

FIRST REGULAR SESSION

SENATE BILL NO. 474

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR NURRENBERN.

0379S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 169.070, RSMo, and to enact in lieu thereof one new section relating to public school retirement systems.

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Section A. Section 169.070, RSMo, is repealed and one new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

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

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

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

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

18 (3) Two and four-tenths percent of the member's final
19 average salary for each year of membership service, if the
20 member's creditable service is twenty-nine years or more but
21 less than thirty years, and the member has not attained age
22 fifty-five;

23 (4) Two and thirty-five-hundredths percent of the
24 member's final average salary for each year of membership
25 service, if the member's creditable service is twenty-eight
26 years or more but less than twenty-nine years, and the
27 member has not attained age fifty-five;

28 (5) Two and three-tenths percent of the member's final
29 average salary for each year of membership service, if the
30 member's creditable service is twenty-seven years or more
31 but less than twenty-eight years, and the member has not
32 attained age fifty-five;

33 (6) Two and twenty-five-hundredths percent of the
34 member's final average salary for each year of membership
35 service, if the member's creditable service is twenty-six
36 years or more but less than twenty-seven years, and the
37 member has not attained age fifty-five;

38 (7) Two and two-tenths percent of the member's final
39 average salary for each year of membership service, if the
40 member's creditable service is twenty-five years or more but
41 less than twenty-six years, and the member has not attained
42 age fifty-five;

43 (8) Two and fifty-five hundredths percent of the
44 member's final average salary for each year of membership
45 service, if the member's creditable service is thirty-two
46 years or more regardless of age;

47 **(9) Two and six-tenths percent of the member's final**
48 **average salary for each year of membership service, if the**

49 **member's creditable service is thirty-three years or more**
50 **regardless of age.**

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

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

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

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

66 3. (1) In lieu of the retirement allowance provided
67 either in subsection 1 or 2 of this section, collectively
68 called "option 1", a member whose creditable service is
69 twenty-five years or more or who has attained the age of
70 fifty-five with five or more years of creditable service may
71 elect in the member's application for retirement to receive
72 the actuarial equivalent of the member's retirement
73 allowance in reduced monthly payments for life during
74 retirement with the provision that:

75 Option 2.

76 Upon the member's death the reduced retirement
77 allowance shall be continued throughout the life of and paid
78 to such person as has an insurable interest in the life of
79 the member as the member shall have nominated in the
80 member's election of the option, and provided further that

81 if the person so nominated dies before the retired member,
82 the retirement allowance will be increased to the amount the
83 retired member would be receiving had the retired member
84 elected option 1; or

85 Option 3.

86 Upon the death of the member three-fourths of the
87 reduced retirement allowance shall be continued throughout
88 the life of and paid to such person as has an insurable
89 interest in the life of the member and as the member shall
90 have nominated in an election of the option, and provided
91 further that if the person so nominated dies before the
92 retired member, the retirement allowance will be increased
93 to the amount the retired member would be receiving had the
94 member elected option 1; or

95 Option 4.

96 Upon the death of the member one-half of the reduced
97 retirement allowance shall be continued throughout the life
98 of, and paid to, such person as has an insurable interest in
99 the life of the member and as the member shall have
100 nominated in an election of the option, and provided further
101 that if the person so nominated dies before the retired
102 member, the retirement allowance shall be increased to the
103 amount the retired member would be receiving had the member
104 elected option 1; or

105 Option 5.

106 Upon the death of the member prior to the member having
107 received one hundred twenty monthly payments of the member's
108 reduced allowance, the remainder of the one hundred twenty
109 monthly payments of the reduced allowance shall be paid to
110 such beneficiary as the member shall have nominated in the
111 member's election of the option or in a subsequent
112 nomination. If there is no beneficiary so nominated who

113 survives the member for the remainder of the one hundred
114 twenty monthly payments, the total of the remainder of such
115 one hundred twenty monthly payments shall be paid to the
116 surviving spouse, surviving children in equal shares,
117 surviving parents in equal shares, or estate of the last
118 person, in that order of precedence, to receive a monthly
119 allowance in a lump sum payment. If the total of the one
120 hundred twenty payments paid to the retired individual and
121 the beneficiary of the retired individual is less than the
122 total of the member's accumulated contributions, the
123 difference shall be paid to the beneficiary in a lump sum; or
124 Option 6.

