

FIRST REGULAR SESSION

# HOUSE BILL NO. 729

## 99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE BERNSKOETTER.

1468H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

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

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*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Section A. Section 104.1091, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 104.1091, to read as follows: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 contrary, each person who first becomes an employee on or after January 1, 2011, shall be a member of the year 2000 plan subject to the provisions of this section.

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

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

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

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

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           3. A vested former member's normal retirement eligibility shall be based on the  
19 attainment of at least age sixty-seven and the completion of at least ten years of credited service.

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

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

31           6. The provisions of subsection 6 of section 104.1021 and section 104.344 as applied  
32 pursuant to subsection 7 of section 104.1021 and section 104.1090 shall not apply to members  
33 covered by this section.

34           7. The minimum credited service requirements of five years contained in sections  
35 104.1018, 104.1030, 104.1036, and 104.1051 shall be ten years for members covered by this  
36 section. The normal and early retirement eligibility requirements in this section shall apply for  
37 purposes of administering section 104.1087.

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

42           (1) The state of Missouri employer, pursuant to the provisions of 26 U.S.C. Section  
43 414(h)(2), shall pick up and pay the contributions that would otherwise be payable by the  
44 member under this section. The contributions so picked up shall be treated as employer  
45 contributions for purposes of determining the member's pay that is includable in the member's  
46 gross income for federal income tax purposes;

47           (2) Member contributions picked up by the employer shall be paid from the same source  
48 of funds used for the payment of pay to a member. A deduction shall be made from each  
49 member's pay equal to the amount of the member's contributions picked up by the employer.  
50 This deduction, however, shall not reduce the member's pay for purposes of computing benefits  
51 under the retirement system pursuant to this chapter;

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

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

59 (5) Interest shall be credited annually on June thirtieth based on the value in the account  
60 as of July first of the immediately preceding year at a rate of four percent. Effective June 30,  
61 2014, and each June thirtieth thereafter, the interest crediting rate shall be equal to the investment  
62 rate that is published by the United States Department of Treasury, or its successor agency, for  
63 fifty-two week treasury bills for the relevant auction that is nearest to the preceding July first, or  
64 a successor treasury bill investment rate as approved by the board if the fifty-two week treasury  
65 bill is no longer issued. Interest credits shall cease upon termination of employment if the  
66 member is not a vested former member. Otherwise, interest credits shall cease upon retirement  
67 or death;

68 (6) A vested former member or a former member who is not vested may request a refund  
69 of his or her contributions and interest credited thereon. If such member is married at the time  
70 of such request, such request shall not be processed without consent from the spouse. Such  
71 member is not eligible to request a refund if such member's retirement benefit is subject to a  
72 division of benefit order pursuant to section 104.1051. Such refund shall be paid by the system  
73 after ninety days from the date of termination of employment or the request, whichever is later,  
74 and shall include all contributions made to any retirement plan administered by the system and  
75 interest credited thereon. A vested former member may not request a refund after such member  
76 becomes eligible for normal retirement. A vested former member or a former member who is  
77 not vested who receives a refund shall forfeit all the member's credited service and future rights  
78 to receive benefits from the system and shall not be eligible to receive any long-term disability  
79 benefits; provided that any member or vested former member receiving long-term disability  
80 benefits shall not be eligible for a refund. If such member subsequently becomes an employee  
81 and works continuously for at least one year, the credited service previously forfeited shall be  
82 restored if the member returns to the system the amount previously refunded plus interest at a  
83 rate established by the board;

84 (7) The beneficiary of any member who made contributions shall receive a refund upon  
85 the member's death equal to the amount, if any, of such contributions and interest credited  
86 thereon less any retirement benefits received by the member unless an annuity is payable to a  
87 survivor or beneficiary as a result of the member's death. In that event, the beneficiary of the

88 survivor or beneficiary who received the annuity shall receive a refund upon the survivor's or  
89 beneficiary's death equal to the amount, if any, of the member's contributions less any annuity  
90 amounts received by the member and the survivor or beneficiary.

91         9. The employee contribution rate, the benefits provided under the year 2000 plan to  
92 members covered under this section, and any other provision of the year 2000 plan with regard  
93 to members covered under this section may be altered, amended, increased, decreased, or  
94 repealed, but only with respect to services rendered by the member after the effective date of  
95 such alteration, amendment, increase, decrease, or repeal, or, with respect to interest credits, for  
96 periods of time after the effective date of such alteration, amendment, increase, decrease, or  
97 repeal.

