

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 619

99TH GENERAL ASSEMBLY

1108H.02P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.460 and 169.490, RSMo, and to enact in lieu thereof two new sections relating to the public school retirement system of the City of St. Louis.

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

Section A. Sections 169.460 and 169.490, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 169.460 and 169.490, to read as follows:

169.460. 1. Any member may retire and receive a normal pension upon his **or her** written application to the board of trustees setting forth at what time not less than fifteen days nor more than one hundred eighty days subsequent to the execution and filing of such application he **or she** desires to be retired; provided, that the member at the time so specified for his **or her** retirement either (a) shall have attained age sixty-five or (b) shall have attained an age which when added to the number of years of credited service of such member shall total a sum not less than ~~eighty-five~~ **eighty**. For purposes of computing any member's age under this section, the board shall, if necessary, add to his **or her** actual age any accumulated and unused days of sick leave included in his **or her** credited service.

2. Upon retirement ~~pursuant to~~ **under** subsection 1 of this section, a member shall receive an annual pension payable in monthly installments **in the following manner:**

(1) A member hired prior to January 1, 2018, shall receive an annual pension payable in monthly installments equal to his **or her** number of years of credited service multiplied by two percent of his **or her** average final compensation subject to a maximum pension of sixty percent of his **or her** average final compensation~~[-]~~ **; or**

(2) A member hired for the first time on or after January 1, 2018, shall receive an annual pension payable in monthly installments equal to his or her number of years of

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.

18 **credited service multiplied by one and three-fourths percent of such member's average**
19 **final compensation subject to a maximum pension of sixty percent of the member's average**
20 **final compensation.**

21 3. A member who is not eligible for normal pension pursuant to subsection 1 of this
22 section but who has attained age sixty and has five or more years of credited service may make
23 application in the same manner as pursuant to subsection 1 of this section for an early pension.
24 His **or her** early pension shall be computed pursuant to subsection 2 of this section, but shall be
25 reduced by five-ninths of one percent for each month such member's early retirement date
26 precedes the earliest date he **or she** could have received a normal pension pursuant to subsection
27 1 of this section had his **or her** service continued.

28 4. Upon the written application of the member or of the employing board, any active
29 member who has five or more years of credited service with such board and does not qualify for
30 a normal pension pursuant to subsection 1 of this section may be retired by the board of trustees,
31 not less than fifteen days and not more than one hundred eighty days next following the date of
32 filing such application, and receive a disability pension, provided, that the medical board after
33 a medical examination of such member or such member's medical records shall certify that such
34 member is unable to further perform his **or her** duties due to mental or physical incapacity, and
35 that such incapacity is likely to be permanent and that such member should be retired; or,
36 provided the member furnishes evidence of the receipt of disability benefits under the federal Old
37 Age, Survivors and Disability Insurance System of the Social Security Act. The determination
38 of the board of trustees in the matter shall be final and conclusive. A member being retired
39 pursuant to this subsection who has accumulated unused vacation and sick leave may elect to
40 have the commencement of his **or her** disability pension deferred for more than one hundred
41 eighty days during the period he **or she** is entitled to vacation and sick pay.

42 5. Upon retirement for disability, a member shall receive a disability pension until such
43 time as he **or she** meets the requirements for a normal pension pursuant to subsection 1 of this
44 section, at which time his **or her** disability pension will be deemed to be a normal pension. The
45 member's disability pension shall be the larger of:

46 (1) A normal pension based on his **or her** credited service to the date of his **or her**
47 retirement for disability and calculated as if he **or she** were age sixty-five; or

48 (2) One-fourth of his **or her** average final compensation; except that such benefit shall
49 not exceed the normal pension which he **or she** would have received upon retirement if his **or**
50 **her** service had continued and he **or she** had satisfied the eligibility requirements of subsection
51 1 of this section and had his **or her** final average compensation been unchanged.

52 6. Once each year during the first five years following retirement for disability and once
53 in every three-year period thereafter while receiving a disability pension, the board of trustees

54 may, and shall, require any member receiving a disability pension who has not yet become
55 eligible for a normal pension pursuant to subsection 1 of this section to undergo a medical
56 examination at a place designated by the medical board or by a physician or physicians
57 designated by such board. If any such member receiving a disability pension refuses to submit
58 to such medical examination, his **or her** benefit may be discontinued until his **or her** withdrawal
59 of such refusal, and if his **or her** refusal continues for one year, all rights in and to his **or her**
60 pension may be revoked by the board of trustees.

