

HCS SCS SB 86 -- PUBLIC EMPLOYEE RETIREMENT

SPONSOR: Keaveny (Leara)

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Retirement by a vote of 12 to 0.

This substitute changes the laws regarding public employee retirement. In its main provisions, the substitute:

PROSECUTING ATTORNEYS AND CIRCUIT ATTORNEYS' RETIREMENT FUND

Currently, each county treasurer must transfer a specified sum of money each month to the Prosecuting Attorneys and Circuit Attorneys' Retirement System Fund for use by the fund. Beginning August 28, 2013, the substitute requires that the county contribution be adjusted in accordance with the following schedule based on the retirement system's annual actuarial valuation report:

- (1) If the system's funding ratio is 120% or more, no monthly sum must be transmitted;
- (2) If the system's funding ratio is more than 110% but less than 120%, the monthly sum transmitted must be reduced 50%;
- (3) If the system's funding ratio is at least 90% and up to 110%, the monthly sum transmitted must remain the same;
- (4) If the system's funding ratio is at least 80% and less than 90%, the monthly sum transmitted must be increased 50%; and
- (5) If the system's funding ratio is less than 80%, the monthly sum transmitted must be increased 100%.

Currently, a surcharge of \$4 is assessed and collected in all criminal cases filed in court, including any violation of a county ordinance or any violation of the state's criminal or traffic laws, including infractions. The substitute adds any person who has pled guilty and paid a fine through a fine collection center to the list of those who are to be assessed the surcharge.

POLICE RETIREMENT SYSTEM OF ST. LOUIS

Currently, any member of the Police Retirement System of St. Louis who has completed at least 10 years of creditable service and has become permanently unable to perform the duties of a police officer as the result of an injury or illness not exclusively caused or induced by the performance of his or her official duties or by his or her own negligence will be retired by the Board of Police

Commissioners upon certification by the medical board of the retirement system. The substitute lowers the creditable service requirement to five years once the retirement system's annual actuarial valuation is at least 80% as required by Section 105.660 RSMo.

Defines "medical board" as a board of three physicians of different disciplines appointed by the trustees of the police retirement board who are responsible for arranging and passing upon all medical examinations required to determine disability retirement eligibility and modifies the eligibility requirements;

CERTAIN HIGHER EDUCATION EMPLOYEES' RETIREMENT

Beginning July 1, 2014, the substitute changes the laws regarding the defined contribution retirement plan for employees of certain higher education institutions. The employer contribution rate for institutions will no longer correspond to the rates used by the Missouri State Employees' Retirement System. The employer contribution rate will be equal to 7% of payroll and an institution can require a new employee to contribute up to 4% of his or her salary. The employee contributions will be considered deferred compensation under the United States tax code. A person who becomes an employee on or after July 1, 2014, will not be able to transfer into the Missouri State Employees' Retirement System after six years as a person is currently able to do.

PUBLIC RETIREMENT PLANS

Currently, public retirement plans cannot implement a benefit increase unless the plan's funded ratio is at least 80% and will not be less than 75% after adoption of the benefit increase. The substitute specifies that plans use the funded ratio as of the most recent periodic actuarial valuation before implementing a benefit increase. Benefit increases are authorized below this amount in order to maintain federal tax deferred status on the employer contributions paid into the plan.

PUBLIC SCHOOL AND EDUCATION EMPLOYEE RETIREMENT SYSTEMS

Currently, certain alternative retirement allowance provisions, commonly referred to as "25 and out" and the "31st year factor" of the Public School and Public Education Employee Retirement Systems of Missouri, terminate on July 1, 2013. The substitute repeals the termination date.

The substitute contains an emergency clause for the provisions regarding benefit increases for public retirement plans.

PROPONENTS: Supporters say that this bill is a clean up bill to allow plans to maintain federal tax deferred status. This was overlooked in the original bill.

Testifying for the bill was Senator Keaveny.

OPPONENTS: There was no opposition voiced to the committee.