a monthly
125 allowance in a lump sum payment. If the total of the one
126 hundred twenty payments paid to the retired individual and
127 the beneficiary of the retired individual is less than the
128 total of the member's accumulated contributions, the
129 difference shall be paid to the beneficiary in a lump sum; or
130 Option 6.

131 Upon the death of the member prior to the member having
132 received sixty monthly payments of the member's reduced
133 allowance, the remainder of the sixty monthly payments of
134 the reduced allowance shall be paid to such beneficiary as
135 the member shall have nominated in the member's election of
136 the option or in a subsequent nomination. If there is no
137 beneficiary so nominated who survives the member for the
138 remainder of the sixty monthly payments, the total of the
139 remainder of such sixty monthly payments shall be paid to
140 the surviving spouse, surviving children in equal shares,
141 surviving parents in equal shares, or estate of the last
142 person, in that order of precedence, to receive a monthly
143 allowance in a lump sum payment. If the total of the sixty
144 payments paid to the retired individual and the beneficiary
145 of the retired individual is less than the total of the

146 member's accumulated contributions, the difference shall be
147 paid to the beneficiary in a lump sum.

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

155 (a) If the member or a person retired on disability
156 retirement dies after acquiring twenty-five or more years of
157 creditable service or after attaining the age of fifty-five
158 years and acquiring five or more years of creditable service
159 and before retirement, except retirement with disability
160 benefits, and the person named by the member as the member's
161 beneficiary has an insurable interest in the life of the
162 deceased member, the designated beneficiary may elect to
163 receive either survivorship benefits under option 2 or a
164 payment of the accumulated contributions of the member. If
165 survivorship benefits under option 2 are elected and the
166 member at the time of death would have been eligible to
167 receive an actuarial equivalent of the member's retirement
168 allowance, the designated beneficiary may further elect to
169 defer the option 2 payments until the date the member would
170 have been eligible to receive the retirement allowance
171 provided in subsection 1 or 2 of this section;

172 (b) If the member or a person retired on disability
173 retirement dies before attaining age fifty-five but after
174 acquiring five but fewer than twenty-five years of
175 creditable service, and the person named as the member's
176 beneficiary has an insurable interest in the life of the
177 deceased member, the designated beneficiary may elect to

178 receive either a payment of the member's accumulated
179 contributions, or survivorship benefits under option 2 to
180 begin on the date the member would first have been eligible
181 to receive an actuarial equivalent of the member's
182 retirement allowance, or to begin on the date the member
183 would first have been eligible to receive the retirement
184 allowance provided in subsection 1 or 2 of this section.

185 4. If the total of the retirement or disability
186 allowance paid to an individual before the death of the
187 individual is less than the accumulated contributions at the
188 time of retirement, the difference shall be paid to the
189 beneficiary of the individual, or to the surviving spouse,
190 surviving children in equal shares, surviving parents in
191 equal shares, or estate of the individual in that order of
192 precedence. If an optional benefit as provided in option 2,
193 3 or 4 in subsection 3 of this section had been elected, and
194 the beneficiary dies after receiving the optional benefit,
195 and if the total retirement allowance paid to the retired
196 individual and the beneficiary of the retired individual is
197 less than the total of the contributions, the difference
198 shall be paid to the surviving spouse, surviving children in
199 equal shares, surviving parents in equal shares, or estate
200 of the beneficiary, in that order of precedence, unless the
201 retired individual designates a different recipient with the
202 board at or after retirement.

203 5. If a member dies and his or her financial
204 institution is unable to accept the final payment or
205 payments due to the member, the final payment or payments
206 shall be paid to the beneficiary of the member or, if there
207 is no beneficiary, to the surviving spouse, surviving
208 children in equal shares, surviving parents in equal shares,
209 or estate of the member, in that order of precedence, unless

210 otherwise stated. If the beneficiary of a deceased member
211 dies and his or her financial institution is unable to
212 accept the final payment or payments, the final payment or
213 payments shall be paid to the surviving spouse, surviving
214 children in equal shares, surviving parents in equal shares,
215 or estate of the member, in that order of precedence, unless
216 otherwise stated.