61 7. If the board of trustees finds that any member receiving a disability pension is engaged
62 in or is able to engage in a gainful occupation paying more than the difference between his **or**
63 **her** disability pension plus benefits, if any, to which he **or she** and his **or her** family are eligible
64 under the federal Old Age, Survivors and Disability Insurance System of the Social Security Act
65 and the current rate of monthly compensation for the position he **or she** held at retirement, then
66 the amount of his **or her** disability pension shall be reduced to an amount which together with
67 the amount earnable by him **or her** shall equal such current rate of monthly compensation. The
68 decisions of the board of trustees in regard to such modification of disability benefits shall be
69 final and conclusive.

70 8. If any member receiving a disability pension is restored to service as an employee, he
71 **or she** shall again become an active member of the retirement system and contribute thereunder.
72 His **or her** credited service at the time of his **or her** retirement for disability shall be restored and
73 the excess of his **or her** accumulated contributions at his **or her** retirement for disability over
74 the total disability pension payments which he **or she** received shall be credited to his **or her**
75 account.

76 9. If a member with fewer than five years credited service ceases to be an employee,
77 except by death, he **or she** shall be paid the amount of his **or her** accumulated contributions in
78 accordance with applicable provisions of the Internal Revenue Code.

79 10. If a member with five years or more credited service ceases to be an employee,
80 except by death or retirement, he **or she** shall be paid on demand the amount of his **or her**
81 accumulated contributions, or he **or she** may leave his **or her** accumulated contributions with
82 the retirement system and be an inactive member and claim a retirement benefit at any time after
83 he **or she** reaches the minimum age for retirement, except that if such a member's accumulated
84 contributions do not exceed the involuntary distribution limits under provisions of the Internal
85 Revenue Code, the member must elect to become an inactive member within thirty days of
86 employment separation to avoid application of the involuntary distribution provisions of the
87 Internal Revenue Code. When an inactive member presents his **or her** valid claim to the board
88 of trustees, he **or she** shall be granted a benefit at such time and for such amount as is available
89 pursuant to subsection 2 or 3 of this section in accordance with the provisions of law in effect

90 at the time his **or her** active membership ceased. The accumulated contributions of an inactive
91 member may be withdrawn at any time upon ninety days' notice or such shorter notice as is
92 approved by the board of trustees. If an inactive member dies before retirement, his **or her**
93 accumulated contributions shall be paid to his **or her** designated beneficiary, if living, otherwise
94 to the estate of the member. A member's accumulated contributions shall not be paid to him **or**
95 **her** so long as he **or she** remains in service as an employee.

96 11. Any member upon retirement shall receive his **or her** pension payable throughout
97 life subject to the provision that if his **or her** death occurs before he **or she** has received total
98 benefits at least as large as his **or her** accumulated contributions at retirement, the difference
99 shall be paid in one sum to his **or her** designated beneficiary, if living, otherwise to the estate
100 of the retired member.

101 12. Prior to the date of retirement pursuant to subsection 2, 3, or 4 of this section, a
102 member may elect to receive the actuarial equivalent of his **or her** pension in a lesser amount,
103 payable throughout life under one of the following options with the provision that:

104 Option 1. Upon his **or her** death, his **or her** pension shall be continued throughout the
105 life of and paid to his **or her** beneficiary, or

106 Option 2. Upon his **or her** death, one-half of his **or her** pension shall be continued
107 throughout the life of and paid to his **or her** beneficiary, or

108 Option 3. Upon his **or her** death, his **or her** pension shall be continued throughout the
109 life of and paid to his **or her** beneficiary, provided that in the event his **or her** designated
110 beneficiary predeceases him **or her**, then his **or her** pension shall be adjusted effective the first
111 day of the month following the month in which his **or her** designated beneficiary died to the
112 amount determined pursuant to subsection 2 or 3 of this section at the time of his **or her**
113 retirement, or

114 Option 4. Upon his **or her** death, one-half of his **or her** pension shall be continued
115 throughout the life of and paid to his **or her** beneficiary, provided that in the event his **or her**
116 designated beneficiary predeceases him **or her**, then his **or her** pension shall be adjusted
117 effective the first day of the month following the month in which his **or her** designated
118 beneficiary died to the amount determined pursuant to subsection 2 or 3 of this section at the
119 time of his **or her** retirement.

120 Option 5. Prior to age sixty-two the member will receive an increased pension, where
121 the total pension prior to age sixty-two is approximately equal to the pension after age sixty-two
122 plus the member's estimated federal Social Security benefit, provided that the reduced pension
123 after age sixty-two is not less than one-half the pension the member could have received had no
124 option been elected. A member may elect a combination of Option 1 and Option 5, or Option 2
125 and Option 5. The survivor benefits payable to a beneficiary, other than the spouse of the retired

126 member, under any of the foregoing options shall in no event exceed fifty percent of the actuarial
127 equivalent of the pension determined pursuant to subsection 2 or 3 of this section at the time of
128 retirement.

