

FIRST REGULAR SESSION

# SENATE BILL NO. 116

94TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR GRIESHEIMER.

Pre-filed December 1, 2006, and ordered printed.

0528S.011

TERRY L. SPIELER, Secretary.

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## AN ACT

To repeal section 169.070, RSMo, and to enact in lieu thereof one new section relating to the teacher retirement system.

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Section A. Section 169.070, RSMo, is repealed and one new section  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

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

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

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

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

14 (3) Between July 1, 1998, and July 1, 2008, two and four-tenths percent  
15 of the member's final average salary for each year of membership service, if the  
16 member's creditable service is twenty-nine years or more but less than thirty  
17 years, and the member has not attained age fifty-five;

18 (4) Between July 1, 1998, and July 1, 2008, two and  
19 thirty-five-hundredths percent of the member's final average salary for each year

20 of membership service, if the member's creditable service is twenty-eight years  
21 or more but less than twenty-nine years, and the member has not attained age  
22 fifty-five;

23 (5) Between July 1, 1998, and July 1, 2008, two and three-tenths percent  
24 of the member's final average salary for each year of membership service, if the  
25 member's creditable service is twenty-seven years or more but less than  
26 twenty-eight years, and the member has not attained age fifty-five;

27 (6) Between July 1, 1998, and July 1, 2008, two and  
28 twenty-five-hundredths percent of the member's final average salary for each year  
29 of membership service, if the member's creditable service is twenty-six years or  
30 more but less than twenty-seven years, and the member has not attained age  
31 fifty-five;

32 (7) Between July 1, 1998, and July 1, 2008, two and two-tenths percent  
33 of the member's final average salary for each year of membership service, if the  
34 member's creditable service is twenty-five years or more but less than twenty-six  
35 years, and the member has not attained age fifty-five;

36 (8) Between July 1, 2001, and July 1, 2008, two and fifty-five hundredths  
37 percent of the member's final average salary for each year of membership service,  
38 if the member's creditable service is thirty-one years or more regardless of age.

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

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

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

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

50 3. (1) In lieu of the retirement allowance provided either in subsection 1  
51 or 2 of this section, collectively called "option 1", a member whose creditable  
52 service is twenty-five years or more or who has attained the age of fifty-five with  
53 five or more years of creditable service may elect in the member's application for  
54 retirement to receive the actuarial equivalent of the member's retirement  
55 allowance in reduced monthly payments for life during retirement with the

56 provision that:

Option 2. Upon the member's death the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member as the member shall have nominated in the member's election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected option 1;

64 OR

Option 3. Upon the death of the member three-fourths of the reduced retirement allowance shall be continued throughout the life of and paid to such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance will be increased to the amount the retired member would be receiving had the member elected option 1;

72 OR

Option 4. Upon the death of the member one-half of the reduced retirement allowance shall be continued throughout the life of, and paid to, such person as has an insurable interest in the life of the member and as the member shall have nominated in an election of the option, and provided further that if the person so nominated dies before the retired member, the retirement allowance shall be increased to the amount the retired member would be receiving had the member elected option 1;

80 OR

Option 5. Upon the death of the member prior to the member having received one hundred twenty monthly payments of the member's reduced allowance, the remainder of the one hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as the member shall have nominated in the member's election of the option or in a subsequent nomination. If there is no beneficiary so nominated who survives the member for the remainder of the one hundred twenty monthly payments, the total of the remainder of such one hundred twenty monthly payments shall be paid to the estate of the last person to receive a monthly allowance. If the total of the one hundred twenty payments paid to the retired individual and the beneficiary of the retired individual is less than the total of the member's accumulated

92 contributions, the difference shall be paid to the beneficiary in a lump sum;

93 OR

94 Option 6. Upon the death of the member prior to the member having  
95 received sixty monthly payments of the member's reduced allowance, the  
96 remainder of the sixty monthly payments of the reduced allowance shall be paid  
97 to such beneficiary as the member shall have nominated in the member's election  
98 of the option or in a subsequent nomination. If there is no beneficiary so  
99 nominated who survives the member for the remainder of the sixty monthly  
100 payments, the total of the remainder of such sixty monthly payments shall be  
101 paid to the estate of the last person to receive a monthly allowance. If the total  
102 of the sixty payments paid to the retired individual and the beneficiary of the  
103 retired individual is less than the total of the member's accumulated  
104 contributions, the difference shall be paid to the beneficiary in a lump sum.