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

100         Option 1. A retiree's life annuity shall be reduced to a certain percent of the annuity  
101 otherwise payable. Such percent shall be eighty-eight and one half percent adjusted as follows:  
102 if the retiree's age on the annuity starting date is younger than sixty-seven years, an increase of  
103 three-tenths of one percent for each year the retiree's age is younger than age sixty-seven years;  
104 and if the beneficiary's age is younger than the retiree's age on the annuity starting date, a  
105 decrease of three-tenths of one percent for each year of age difference; and if the retiree's age is  
106 younger than the beneficiary's age on the annuity starting date, an increase of three-tenths of one  
107 percent for each year of age difference; provided, after all adjustments the option 1 percent  
108 cannot exceed ninety-four and one quarter percent. Upon the retiree's death, fifty percent of the  
109 retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the  
110 annuity starting date or as otherwise provided by subsection 5 of this section.

111         Option 2. A retiree's life annuity shall be reduced to a certain percent of the annuity  
112 otherwise payable. Such percent shall be eighty-one percent adjusted as follows: if the retiree's  
113 age on the annuity starting date is younger than sixty-seven years, an increase of four-tenths of  
114 one percent for each year the retiree's age is younger than sixty-seven years; and if the  
115 beneficiary's age is younger than the retiree's age on the annuity starting date, a decrease of  
116 five-tenths of one percent for each year of age difference; and if the retiree's age is younger than  
117 the beneficiary's age on the annuity starting date, an increase of five-tenths of one percent for  
118 each year of age difference; provided, after all adjustments the option 2 percent cannot exceed  
119 eighty-seven and three quarter percent. Upon the retiree's death one hundred percent of the  
120 retiree's reduced annuity shall be paid to such beneficiary who was the retiree's spouse on the  
121 annuity starting date or as otherwise provided by subsection 5 of this section.

122         Option 3. A retiree's life annuity shall be reduced to ninety-three percent of the annuity  
123 otherwise payable. If the retiree dies before having received one hundred twenty monthly

124 payments, the reduced annuity shall be continued for the remainder of the one hundred  
125 twenty-month period to the retiree's designated beneficiary provided that if there is no beneficiary  
126 surviving the retiree, the present value of the remaining annuity payments shall be paid as  
127 provided under subsection 3 of section 104.620. If the beneficiary survives the retiree but dies  
128 before receiving the remainder of such one hundred twenty monthly payments, the present value  
129 of the remaining annuity payments shall be paid as provided under subsection 3 of section  
130 104.620.

131 Option 4. A retiree's life annuity shall be reduced to eighty-six percent of the annuity  
132 otherwise payable. If the retiree dies before having received one hundred eighty monthly  
133 payments, the reduced annuity shall be continued for the remainder of the one hundred  
134 eighty-month period to the retiree's designated beneficiary provided that if there is no beneficiary  
135 surviving the retiree, the present value of the remaining annuity payments shall be paid as  
136 provided under subsection 3 of section 104.620. If the beneficiary survives the retiree but dies  
137 before receiving the remainder of such one hundred eighty monthly payments, the present value  
138 of the remaining annuity payments shall be paid as provided under subsection 3 of section  
139 104.620.

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

142 **12. Effective January 1, 2018, a member who is not a statewide elected official or**  
143 **a member of the general assembly shall be eligible for retirement under this subsection**  
144 **subject to the following conditions:**

145 **(1) A member's normal retirement eligibility shall be based on the attainment of**  
146 **at least age sixty-seven and the completion of at least five years of credited service; or the**  
147 **member's attainment of at least age fifty-five with the sum of the member's age and**  
148 **credited service equaling at least ninety; or, in the case of a member who is serving as a**  
149 **uniformed member of the highway patrol and subject to the mandatory retirement**  
150 **provisions of section 104.081, such member's attainment of at least age sixty or the**  
151 **attainment of at least age fifty-five with five years of credited service;**

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

155 **(3) A temporary annuity paid under subsection 4 of section 104.1024 shall be**  
156 **payable if the member has attained at least age fifty-five with the sum of the member's age**  
157 **and credited service equaling at least ninety; or, in the case of a member who is serving as**  
158 **a uniformed member of the highway patrol and subject to the mandatory retirement**

159 provisions of section 104.081, the temporary annuity shall be payable if the member has  
160 attained at least age sixty, or at least age fifty-five with five years of credited service;

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

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

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

171 (7) The annual cost-of-living adjustment payable under section 104.1045 will not  
172 commence until the second anniversary of a vested former member's annuity starting date  
173 for members covered by this subsection; and

174 (8) The unused sick leave credit granted under subsection 2 of section 104.1021 will  
175 not apply to members covered by this subsection unless the member terminates  
176 employment after reaching normal retirement eligibility or becoming eligible for an early  
177 retirement annuity under this subsection.

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