129 13. If an option has been elected pursuant to subsection 12 of this section, and both the
130 retired member and beneficiary die before receiving total benefits as large as the member's
131 accumulated contributions at retirement, the difference shall be paid to the designated beneficiary
132 of the person last entitled to benefits, if living, otherwise to the estate of the person last entitled
133 to benefits.

134 14. If an active member dies while an employee and with five or more years of credited
135 service and a dependent of the member is designated as beneficiary to receive his **or her**
136 accumulated contributions, such beneficiary may, in lieu thereof, request that benefits be paid
137 under option 1, subsection 12 of this section, as if the member had attained age sixty, if the
138 member was less than sixty years of age at the time of his **or her** death, and had retired under
139 such option as of the date of death, provided that under the same circumstances a member may
140 provide by written designation that benefits must be paid pursuant to option 1 to such
141 beneficiary. In addition to benefits received under option 1, subsection 12 of this section, a
142 surviving spouse receiving benefits under this subsection shall receive sixty dollars per month
143 for each unmarried dependent child of the deceased member who is under twenty-two years of
144 age and is in the care of the surviving spouse; provided, that if there are more than three such
145 unmarried dependent children one hundred eighty dollars shall be divided equally among them.
146 A "dependent beneficiary" for the purpose of this subsection only shall mean either the surviving
147 spouse or a person who at the time of the death of the member was receiving at least one-half of
148 his **or her** support from the member, and the determination of the board of trustees as to whether
149 a person is a dependent shall be final.

150 15. In lieu of accepting the payment of the accumulated contributions of a member who
151 dies after having at least eighteen months of credited service and while an employee, an eligible
152 beneficiary or, if no surviving eligible beneficiary, the unmarried dependent children of the
153 member under twenty-two years of age may elect to receive the benefits pursuant to subdivision
154 (1), (2), (3), or (4) of this subsection. An "eligible beneficiary" is the surviving spouse,
155 unmarried dependent children under twenty-two years of age or dependent parents of the
156 member, if designated as beneficiary. A "dependent" is one receiving at least one-half of his **or**
157 **her** support from the member at his **or her** death.

158 (1) A surviving spouse who is sixty-two years of age at the death of the member or upon
159 becoming such age thereafter, and who was married to the member at least one year, may receive
160 sixty dollars per month for life. A spouse may receive this benefit after receiving benefits
161 pursuant to subdivision (2) of this subsection;

162 (2) A surviving spouse who has in his or her care an unmarried dependent child of the
163 deceased member under twenty-two years of age may receive sixty dollars per month plus sixty
164 dollars per month for each child under twenty-two years of age but not more than a total of two
165 hundred forty dollars per month;

166 (3) If no benefits are payable pursuant to subdivision (2) of this subsection, unmarried
167 dependent children under the age of twenty-two may receive sixty dollars each per month;
168 provided that if there are more than three such children one hundred eighty dollars per month
169 shall be divided equally among them;

170 (4) A dependent parent upon attaining sixty-two years of age may receive sixty dollars
171 per month as long as not remarried provided no benefits are payable at any time pursuant to
172 subdivision (1), (2), or (3) of this subsection. If there are two dependent parents entitled to
173 benefits, sixty dollars per month shall be divided equally between them;

174 (5) If the benefits pursuant to this subsection are elected and the total amount paid is less
175 than an amount equal to the accumulated contributions of a member at his **or her** death, the
176 difference shall be payable to the beneficiary or the estate of the beneficiary last entitled to
177 benefits.

178 16. If a member receiving a normal pension again becomes an active member, his **or her**
179 pension benefit payments shall cease during such membership and shall be resumed upon
180 subsequent retirement together with such pension benefit as shall accrue by reason of his **or her**
181 latest period of membership. Except as otherwise provided in section 105.269, a retired member
182 may not receive a pension benefit for any month for which he **or she** receives compensation from
183 an employing board, except he **or she** may serve as a part-time or temporary employee for not
184 to exceed sixty days in any calendar year without becoming a member and without having his
185 **or her** pension benefit discontinued. A retired member may also serve as a member of the board
186 of trustees and receive any reimbursement for expenses allowed him **or her** because of such
187 service without becoming an active member and without having his **or her** pension benefit
188 discontinued or reduced.

189 17. Upon approval of the board of trustees, any member may make contributions in
190 addition to those required. Any additional contributions shall be accumulated at interest and paid
191 in addition to the benefits provided hereunder. The board of trustees shall make such rules and
192 regulations as it deems appropriate in connection with additional contributions including
193 limitations on amounts of contributions and methods of payment of benefits.