217 6. If a member dies before receiving a retirement
218 allowance, the member's accumulated contributions at the
219 time of the death of the member shall be paid to the
220 beneficiary of the member or, if there is no beneficiary, to
221 the surviving spouse, surviving children in equal shares,
222 surviving parents in equal shares, or to the estate of the
223 member, in that order of precedence; except that, no such
224 payment shall be made if the beneficiary elects option 2 in
225 subsection 3 of this section, unless the beneficiary dies
226 before having received benefits pursuant to that subsection
227 equal to the accumulated contributions of the member, in
228 which case the amount of accumulated contributions in excess
229 of the total benefits paid pursuant to that subsection shall
230 be paid to the surviving spouse, surviving children in equal
231 shares, surviving parents in equal shares, or estate of the
232 beneficiary, in that order of precedence.

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

238 8. Notwithstanding any provisions of sections 169.010
239 to 169.141 to the contrary, if a member ceases to be a
240 public school employee after acquiring five or more years of
241 membership service in Missouri, the member may at the option

242 of the member leave the member's contributions with the
243 retirement system and claim a retirement allowance any time
244 after reaching the minimum age for voluntary retirement.
245 When the member's claim is presented to the board, the
246 member shall be granted an allowance as provided in sections
247 169.010 to 169.141 on the basis of the member's age, years
248 of service, and the provisions of the law in effect at the
249 time the member requests the member's retirement to become
250 effective.

251 9. The retirement allowance of a member retired
252 because of disability shall be nine-tenths of the allowance
253 to which the member's creditable service would entitle the
254 member if the member's age were sixty, or fifty percent of
255 one-twelfth of the annual salary rate used in determining
256 the member's contributions during the last school year for
257 which the member received a year of creditable service
258 immediately prior to the member's disability, whichever is
259 greater, except that no such allowance shall exceed the
260 retirement allowance to which the member would have been
261 entitled upon retirement at age sixty if the member had
262 continued to teach from the date of disability until age
263 sixty at the same salary rate.

264 10. Notwithstanding any provisions of sections 169.010
265 to 169.141 to the contrary, from October 13, 1961, the
266 contribution rate pursuant to sections 169.010 to 169.141
267 shall be multiplied by the factor of two-thirds for any
268 member of the system for whom federal Old Age and Survivors
269 Insurance tax is paid from state or local tax funds on
270 account of the member's employment entitling the person to
271 membership in the system. The monetary benefits for a
272 member who elected not to exercise an option to pay into the
273 system a retroactive contribution of four percent on that

274 part of the member's annual salary rate which was in excess
275 of four thousand eight hundred dollars but not in excess of
276 eight thousand four hundred dollars for each year of
277 employment in a position covered by this system between July
278 1, 1957, and July 1, 1961, as provided in subsection 10 of
279 this section as it appears in RSMo, 1969, shall be the sum
280 of:

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

284 (2) For years of membership service after July 1,
285 1946, in which the full contribution rate was paid, full
286 benefits under the formula in effect at the time of the
287 member's retirement;

288 (3) For years of membership service after July 1,
289 1957, and prior to July 1, 1961, the benefits provided in
290 this section as it appears in RSMo, 1959; except that if the
291 member has at least thirty years of creditable service at
292 retirement the member shall receive the benefit payable
293 pursuant to that section as though the member's age were
294 sixty-five at retirement;

295 (4) For years of membership service after July 1,
296 1961, in which the two-thirds contribution rate was paid,
297 two-thirds of the benefits under the formula in effect at
298 the time of the member's retirement.

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

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

307 (2) For years of membership service after July 1,
308 1946, in which the full contribution rate was paid, full
309 benefits under the formula in effect at the time of the
310 member's retirement;

311 (3) For years of membership service after July 1,
312 1957, in which the two-thirds contribution rate was paid,
313 two-thirds of the benefits under the formula in effect at
314 the time of the member's retirement.

315 12. Any retired member of the system who was retired
316 prior to September 1, 1972, or beneficiary receiving
317 payments under option 1 or option 2 of subsection 3 of this
318 section, as such option existed prior to September 1, 1972,
319 will be eligible to receive an increase in the retirement
320 allowance of the member of two percent for each year, or
321 major fraction of more than one-half of a year, which the
322 retired member has been retired prior to July 1, 1975. This
323 increased amount shall be payable commencing with January,
324 1976, and shall thereafter be referred to as the member's
325 retirement allowance. The increase provided for in this
326 subsection shall not affect the retired member's eligibility
327 for compensation provided for in section 169.580 or 169.585,
328 nor shall the amount being paid pursuant to these sections
329 be reduced because of any increases provided for in this
330 section.