105 (2) The election of an option may be made only in the application for  
106 retirement and such application must be filed prior to the date on which the  
107 retirement of the member is to be effective. If either the member or the person  
108 nominated to receive the survivorship payments dies before the effective date of  
109 retirement, the option shall not be effective, provided that:

110 (a) If the member or a person retired on disability retirement dies after  
111 acquiring twenty-five or more years of creditable service or after attaining the age  
112 of fifty-five years and acquiring five or more years of creditable service and before  
113 retirement, except retirement with disability benefits, and the person named by  
114 the member as the member's beneficiary has an insurable interest in the life of  
115 the deceased member, the designated beneficiary may elect to receive either  
116 survivorship benefits under option 2 or a payment of the accumulated  
117 contributions of the member. If survivorship benefits under option 2 are elected  
118 and the member at the time of death would have been eligible to receive an  
119 actuarial equivalent of the member's retirement allowance, the designated  
120 beneficiary may further elect to defer the option 2 payments until the date the  
121 member would have been eligible to receive the retirement allowance provided in  
122 subsection 1 or 2 of this section;

123 (b) If the member or a person retired on disability retirement dies before  
124 attaining age fifty-five but after acquiring five but fewer than twenty-five years  
125 of creditable service, and the person named as the member's beneficiary has an  
126 insurable interest in the life of the deceased member, the designated beneficiary  
127 may elect to receive either a payment of the member's accumulated contributions,

128 or survivorship benefits under option 2 to begin on the date the member would  
129 first have been eligible to receive an actuarial equivalent of the member's  
130 retirement allowance, or to begin on the date the member would first have been  
131 eligible to receive the retirement allowance provided in subsection 1 or 2 of this  
132 section.

133         4. If the total of the retirement or disability allowance paid to an  
134 individual before the death of the individual is less than the accumulated  
135 contributions at the time of retirement, the difference shall be paid to the  
136 beneficiary of the individual, or to the (1) surviving spouse, (2) surviving children  
137 in equal shares, (3) surviving parents in equal shares, or (4) estate of the  
138 individual in that order of precedence. If an optional benefit as provided in  
139 option 2, 3 or 4 in subsection 3 of this section had been elected, and the  
140 beneficiary dies after receiving the optional benefit, and if the total retirement  
141 allowance paid to the retired individual and the beneficiary of the retired  
142 individual is less than the total of the contributions, the difference shall be paid  
143 to the (1) surviving spouse, (2) surviving children in equal shares, (3) surviving  
144 parents in equal shares, or (4) estate of the beneficiary, in that order of  
145 precedence, unless the retired individual designates a different recipient with the  
146 board at or after retirement.

147         5. If a member dies before receiving a retirement allowance, the member's  
148 accumulated contributions at the time of the death of the member shall be paid  
149 to the beneficiary of the member or, if there is no beneficiary, to the (1) surviving  
150 spouse, (2) surviving children in equal shares, (3) surviving parents in equal  
151 shares, or (4) to the estate of the member in that order of precedence; except that,  
152 no such payment shall be made if the beneficiary elects option 2 in subsection 3  
153 of this section, unless the beneficiary dies before having received benefits  
154 pursuant to that subsection equal to the accumulated contributions of the  
155 member, in which case the amount of accumulated contributions in excess of the  
156 total benefits paid pursuant to that subsection shall be paid to the (1) surviving  
157 spouse, (2) surviving children in equal shares, (3) surviving parents in equal  
158 shares, or (4) estate of the beneficiary, in that order of precedence.

159         6. If a member ceases to be a public school employee as herein defined  
160 and certifies to the board of trustees that such cessation is permanent, or if the  
161 membership of the person is otherwise terminated, the member shall be paid the  
162 member's accumulated contributions with interest.