125 Upon the death of the member prior to the member having
126 received sixty monthly payments of the member's reduced
127 allowance, the remainder of the sixty monthly payments of
128 the reduced allowance shall be paid to such beneficiary as
129 the member shall have nominated in the member's election of
130 the option or in a subsequent nomination. If there is no
131 beneficiary so nominated who survives the member for the
132 remainder of the sixty monthly payments, the total of the
133 remainder of such sixty monthly payments shall be paid to
134 the surviving spouse, surviving children in equal shares,
135 surviving parents in equal shares, or estate of the last
136 person, in that order of precedence, to receive a monthly
137 allowance in a lump sum payment. If the total of the sixty
138 payments paid to the retired individual and the beneficiary
139 of the retired individual is less than the total of the
140 member's accumulated contributions, the difference shall be
141 paid to the beneficiary in a lump sum.

142 (2) The election of an option may be made only in the
143 application for retirement and such application must be
144 filed prior to the date on which the retirement of the

145 member is to be effective. If either the member or the
146 person nominated to receive the survivorship payments dies
147 before the effective date of retirement, the option shall
148 not be effective, provided that:

149 (a) If the member or a person retired on disability
150 retirement dies after acquiring twenty-five or more years of
151 creditable service or after attaining the age of fifty-five
152 years and acquiring five or more years of creditable service
153 and before retirement, except retirement with disability
154 benefits, and the person named by the member as the member's
155 beneficiary has an insurable interest in the life of the
156 deceased member, the designated beneficiary may elect to
157 receive either survivorship benefits under option 2 or a
158 payment of the accumulated contributions of the member. If
159 survivorship benefits under option 2 are elected and the
160 member at the time of death would have been eligible to
161 receive an actuarial equivalent of the member's retirement
162 allowance, the designated beneficiary may further elect to
163 defer the option 2 payments until the date the member would
164 have been eligible to receive the retirement allowance
165 provided in subsection 1 or 2 of this section;

166 (b) If the member or a person retired on disability
167 retirement dies before attaining age fifty-five but after
168 acquiring five but fewer than twenty-five years of
169 creditable service, and the person named as the member's
170 beneficiary has an insurable interest in the life of the
171 deceased member, the designated beneficiary may elect to
172 receive either a payment of the member's accumulated
173 contributions, or survivorship benefits under option 2 to
174 begin on the date the member would first have been eligible
175 to receive an actuarial equivalent of the member's
176 retirement allowance, or to begin on the date the member

177 would first have been eligible to receive the retirement
178 allowance provided in subsection 1 or 2 of this section.

179 4. If the total of the retirement or disability
180 allowance paid to an individual before the death of the
181 individual is less than the accumulated contributions at the
182 time of retirement, the difference shall be paid to the
183 beneficiary of the individual, or to the surviving spouse,
184 surviving children in equal shares, surviving parents in
185 equal shares, or estate of the individual in that order of
186 precedence. If an optional benefit as provided in option 2,
187 3 or 4 in subsection 3 of this section had been elected, and
188 the beneficiary dies after receiving the optional benefit,
189 and if the total retirement allowance paid to the retired
190 individual and the beneficiary of the retired individual is
191 less than the total of the contributions, the difference
192 shall be paid to the surviving spouse, surviving children in
193 equal shares, surviving parents in equal shares, or estate
194 of the beneficiary, in that order of precedence, unless the
195 retired individual designates a different recipient with the
196 board at or after retirement.

197 5. If a member dies and his or her financial
198 institution is unable to accept the final payment or
199 payments due to the member, the final payment or payments
200 shall be paid to the beneficiary of the member or, if there
201 is no beneficiary, to the surviving spouse, surviving
202 children in equal shares, surviving parents in equal shares,
203 or estate of the member, in that order of precedence, unless
204 otherwise stated. If the beneficiary of a deceased member
205 dies and his or her financial institution is unable to
206 accept the final payment or payments, the final payment or
207 payments shall be paid to the surviving spouse, surviving
208 children in equal shares, surviving parents in equal shares,

209 or estate of the member, in that order of precedence, unless
210 otherwise stated.

211 6. If a member dies before receiving a retirement
212 allowance, the member's accumulated contributions at the
213 time of the death of the member shall be paid to the
214 beneficiary of the member or, if there is no beneficiary, to
215 the surviving spouse, surviving children in equal shares,
216 surviving parents in equal shares, or to the estate of the
217 member, in that order of precedence; except that, no such
218 payment shall be made if the beneficiary elects option 2 in
219 subsection 3 of this section, unless the beneficiary dies
220 before having received benefits pursuant to that subsection
221 equal to the accumulated contributions of the member, in
222 which case the amount of accumulated contributions in excess
223 of the total benefits paid pursuant to that subsection shall
224 be paid to the surviving spouse, surviving children in equal
225 shares, surviving parents in equal shares, or estate of the
226 beneficiary, in that order of precedence.

