

FIRST REGULAR SESSION
[P E R F E C T E D]
SENATE SUBSTITUTE FOR

SENATE BILL NO. 62

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HEGEMAN.

Offered March 7, 2017.

Senate Substitute adopted, March 7, 2017.

Taken up for Perfection March 7, 2017. Bill declared Perfected and Ordered Printed.

ADRIANE D. CROUSE, Secretary.

0457S.05P

AN ACT

To repeal section 104.1205, RSMo, and to enact in lieu thereof one new section relating to retirement of higher education employees, with an effective date.

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

Section A. Section 104.1205, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 104.1205, to read as follows:

104.1205. The board of trustees of the Missouri state employees'
2 retirement system shall:

3 (1) Establish a defined contribution plan for outside employees which,
4 among other things, provides for immediate vesting;

5 (2) Select a third-party administrator to provide such services as the
6 board determines to be necessary for the proper administration of the defined
7 contribution plan;

8 (3) Select the investment products which shall be made available to the
9 participants in the defined contribution plan;

10 (4) Annually establish the contribution rate used for purposes of
11 subsection 3 of section 104.1066 for employees of institutions who are other than
12 outside employees, which shall be done by considering all such employees to be
13 part of the general employee population within the Missouri state employees'
14 retirement system;

15 (5) Establish the contribution rate for outside employees which shall be

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

16 equal to [one] six percent of payroll [less than the normal cost contribution rate
17 established pursuant to subdivision (4) of this section; and];

18 **(6) Require outside employees hired on or after July 1, 2018, to**
19 **contribute two percent of the employee's pay to the defined**
20 **contribution plan which shall be credited to a separate account within**
21 **the outside employee's individual account. The employing institution,**
22 **pursuant to the provisions of 26 U.S.C. Section 414(h)(2), shall pick up**
23 **and pay such contributions. The contributions so picked up shall be**
24 **treated as employer contributions for purposes of determining the**
25 **outside employee's pay that is includable in the outside employee's**
26 **gross income for federal income tax purposes. The outside employee's**
27 **contributions picked up by the employing institution shall be:**

28 **(a) Paid from the same source of funds used for the payment of**
29 **pay to an outside employee. A deduction shall be made from each**
30 **outside employee's pay equal to the amount of the outside employee's**
31 **contributions picked up by the employing institution; and**

32 **(b) Paid by the employing institution in lieu of the contributions**
33 **by the outside employee, although designated as employee**
34 **contributions. The outside employee shall not have the option of**
35 **choosing to receive the contributed amounts directly instead of having**
36 **them paid by the employing institution to the defined contribution**
37 **plan;**

38 **(7) Establish such rules and regulations as may be necessary to carry out**
39 **the purposes of this section; and**

40 **(8) Allow outside employees to contribute two percent of the**
41 **employee's pay to a supplemental account established by the**
42 **employer. Such employees may elect to change the contribution rate**
43 **in accordance with the terms of the supplemental account, but shall not**
44 **contribute less than two percent of his or her pay.**

Section B. Section A of this act shall become effective July 1, 2018.

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