163         7. Notwithstanding any provisions of sections 169.010 to 169.141 to the

164 contrary, if a member ceases to be a public school employee after acquiring five  
165 or more years of membership service in Missouri, the member may at the option  
166 of the member leave the member's contributions with the retirement system and  
167 claim a retirement allowance any time after reaching the minimum age for  
168 voluntary retirement. When the member's claim is presented to the board, the  
169 member shall be granted an allowance as provided in sections 169.010 to 169.141  
170 on the basis of the member's age, years of service, and the provisions of the law  
171 in effect at the time the member requests the member's retirement to become  
172 effective.

173         8. The retirement allowance of a member retired because of disability  
174 shall be nine-tenths of the allowance to which the member's creditable service  
175 would entitle the member if the member's age were sixty, or fifty percent of  
176 one-twelfth of the annual salary rate used in determining the member's  
177 contributions during the last school year for which the member received a year  
178 of creditable service immediately prior to the member's disability, whichever is  
179 greater, except that no such allowance shall exceed the retirement allowance to  
180 which the member would have been entitled upon retirement at age sixty if the  
181 member had continued to teach from the date of disability until age sixty at the  
182 same salary rate.

183         9. Notwithstanding any provisions of sections 169.010 to 169.141 to the  
184 contrary, from October 13, 1961, the contribution rate pursuant to sections  
185 169.010 to 169.141 shall be multiplied by the factor of two-thirds for any member  
186 of the system for whom federal Old Age and Survivors Insurance tax is paid from  
187 state or local tax funds on account of the member's employment entitling the  
188 person to membership in the system. The monetary benefits for a member who  
189 elected not to exercise an option to pay into the system a retroactive contribution  
190 of four percent on that part of the member's annual salary rate which was in  
191 excess of four thousand eight hundred dollars but not in excess of eight thousand  
192 four hundred dollars for each year of employment in a position covered by this  
193 system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of  
194 this section as it appears in RSMo, 1969, shall be the sum of:

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

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

200           (3) For years of membership service after July 1, 1957, and prior to July  
201 1, 1961, the benefits provided in this section as it appears in RSMo, 1959; except  
202 that if the member has at least thirty years of creditable service at retirement the  
203 member shall receive the benefit payable pursuant to that section as though the  
204 member's age were sixty-five at retirement;

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

208           10. The monetary benefits for each other member for whom federal Old  
209 Age and Survivors Insurance tax is or was paid at any time from state or local  
210 funds on account of the member's employment entitling the member to  
211 membership in the system shall be the sum of:

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

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

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

220           11. Any retired member of the system who was retired prior to September  
221 1, 1972, or beneficiary receiving payments under option 1 or option 2 of  
222 subsection 3 of this section, as such option existed prior to September 1, 1972,  
223 will be eligible to receive an increase in the retirement allowance of the member  
224 of two percent for each year, or major fraction of more than one-half of a year,  
225 which the retired member has been retired prior to July 1, 1975. This increased  
226 amount shall be payable commencing with January, 1976, and shall thereafter  
227 be referred to as the member's retirement allowance. The increase provided for  
228 in this subsection shall not affect the retired member's eligibility for  
229 compensation provided for in section 169.580 or 169.585, nor shall the amount  
230 being paid pursuant to these sections be reduced because of any increases  
231 provided for in this section.

232           12. If the board of trustees determines that the cost of living, as measured  
233 by generally accepted standards, increases two percent or more in the preceding  
234 fiscal year, the board shall increase the retirement allowances which the retired  
235 members or beneficiaries are receiving by two percent of the amount being

received by the retired member or the beneficiary at the time the annual increase is granted by the board with the provision that the increases provided for in this subsection shall not become effective until the fourth January first following the member's retirement or January 1, 1977, whichever later occurs, or in the case of any member retiring on or after July 1, 2000, the increase provided for in this subsection shall not become effective until the third January first following the member's retirement, or in the case of any member retiring on or after July 1, 2001, the increase provided for in this subsection shall not become effective until the second January first following the member's retirement. Commencing with January 1, 1992, if the board of trustees determines that the cost of living has increased five percent or more in the preceding fiscal year, the board shall increase the retirement allowances by five percent. The total of the increases granted to a retired member or the beneficiary after December 31, 1976, may not exceed eighty percent of the retirement allowance established at retirement or as previously adjusted by other subsections. If the cost of living increases less than five percent, the board of trustees may determine the percentage of increase to be made in retirement allowances, but at no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no increase in allowances for retired members on the following January first.