227 7. If a member ceases to be a public school employee
228 as herein defined and certifies to the board of trustees
229 that such cessation is permanent, or if the membership of
230 the person is otherwise terminated, the member shall be paid
231 the member's accumulated contributions with interest.

232 8. Notwithstanding any provisions of sections 169.010
233 to 169.141 to the contrary, if a member ceases to be a
234 public school employee after acquiring five or more years of
235 membership service in Missouri, the member may at the option
236 of the member leave the member's contributions with the
237 retirement system and claim a retirement allowance any time
238 after reaching the minimum age for voluntary retirement.
239 When the member's claim is presented to the board, the
240 member shall be granted an allowance as provided in sections

241 169.010 to 169.141 on the basis of the member's age, years
242 of service, and the provisions of the law in effect at the
243 time the member requests the member's retirement to become
244 effective.

245 9. The retirement allowance of a member retired
246 because of disability shall be nine-tenths of the allowance
247 to which the member's creditable service would entitle the
248 member if the member's age were sixty, or fifty percent of
249 one-twelfth of the annual salary rate used in determining
250 the member's contributions during the last school year for
251 which the member received a year of creditable service
252 immediately prior to the member's disability, whichever is
253 greater, except that no such allowance shall exceed the
254 retirement allowance to which the member would have been
255 entitled upon retirement at age sixty if the member had
256 continued to teach from the date of disability until age
257 sixty at the same salary rate.

258 10. Notwithstanding any provisions of sections 169.010
259 to 169.141 to the contrary, from October 13, 1961, the
260 contribution rate pursuant to sections 169.010 to 169.141
261 shall be multiplied by the factor of two-thirds for any
262 member of the system for whom federal Old Age and Survivors
263 Insurance tax is paid from state or local tax funds on
264 account of the member's employment entitling the person to
265 membership in the system. The monetary benefits for a
266 member who elected not to exercise an option to pay into the
267 system a retroactive contribution of four percent on that
268 part of the member's annual salary rate which was in excess
269 of four thousand eight hundred dollars but not in excess of
270 eight thousand four hundred dollars for each year of
271 employment in a position covered by this system between July
272 1, 1957, and July 1, 1961, as provided in subsection 10 of

273 this section as it appears in RSMo, 1969, shall be the sum
274 of:

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

278 (2) For years of membership service after July 1,
279 1946, in which the full contribution rate was paid, full
280 benefits under the formula in effect at the time of the
281 member's retirement;

282 (3) For years of membership service after July 1,
283 1957, and prior to July 1, 1961, the benefits provided in
284 this section as it appears in RSMo, 1959; except that if the
285 member has at least thirty years of creditable service at
286 retirement the member shall receive the benefit payable
287 pursuant to that section as though the member's age were
288 sixty-five at retirement;

289 (4) For years of membership service after July 1,
290 1961, in which the two-thirds contribution rate was paid,
291 two-thirds of the benefits under the formula in effect at
292 the time of the member's retirement.

293 11. The monetary benefits for each other member for
294 whom federal Old Age and Survivors Insurance tax is or was
295 paid at any time from state or local funds on account of the
296 member's employment entitling the member to membership in
297 the system shall be the sum of:

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

301 (2) For years of membership service after July 1,
302 1946, in which the full contribution rate was paid, full
303 benefits under the formula in effect at the time of the
304 member's retirement;

305 (3) For years of membership service after July 1,
306 1957, in which the two-thirds contribution rate was paid,
307 two-thirds of the benefits under the formula in effect at
308 the time of the member's retirement.

309 12. Any retired member of the system who was retired
310 prior to September 1, 1972, or beneficiary receiving
311 payments under option 1 or option 2 of subsection 3 of this
312 section, as such option existed prior to September 1, 1972,
313 will be eligible to receive an increase in the retirement
314 allowance of the member of two percent for each year, or
315 major fraction of more than one-half of a year, which the
316 retired member has been retired prior to July 1, 1975. This
317 increased amount shall be payable commencing with January,
318 1976, and shall thereafter be referred to as the member's
319 retirement allowance. The increase provided for in this
320 subsection shall not affect the retired member's eligibility
321 for compensation provided for in section 169.580 or 169.585,
322 nor shall the amount being paid pursuant to these sections
323 be reduced because of any increases provided for in this
324 section.