331 13. If the board of trustees determines that the cost
332 of living, as measured by generally accepted standards,
333 increases two percent or more in the preceding fiscal year,
334 the board shall increase the retirement allowances which the
335 retired members or beneficiaries are receiving by two

336 percent of the amount being received by the retired member
337 or the beneficiary at the time the annual increase is
338 granted by the board with the provision that the increases
339 provided for in this subsection shall not become effective
340 until the fourth January first following the member's
341 retirement or January 1, 1977, whichever later occurs, or in
342 the case of any member retiring on or after July 1, 2000,
343 the increase provided for in this subsection shall not
344 become effective until the third January first following the
345 member's retirement, or in the case of any member retiring
346 on or after July 1, 2001, the increase provided for in this
347 subsection shall not become effective until the second
348 January first following the member's retirement. Commencing
349 with January 1, 1992, if the board of trustees determines
350 that the cost of living has increased five percent or more
351 in the preceding fiscal year, the board shall increase the
352 retirement allowances by five percent. The total of the
353 increases granted to a retired member or the beneficiary
354 after December 31, 1976, may not exceed eighty percent of
355 the retirement allowance established at retirement or as
356 previously adjusted by other subsections. If the cost of
357 living increases less than five percent, the board of
358 trustees may determine the percentage of increase to be made
359 in retirement allowances, but at no time can the increase
360 exceed five percent per year. If the cost of living
361 decreases in a fiscal year, there will be no increase in
362 allowances for retired members on the following January
363 first.

364 14. The board of trustees may reduce the amounts which
365 have been granted as increases to a member pursuant to
366 subsection 13 of this section if the cost of living, as
367 determined by the board and as measured by generally

368 accepted standards, is less than the cost of living was at
369 the time of the first increase granted to the member; except
370 that, the reductions shall not exceed the amount of
371 increases which have been made to the member's allowance
372 after December 31, 1976.

373 15. Any application for retirement shall include a
374 sworn statement by the member certifying that the spouse of
375 the member at the time the application was completed was
376 aware of the application and the plan of retirement elected
377 in the application.

378 16. Notwithstanding any other provision of law, any
379 person retired prior to September 28, 1983, who is receiving
380 a reduced retirement allowance under option 1 or option 2 of
381 subsection 3 of this section, as such option existed prior
382 to September 28, 1983, and whose beneficiary nominated to
383 receive continued retirement allowance payments under the
384 elected option dies or has died, shall upon application to
385 the board of trustees have his or her retirement allowance
386 increased to the amount he or she would have been receiving
387 had the option not been elected, actuarially adjusted to
388 recognize any excessive benefits which would have been paid
389 to him or her up to the time of application.

390 17. Benefits paid pursuant to the provisions of the
391 public school retirement system of Missouri shall not exceed
392 the limitations of Section 415 of Title 26 of the United
393 States Code except as provided pursuant to this subsection.
394 Notwithstanding any other law to the contrary, the board of
395 trustees may establish a benefit plan pursuant to Section
396 415(m) of Title 26 of the United States Code. Such plan
397 shall be created solely for the purpose described in Section
398 415(m) (3) (A) of Title 26 of the United States Code. The
399 board of trustees may promulgate regulations necessary to

400 implement the provisions of this subsection and to create
401 and administer such benefit plan.

402 18. Notwithstanding any other provision of law to the
403 contrary, any person retired before, on, or after May 26,
404 1994, shall be made, constituted, appointed and employed by
405 the board as a special consultant on the matters of
406 education, retirement and aging, and upon request shall give
407 written or oral opinions to the board in response to such
408 requests. As compensation for such duties the person shall
409 receive an amount based on the person's years of service so
410 that the total amount received pursuant to sections 169.010
411 to 169.141 shall be at least the minimum amounts specified
412 in subdivisions (1) to (4) of this subsection. In
413 determining the minimum amount to be received, the amounts
414 in subdivisions (3) and (4) of this subsection shall be
415 adjusted in accordance with the actuarial adjustment, if
416 any, that was applied to the person's retirement allowance.
417 In determining the minimum amount to be received, beginning
418 September 1, 1996, the amounts in subdivisions (1) and (2)
419 of this subsection shall be adjusted in accordance with the
420 actuarial adjustment, if any, that was applied to the
421 person's retirement allowance due to election of an optional
422 form of retirement having a continued monthly payment after
423 the person's death. Notwithstanding any other provision of
424 law to the contrary, no person retired before, on, or after
425 May 26, 1994, and no beneficiary of such a person, shall
426 receive a retirement benefit pursuant to sections 169.010 to
427 169.141 based on the person's years of service less than the
428 following amounts:

429 (1) Thirty or more years of service, one thousand two
430 hundred dollars;

431 (2) At least twenty-five years but less than thirty
432 years, one thousand dollars;

433 (3) At least twenty years but less than twenty-five
434 years, eight hundred dollars;

435 (4) At least fifteen years but less than twenty years,
436 six hundred dollars.