13. The board of trustees may reduce the amounts which have been granted as increases to a member pursuant to subsection 12 of this section if the cost of living, as determined by the board and as measured by generally accepted standards, is less than the cost of living was at the time of the first increase granted to the member; except that, the reductions shall not exceed the amount of increases which have been made to the member's allowance after December 31, 1976.

14. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

15. Notwithstanding any other provision of law, any person retired prior to September 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of subsection 3 of this section, as such option existed prior to September 28, 1983, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have his or her retirement allowance



272 increased to the amount he or she would have been receiving had the option not  
273 been elected, actuarially adjusted to recognize any excessive benefits which would  
274 have been paid to him or her up to the time of application.

275         16. Benefits paid pursuant to the provisions of the public school  
276 retirement system of Missouri shall not exceed the limitations of Section 415 of  
277 Title 26 of the United States Code except as provided pursuant to this  
278 subsection. Notwithstanding any other law to the contrary, the board of trustees  
279 may establish a benefit plan pursuant to Section 415(m) of Title 26 of the United  
280 States Code. Such plan shall be created solely for the purpose described in  
281 Section 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees  
282 may promulgate regulations necessary to implement the provisions of this  
283 subsection and to create and administer such benefit plan.

284         17. Notwithstanding any other provision of law to the contrary, any  
285 person retired before, on, or after May 26, 1994, shall be made, constituted,  
286 appointed and employed by the board as a special consultant on the matters of  
287 education, retirement and aging, and upon request shall give written or oral  
288 opinions to the board in response to such requests. As compensation for such  
289 duties the person shall receive an amount based on the person's years of service  
290 so that the total amount received pursuant to sections 169.010 to 169.141 shall  
291 be at least the minimum amounts specified in subdivisions (1) to (4) of this  
292 subsection. In determining the minimum amount to be received, the amounts in  
293 subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the  
294 actuarial adjustment, if any, that was applied to the person's retirement  
295 allowance. In determining the minimum amount to be received, beginning  
296 September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection  
297 shall be adjusted in accordance with the actuarial adjustment, if any, that was  
298 applied to the person's retirement allowance due to election of an optional form  
299 of retirement having a continued monthly payment after the person's  
300 death. Notwithstanding any other provision of law to the contrary, no person  
301 retired before, on, or after May 26, 1994, and no beneficiary of such a person,  
302 shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based  
303 on the person's years of service less than the following amounts:

- 304         (1) Thirty or more years of service, one thousand two hundred dollars;  
305         (2) At least twenty-five years but less than thirty years, one thousand  
306 dollars;  
307         (3) At least twenty years but less than twenty-five years, eight hundred

308 dollars;

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

310 18. Notwithstanding any other provisions of law to the contrary, any  
311 person retired prior to May 26, 1994, and any designated beneficiary of such a  
312 retired member who was deceased prior to July 1, 1999, shall be made,  
313 constituted, appointed and employed by the board as a special consultant on the  
314 matters of education, retirement or aging and upon request shall give written or  
315 oral opinions to the board in response to such requests. Beginning September 1,  
316 1996, as compensation for such service, the member shall have added, pursuant  
317 to this subsection, to the member's monthly annuity as provided by this section  
318 a dollar amount equal to the lesser of sixty dollars or the product of two dollars  
319 multiplied by the member's number of years of creditable service. Beginning  
320 September 1, 1999, the designated beneficiary of the deceased member shall as  
321 compensation for such service have added, pursuant to this subsection, to the  
322 monthly annuity as provided by this section a dollar amount equal to the lesser  
323 of sixty dollars or the product of two dollars multiplied by the member's number  
324 of years of creditable service. The total compensation provided by this section  
325 including the compensation provided by this subsection shall be used in  
326 calculating any future cost-of-living adjustments provided by subsection 12 of this  
327 section.