325 13. If the board of trustees determines that the cost
326 of living, as measured by generally accepted standards,
327 increases two percent or more in the preceding fiscal year,
328 the board shall increase the retirement allowances which the
329 retired members or beneficiaries are receiving by two
330 percent of the amount being received by the retired member
331 or the beneficiary at the time the annual increase is
332 granted by the board with the provision that the increases
333 provided for in this subsection shall not become effective
334 until the fourth January first following the member's
335 retirement or January 1, 1977, whichever later occurs, or in
336 the case of any member retiring on or after July 1, 2000,

337 the increase provided for in this subsection shall not
338 become effective until the third January first following the
339 member's retirement, or in the case of any member retiring
340 on or after July 1, 2001, the increase provided for in this
341 subsection shall not become effective until the second
342 January first following the member's retirement. Commencing
343 with January 1, 1992, if the board of trustees determines
344 that the cost of living has increased five percent or more
345 in the preceding fiscal year, the board shall increase the
346 retirement allowances by five percent. The total of the
347 increases granted to a retired member or the beneficiary
348 after December 31, 1976, may not exceed eighty percent of
349 the retirement allowance established at retirement or as
350 previously adjusted by other subsections. If the cost of
351 living increases less than five percent, the board of
352 trustees may determine the percentage of increase to be made
353 in retirement allowances, but at no time can the increase
354 exceed five percent per year. If the cost of living
355 decreases in a fiscal year, there will be no increase in
356 allowances for retired members on the following January
357 first.

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

367 15. Any application for retirement shall include a
368 sworn statement by the member certifying that the spouse of

369 the member at the time the application was completed was
370 aware of the application and the plan of retirement elected
371 in the application.

372 16. Notwithstanding any other provision of law, any
373 person retired prior to September 28, 1983, who is receiving
374 a reduced retirement allowance under option 1 or option 2 of
375 subsection 3 of this section, as such option existed prior
376 to September 28, 1983, and whose beneficiary nominated to
377 receive continued retirement allowance payments under the
378 elected option dies or has died, shall upon application to
379 the board of trustees have his or her retirement allowance
380 increased to the amount he or she would have been receiving
381 had the option not been elected, actuarially adjusted to
382 recognize any excessive benefits which would have been paid
383 to him or her up to the time of application.

384 17. Benefits paid pursuant to the provisions of the
385 public school retirement system of Missouri shall not exceed
386 the limitations of Section 415 of Title 26 of the United
387 States Code except as provided pursuant to this subsection.
388 Notwithstanding any other law to the contrary, the board of
389 trustees may establish a benefit plan pursuant to Section
390 415(m) of Title 26 of the United States Code. Such plan
391 shall be created solely for the purpose described in Section
392 415(m) (3) (A) of Title 26 of the United States Code. The
393 board of trustees may promulgate regulations necessary to
394 implement the provisions of this subsection and to create
395 and administer such benefit plan.

396 18. Notwithstanding any other provision of law to the
397 contrary, any person retired before, on, or after May 26,
398 1994, shall be made, constituted, appointed and employed by
399 the board as a special consultant on the matters of
400 education, retirement and aging, and upon request shall give

401 written or oral opinions to the board in response to such
402 requests. As compensation for such duties the person shall
403 receive an amount based on the person's years of service so
404 that the total amount received pursuant to sections 169.010
405 to 169.141 shall be at least the minimum amounts specified
406 in subdivisions (1) to (4) of this subsection. In
407 determining the minimum amount to be received, the amounts
408 in subdivisions (3) and (4) of this subsection shall be
409 adjusted in accordance with the actuarial adjustment, if
410 any, that was applied to the person's retirement allowance.
411 In determining the minimum amount to be received, beginning
412 September 1, 1996, the amounts in subdivisions (1) and (2)
413 of this subsection shall be adjusted in accordance with the
414 actuarial adjustment, if any, that was applied to the
415 person's retirement allowance due to election of an optional
416 form of retirement having a continued monthly payment after
417 the person's death. Notwithstanding any other provision of
418 law to the contrary, no person retired before, on, or after
419 May 26, 1994, and no beneficiary of such a person, shall
420 receive a retirement benefit pursuant to sections 169.010 to
421 169.141 based on the person's years of service less than the
422 following amounts:

