

SECOND REGULAR SESSION

# HOUSE BILL NO. 2207

## 91ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FRASER.

Read 1<sup>st</sup> time March 14, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

4462L.02I

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### AN ACT

To repeal section 169.324, RSMo, and to enact in lieu thereof one new section relating to substitute teachers' retention of retirement benefits.

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

Section A. Section 169.324, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 169.324, to read as follows:

169.324. 1. The annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life shall be the retirant's number of years of creditable service multiplied by one and three-fourths percent of the person's average final compensation, subject to a maximum of sixty percent of the person's average final compensation. For any member who retires as an active member on or after June 30, 1999, the annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life shall be the retirant's number of years of creditable service multiplied by two percent of the person's average final compensation, subject to a maximum of sixty percent of the person's average final compensation. Any member whose number of years of creditable service is greater than thirty-four and one-quarter on August 28, 1993, shall receive an annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number of years of creditable service as of August 28, 1993, multiplied by one and three-fourths percent of the person's average final compensation but shall not receive a greater annual service retirement allowance based on additional years of creditable service after August 28, 1993. Provided, however, that, effective January 1, 1996, any retiree who retired on, before or after January 1, 1996, with at least twenty years of creditable service shall receive at least three

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

17 hundred dollars each month as a retirement allowance, or the actuarial equivalent thereof if the  
18 retiree elected any of the options available under section 169.326. Provided, further, any retiree  
19 who retired with at least ten years of creditable service shall receive at least one hundred fifty  
20 dollars each month as a retirement allowance, plus fifteen dollars for each additional full year  
21 of creditable service greater than ten years but less than twenty years (or the actuarial equivalent  
22 thereof if the retiree elected any of the options available under section 169.326). Any beneficiary  
23 of a deceased retiree who retired with at least ten years of creditable service and elected one of  
24 the options available under section 169.326 shall also be entitled to the actuarial equivalent of  
25 the minimum benefit provided by this subsection, determined from the option chosen.

26       2. Except as otherwise provided in sections 169.580 and 169.585, payment of a retirant's  
27 retirement allowance will be suspended for any month for which such person receives  
28 remuneration from the person's employer or from any other employer in the retirement system  
29 established by section 169.280 for the performance of services except such person may serve as  
30 a nonregular substitute, part-time or temporary employee for not more than [six] **eight** hundred  
31 hours in any school year without becoming a member and without having the person's retirement  
32 allowance discontinued. If a retirant is reemployed by any employer in any capacity, whether  
33 pursuant to this section, section 169.580 or section 169.585 or as a regular employee, the amount  
34 of such person's retirement allowance attributable to service prior to the person's first retirement  
35 date shall not be changed by the reemployment. If the person again becomes an active member  
36 and earns additional creditable service, upon the person's second retirement the person's  
37 retirement allowance shall be the sum of:

38       (1) The retirement allowance the person was receiving at the time the person's retirement  
39 allowance was suspended, pursuant to the payment option elected as of the first retirement date,  
40 plus the amount of any increase in such retirement allowance the person would have received  
41 pursuant to subsection 3 of this section had payments not been suspended during the person's  
42 reemployment; and

43       (2) An additional retirement allowance computed using the benefit formula in effect on  
44 the person's second retirement date, the person's creditable service following reemployment, and  
45 the person's average annual compensation as of the second retirement date.

46  
47 The sum calculated pursuant to this subsection shall not exceed the greater of sixty percent of  
48 the person's average final compensation as of the second retirement date or the amount  
49 determined pursuant to subdivision (1) of this subsection. Compensation earned prior to the  
50 person's first retirement date shall be considered in determining the person's average final  
51 compensation as of the second retirement date if such compensation would otherwise be included  
52 in determining the person's average final compensation.

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

59           (1) After determination by the actuary of the investment return for the preceding year as  
60 of December thirty-first (the "valuation year"), the actuary shall recommend to the board of  
61 trustees what portion of the investment return is available to provide such benefits increase, if  
62 any, and shall recommend the amount of such benefits increase, if any, to be implemented as of  
63 the first day of the thirteenth month following the end of the valuation year, and the first payable  
64 on or about the first day of the fourteenth month following the end of the valuation year. The  
65 actuary shall make such recommendations so as not to affect the financial soundness of the  
66 retirement system, recognizing the following safeguards:

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

70           (b) The actuarially required contribution rate, after adjusting for the effect of the  
71 proposed increase, may not exceed the statutory contribution rate;

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

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

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

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

80           5. If an inactive member becomes an active member after June 30, 2001, and after a  
81 break in service, unless the person earns at least four additional years of creditable service  
82 without another break in service, upon retirement the person's retirement allowance shall be  
83 calculated separately for each separate period of service ending in a break in service. The  
84 retirement allowance shall be the sum of the separate retirement allowances computed for each  
85 such period of service using the benefit formula in effect, the person's average final  
86 compensation as of the last day of such period of service and the creditable service the person  
87 earned during such period of service; provided, however, if the person earns at least four  
88 additional years of creditable service without another break in service, all of the person's

89 creditable service prior to and including such service shall be aggregated and, upon retirement,  
90 the retirement allowance shall be computed using the benefit formula in effect and the person's  
91 average final compensation as of the last day of such period of four or more years and all of the  
92 creditable service the person earned prior to and during such period.

93         6. Notwithstanding anything contained in this section to the contrary, the amount of the  
94 annual service retirement allowance payable to any retirant pursuant to the provisions of sections  
95 169.270 to 169.400, including any adjustments made pursuant to subsection 3 of this section,  
96 shall at all times comply with the provisions and limitations of Section 415 of the Internal  
97 Revenue Code of 1986, as amended, and the regulations thereunder, the terms of which are  
98 specifically incorporated herein by reference.

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