437 19. Notwithstanding any other provisions of law to the
438 contrary, any person retired prior to May 26, 1994, and any
439 designated beneficiary of such a retired member who was
440 deceased prior to July 1, 1999, shall be made, constituted,
441 appointed and employed by the board as a special consultant
442 on the matters of education, retirement or aging and upon
443 request shall give written or oral opinions to the board in
444 response to such requests. Beginning September 1, 1996, as
445 compensation for such service, the member shall have added,
446 pursuant to this subsection, to the member's monthly annuity
447 as provided by this section a dollar amount equal to the
448 lesser of sixty dollars or the product of two dollars
449 multiplied by the member's number of years of creditable
450 service. Beginning September 1, 1999, the designated
451 beneficiary of the deceased member shall as compensation for
452 such service have added, pursuant to this subsection, to the
453 monthly annuity as provided by this section a dollar amount
454 equal to the lesser of sixty dollars or the product of two
455 dollars multiplied by the member's number of years of
456 creditable service. The total compensation provided by this
457 section including the compensation provided by this
458 subsection shall be used in calculating any future cost-of-
459 living adjustments provided by subsection 13 of this section.

460 20. Any member who has retired prior to July 1, 1998,
461 and the designated beneficiary of a deceased retired member
462 shall be made, constituted, appointed and employed by the

463 board as a special consultant on the matters of education,
464 retirement and aging, and upon request shall give written or
465 oral opinions to the board in response to such requests. As
466 compensation for such duties the person shall receive a
467 payment equivalent to eight and seven-tenths percent of the
468 previous month's benefit, which shall be added to the
469 member's or beneficiary's monthly annuity and which shall
470 not be subject to the provisions of subsections 13 and 14 of
471 this section for the purposes of the limit on the total
472 amount of increases which may be received.

473 21. Any member who has retired shall be made,
474 constituted, appointed and employed by the board as a
475 special consultant on the matters of education, retirement
476 and aging, and upon request shall give written or oral
477 opinions to the board in response to such request. As
478 compensation for such duties, the beneficiary of the retired
479 member, or, if there is no beneficiary, the surviving
480 spouse, surviving children in equal shares, surviving
481 parents in equal shares, or estate of the retired member, in
482 that order of precedence, shall receive as a part of
483 compensation for these duties a death benefit of five
484 thousand dollars.

485 22. Any member who has retired prior to July 1, 1999,
486 and the designated beneficiary of a retired member who was
487 deceased prior to July 1, 1999, shall be made, constituted,
488 appointed and employed by the board as a special consultant
489 on the matters of education, retirement and aging, and upon
490 request shall give written or oral opinions to the board in
491 response to such requests. As compensation for such duties,
492 the person shall have added, pursuant to this subsection, to
493 the monthly annuity as provided by this section a dollar

494 amount equal to five dollars times the member's number of
495 years of creditable service.

496 23. Any member who has retired prior to July 1, 2000,
497 and the designated beneficiary of a deceased retired member
498 shall be made, constituted, appointed and employed by the
499 board as a special consultant on the matters of education,
500 retirement and aging, and upon request shall give written or
501 oral opinions to the board in response to such requests. As
502 compensation for such duties, the person shall receive a
503 payment equivalent to three and five-tenths percent of the
504 previous month's benefit, which shall be added to the member
505 or beneficiary's monthly annuity and which shall not be
506 subject to the provisions of subsections 13 and 14 of this
507 section for the purposes of the limit on the total amount of
508 increases which may be received.

509 24. Any member who has retired prior to July 1, 2001,
510 and the designated beneficiary of a deceased retired member
511 shall be made, constituted, appointed and employed by the
512 board as a special consultant on the matters of education,
513 retirement and aging, and upon request shall give written or
514 oral opinions to the board in response to such requests. As
515 compensation for such duties, the person shall receive a
516 dollar amount equal to three dollars times the member's
517 number of years of creditable service, which shall be added
518 to the member's or beneficiary's monthly annuity and which
519 shall not be subject to the provisions of subsections 13 and
520 14 of this section for the purposes of the limit on the
521 total amount of increases which may be received.

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