423 (1) Thirty or more years of service, one thousand two
424 hundred dollars;

425 (2) At least twenty-five years but less than thirty
426 years, one thousand dollars;

427 (3) At least twenty years but less than twenty-five
428 years, eight hundred dollars;

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

431 19. Notwithstanding any other provisions of law to the
432 contrary, any person retired prior to May 26, 1994, and any

433 designated beneficiary of such a retired member who was
434 deceased prior to July 1, 1999, shall be made, constituted,
435 appointed and employed by the board as a special consultant
436 on the matters of education, retirement or aging and upon
437 request shall give written or oral opinions to the board in
438 response to such requests. Beginning September 1, 1996, as
439 compensation for such service, the member shall have added,
440 pursuant to this subsection, to the member's monthly annuity
441 as provided by this section a dollar amount equal to the
442 lesser of sixty dollars or the product of two dollars
443 multiplied by the member's number of years of creditable
444 service. Beginning September 1, 1999, the designated
445 beneficiary of the deceased member shall as compensation for
446 such service have added, pursuant to this subsection, to the
447 monthly annuity as provided by this section a dollar amount
448 equal to the lesser of sixty dollars or the product of two
449 dollars multiplied by the member's number of years of
450 creditable service. The total compensation provided by this
451 section including the compensation provided by this
452 subsection shall be used in calculating any future cost-of-
453 living adjustments provided by subsection 13 of this section.

454 20. Any member who has retired prior to July 1, 1998,
455 and the designated beneficiary of a deceased retired member
456 shall be made, constituted, appointed and employed by the
457 board as a special consultant on the matters of education,
458 retirement and aging, and upon request shall give written or
459 oral opinions to the board in response to such requests. As
460 compensation for such duties the person shall receive a
461 payment equivalent to eight and seven-tenths percent of the
462 previous month's benefit, which shall be added to the
463 member's or beneficiary's monthly annuity and which shall
464 not be subject to the provisions of subsections 13 and 14 of

465 this section for the purposes of the limit on the total
466 amount of increases which may be received.

467 21. Any member who has retired shall be made,
468 constituted, appointed and employed by the board as a
469 special consultant on the matters of education, retirement
470 and aging, and upon request shall give written or oral
471 opinions to the board in response to such request. As
472 compensation for such duties, the beneficiary of the retired
473 member, or, if there is no beneficiary, the surviving
474 spouse, surviving children in equal shares, surviving
475 parents in equal shares, or estate of the retired member, in
476 that order of precedence, shall receive as a part of
477 compensation for these duties a death benefit of five
478 thousand dollars.

479 22. Any member who has retired prior to July 1, 1999,
480 and the designated beneficiary of a retired member who was
481 deceased prior to July 1, 1999, shall be made, constituted,
482 appointed and employed by the board as a special consultant
483 on the matters of education, retirement and aging, and upon
484 request shall give written or oral opinions to the board in
485 response to such requests. As compensation for such duties,
486 the person shall have added, pursuant to this subsection, to
487 the monthly annuity as provided by this section a dollar
488 amount equal to five dollars times the member's number of
489 years of creditable service.

490 23. Any member who has retired prior to July 1, 2000,
491 and the designated beneficiary of a deceased retired member
492 shall be made, constituted, appointed and employed by the
493 board as a special consultant on the matters of education,
494 retirement and aging, and upon request shall give written or
495 oral opinions to the board in response to such requests. As
496 compensation for such duties, the person shall receive a

497 payment equivalent to three and five-tenths percent of the
498 previous month's benefit, which shall be added to the member
499 or beneficiary's monthly annuity and which shall not be
500 subject to the provisions of subsections 13 and 14 of this
501 section for the purposes of the limit on the total amount of
502 increases which may be received.

503 24. Any member who has retired prior to July 1, 2001,
504 and the designated beneficiary of a deceased retired member
505 shall be made, constituted, appointed and employed by the
506 board as a special consultant on the matters of education,
507 retirement and aging, and upon request shall give written or
508 oral opinions to the board in response to such requests. As
509 compensation for such duties, the person shall receive a
510 dollar amount equal to three dollars times the member's
511 number of years of creditable service, which shall be added
512 to the member's or beneficiary's monthly annuity and which
513 shall not be subject to the provisions of subsections 13 and
514 14 of this section for the purposes of the limit on the
515 total amount of increases which may be received.

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