194 18. Notwithstanding any other provisions of this section, any member retiring on or after
195 age sixty-five who has five or more years of credited service shall be entitled to an annual
196 pension of the lesser of (a) an amount equal to his **or her** number of years of credited service
197 multiplied by one hundred twenty dollars, or (b) one thousand eight hundred dollars. Upon the

198 death of such member, any benefits payable to the beneficiary of such member shall be computed
199 as otherwise provided.

169.490. 1. All the assets of the retirement system shall be held as one fund.

2 ~~1.~~ 2. (1) **For any member hired before January 1, 2018**, the employing board shall
3 cause to be deducted from the compensation of each member at every payroll period five percent
4 of his **or her** compensation ~~and~~ .

5 **(2) Beginning January 1, 2018, the percentage in subdivision (1) of this subsection**
6 **shall increase one-half of one percent annually until such time as the percentage equals**
7 **nine percent.**

8 **(3) For any member hired for the first time on or after January 1, 2018, the**
9 **employing board shall cause to be deducted from the compensation of each member at**
10 **every payroll period nine percent of such member's compensation.**

11 (4) The amounts so deducted shall be transferred to the board of trustees and credited
12 to the individual account of each member from whose compensation the deduction was made.
13 In determining the amount earnable by a member in any payroll period, the board of trustees may
14 consider the rate of earnable compensation payable to such member on the first day of the payroll
15 period as continuing throughout such payroll period; it may omit deduction from compensation
16 for any period less than a full payroll period if the employee was not a member on the first day
17 of the payroll period; and to facilitate the making of the deductions, it may modify the deduction
18 required of any member by such amount as shall not exceed one-tenth of one percent of the
19 compensation upon the basis of which such deduction was made.

20 ~~(2)~~ (5) The deductions provided for herein are declared to be a part of the salary of the
21 member and the making of such deductions shall constitute payments by the member out of his
22 **or her** salary or earnings and such deductions shall be made notwithstanding that the minimum
23 compensation provided by law for any member shall be reduced thereby. Every member shall
24 be deemed to consent to the deductions made and provided for herein, and shall receipt for his
25 **or her** full salary or compensation, and the making of said deductions and the payment of salary
26 or compensation less said deduction shall be a full and complete discharge and acquittance of
27 all claims and demands whatsoever for services rendered during the period covered by the
28 payment except as to benefits provided by sections 169.410 to 169.540.

29 ~~(3)~~ (6) The employing board may elect to pay member contributions required by this
30 section as an employer pick up of employee contributions under Section 414(h)(2) of the Internal
31 Revenue Code of 1986, as amended, and such contributions picked up by the employing board
32 shall be treated as contributions made by members for all purposes of sections 169.410 to
33 169.540.

34 ~~[2-]~~ **3.** If a retired member receiving a pension pursuant to sections 169.410 to 169.540
35 is restored to active service and again becomes an active member of the retirement system, there
36 shall be credited to his **or her** individual account an amount equal to the excess, if any, of his
37 **or her** accumulated contributions at retirement over the total pension benefits paid to him **or**
38 **her**.

39 ~~[3-]~~ **4.** Annually, the actuary for the retirement system shall calculate each employer's
40 contribution as an amount equal to a certain percentage of the total compensation of all members
41 employed by that employer. The percentage shall be fixed on the basis of the liabilities of the
42 retirement system as shown by the annual actuarial valuation. The annual actuarial valuation
43 shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted
44 by the board of trustees, provided that the actuarial cost method adopted shall be in accordance
45 with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if
46 any, shall be amortized by level annual payments over a period not to exceed thirty years. **The**
47 **provisions of this subsection shall expire on December 31, 2017. Thereafter subsection 5**
48 **of this section shall apply.**

49 **5.** For calendar year 2018, the rate of contribution payable by each employer shall
50 equal sixteen percent of the total compensation of all members employed by that employer.
51 For each calendar year thereafter, the percentage rate of contribution payable by each
52 employer of the total compensation of all members employed by that employer shall
53 decrease one-half of one percent annually until calendar year 2032 when the rate of
54 contribution payable by each employer shall equal nine percent of the total compensation
55 of all members employed by that employer. For subsequent calendar years after 2032, the
56 rate of contribution payable by each employer shall equal nine percent of the total
57 compensation of all members employed by that employer.

58 ~~[4-]~~ **6.** The expense and contingency reserve shall be a reserve for investment
59 contingencies and estimated expenses of administration of the retirement system as determined
60 annually by the board of trustees.

61 ~~[5-]~~ **7.** Gifts, devises, bequests and legacies may be accepted by the board of trustees
62 to be held and invested as a part of the assets of the retirement system and shall not be separately
63 accounted for except where specific direction for the use of a gift is made by a donor.

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