328 19. Any member who has retired prior to July 1, 1998, and the designated  
329 beneficiary of a deceased retired member shall be made, constituted, appointed  
330 and employed by the board as a special consultant on the matters of education,  
331 retirement and aging, and upon request shall give written or oral opinions to the  
332 board in response to such requests. As compensation for such duties the person  
333 shall receive a payment equivalent to eight and seven-tenths percent of the  
334 previous month's benefit, which shall be added to the member's or beneficiary's  
335 monthly annuity and which shall not be subject to the provisions of subsections  
336 12 and 13 of this section for the purposes of the limit on the total amount of  
337 increases which may be received.

338 20. Any member who has retired shall be made, constituted, appointed  
339 and employed by the board as a special consultant on the matters of education,  
340 retirement and aging, and upon request shall give written or oral opinions to the  
341 board in response to such request. As compensation for such duties, the  
342 beneficiary of the retired member, or, if there is no beneficiary, the (1) surviving  
343 spouse, (2) surviving children in equal shares, (3) surviving parents in equal

344 shares, or (4) estate of the retired member, in that order of precedence, shall  
345 receive as a part of compensation for these duties a death benefit of five thousand  
346 dollars.

347       21. Any member who has retired prior to July 1, 1999, and the designated  
348 beneficiary of a retired member who was deceased prior to July 1, 1999, shall be  
349 made, constituted, appointed and employed by the board as a special consultant  
350 on the matters of education, retirement and aging, and upon request shall give  
351 written or oral opinions to the board in response to such requests. As  
352 compensation for such duties, the person shall have added, pursuant to this  
353 subsection, to the monthly annuity as provided by this section a dollar amount  
354 equal to five dollars times the member's number of years of creditable service.

355       22. Any member who has retired prior to July 1, 2000, and the designated  
356 beneficiary of a deceased retired member shall be made, constituted, appointed  
357 and employed by the board as a special consultant on the matters of education,  
358 retirement and aging, and upon request shall give written or oral opinions to the  
359 board in response to such requests. As compensation for such duties, the person  
360 shall receive a payment equivalent to three and five-tenths percent of the  
361 previous month's benefit, which shall be added to the member or beneficiary's  
362 monthly annuity and which shall not be subject to the provisions of subsections  
363 12 and 13 of this section for the purposes of the limit on the total amount of  
364 increases which may be received.

365       23. Any member who has retired prior to July 1, 2001, and the designated  
366 beneficiary of a deceased retired member shall be made, constituted, appointed  
367 and employed by the board as a special consultant on the matters of education,  
368 retirement and aging, and upon request shall give written or oral opinions to the  
369 board in response to such requests. As compensation for such duties, the person  
370 shall receive a dollar amount equal to three dollars times the member's number  
371 of years of creditable service, which shall be added to the member's or  
372 beneficiary's monthly annuity and which shall not be subject to the provisions of  
373 subsections 12 and 13 of this section for the purposes of the limit on the total  
374 amount of increases which may be received.

375       **24. Notwithstanding the provisions of subsection 12 of this**  
376 **section, any member who has retired and attained the age of seventy**  
377 **or greater on or after the effective date of this act, shall be made,**  
378 **constituted, appointed, and employed by the board as a special**  
379 **consultant on the matters of education, retirement, and aging, and upon**

380 request shall give written or oral opinions to the board in response to  
381 such requests. As compensation for such duties, the person shall  
382 receive, pursuant to this subsection, in addition to any other retirement  
383 allowance, an increase not to exceed five percent per year and not to  
384 exceed ninety percent of the retirement allowance established at  
385 retirement.

386       25. Any member who has retired and attained the age of seventy  
387 or greater on or after the effective date of this act, shall be made,  
388 constituted, appointed, and employed by the board as a special  
389 consultant on the matters of education, retirement, and aging, and upon  
390 request shall give written or oral opinions to the board in response to  
391 such requests. As compensation for such duties, the person shall have  
392 added, pursuant to this subsection, to the monthly annuity as provided  
393 by this section a dollar amount equal to ten dollars times the member's  
394 number of years of creditable service.

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Bill

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