COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6004-05
Bill No.: SCS for HCS for HB 1
Subject: Retirement - State; Retirement Systems and Benefits - General
Type: Original
Date: June 30, 2010

Bill Summary: Modifies provisions relating to retirement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	$3,103,348	$9,151,519	$15,016,226
Total Estimated Net Effect on General Revenue Fund	**$3,103,348**	**$9,151,519**	**$15,016,226**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
All Other Funds	$3,103,348	$9,151,519	$15,016,226
Road Fund	$462,578	$1,682,358	$2,968,650
Total Estimated Net Effect on Other State Funds	**$3,565,926**	**$10,833,877**	**$17,984,876**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 18 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☒ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

The **Joint Committee on Public Retirement** indicates that this legislation does represent a "substantial proposed change" in future plan benefits as defined in Section 105.660(5). Therefore, an actuarial cost statement as defined in Section 105.665 must be provided prior to final action on this legislation by either legislative body or committee thereof.

Pursuant to Section 105.670, this actuarial cost statement must be filed with 1) the Chief Clerk of the Missouri House of Representatives, 2) the Secretary of the Senate and 3) the Joint Committee on Public Employee Retirement as public information for at least (5) legislative days before final passage of the bill.

An actuarial cost statement for this legislation has not been filed with the Joint Committee on Public Employee Retirement. It would be impossible to accurately determine the fiscal impact of this proposed legislation without the actuarial cost statement prepared in accordance with Section 106.665, RSMo.

Officials from the **Missouri State Employees's Retirement System (MOSERS)** assume the proposed legislation would, if enacted, create a new tier defined benefit plan for members of the Missouri State Employees' Retirement System (MOSERS) and the MoDOT and Patrol Employees' Retirement System (MPERS) hired on or after January 1, 2011. As it affects MOSERS, the new tier plan would include all new employees hired on or after January 1, 2011, as members of the MSEP 2000 (which includes the General Employee Plan, the Legislative Plan, and the Statewide Elected Official Plan) and the Judicial Plan.

The tables that follow illustrate the differences in the current level of benefits afforded to state employees as compared to the proposed new tier defined benefit plan for members of the MSEP 2000 and Judicial Plan hired on or after January 1, 2011.

ASSUMPTION (continued)

New Tier for Future Hires
Employed On or After January 1, 2011
General Employee Plan

Present Benefits	**Alternative Proposed Benefits**
Normal Retirement Eligibility Age 62/5 yrs. service Age 48 (Rule of 80)	Normal Retirement Eligibility for General Employees Age 67/10 yrs. service Age 55 (Rule of 90) Normal Retirement Eligibility for Highway Patrol • Age 60 and active • Age 55/10 yrs. service
Early Retirement Eligibility Age 57/5 yrs. service	Early Retirement Eligibility for General Employees • Age 62/10 yrs. service (with reduction)
Vesting 5 years	Vesting 10 years
Member Contributions None	Member Contributions 4% of pay (with 4% interest on refunds)
Purchased Service Subsidized military and other full-time, nonfederal, governmental service	No Service Purchases
BackDROP Allows an employee to receive a lump sum payment at retirement in exchange for a reduced monthly benefit for life.	No BackDROP

ASSUMPTION (continued)

New Tier for Future Hires
Employed On or After January 1, 2011
Statewide Elected Official Plan

Present Benefits	**Proposed Benefits**
Normal Retirement Eligibility Age 55/4 yrs. service Age 50 (Rule of 80)	Normal Retirement Eligibility Age 62/4 yrs. service Age 55 (Rule of 90)
Member Contributions • None	Member Contributions • 4% of pay (with 4% interest on refunds)
Purchased Service Military and other full-time, nonfederal, governmental service	No Service Purchases

New Tier for Future Hires
Employed On or After January 1, 2011
Legislative Plan

Present Benefits	**Alternatives For Consideration**
Normal Retirement Eligibility Age 55 with 3 biennial assemblies Age 50 (Rule of 80)	Normal Retirement Eligibility Age 62 with 3 biennial assemblies Age 55 (Rule of 90)
Member Contributions • None	Member Contributions* • 4% of pay (with 4% interest on refunds)
Purchased Service Military and other full-time, nonfederal, governmental service	No Service Purchases

ASSUMPTION (continued)

New Tier for Future Hires
Employed On or After January 1, 2011
Judicial Plan

Present Benefits	**Proposed Benefits**
Normal Retirement Eligibility Age 62/12 yrs. service Age 60/15 yrs. service Age 55/20 years service	Normal Retirement Eligibility Age 67/12 yrs. service Age 62/20 yrs. service
Early Retirement Eligibility Age 60 <15 yrs. service Age 62 <12 yrs. service	Early Retirement Eligibility Age 67<12 yrs. service Age 62<20 yrs. service
Normal Form of Payment Unreduced 50% Survivor Option	Normal Form of Payment Straight life (reduced survivor options)
Member Contributions None	Member Contributions* 4% of pay (with 4% interest on refunds)
In-Service COLA Members who work beyond age 60 have increased benefits upon retirement.	In-Service COLA None
Purchased Service Military and other full-time, nonfederal, governmental service	No Service Purchases

ASSUMPTION (continued)

This proposal would change the normal retirement eligibility for all classifications to coincide with the current ultimate eligibility age of 67 for unreduced social security benefits for those born after 1959. (The age for normal retirement for highway patrol officers would be set at age 55.) Rule of 80 would be changed to Rule of 90 and the corresponding minimum eligibility age would be increased from age 48 to age 55. The age for early retirement for general employees would increase from age 57 to age 62 (option available with a reduction).

The proposal would increase five-year vesting to ten year vesting for general employees and would establish member contributions for all classifications equivalent to 4% of pay on a pretax basis; 4% interest would be paid on member accounts at the end of the fiscal year based on the beginning fiscal year balance. Refunds would be payable within 90 days of termination for those qualifying for refunds. Member contributions and interest are fully refundable and portable, including for non-vested employees who terminate and leave state service.

The proposal would eliminate subsidized service purchases for all employee classifications. This would include elimination of purchases of military and other full-time nonfederal governmental service. In addition, the portability provision that was enacted in the Year 2000 Plan would also be eliminated as well as the BackDROP provision that was enacted in 2002.

As it pertains to judges, in addition to the changes previously outlined regarding normal and early retirement eligibility, member contributions, and service purchases, the proposal would eliminate the unreduced joint and 50% survivor option and in-service cost-of-living adjustments (COLAs) that are presently available in the Judicial Plan in order to mirror the changes that were adopted in the MSEP 2000 for the general population. The proposal would also preclude a retired judge who returns to work in a benefit eligible position covered by another state-sponsored retirement plan from receiving an annuity from the judicial plan while simultaneously working in a benefit eligible position. Such a retired judge would, however, be eligible to accrue service under the other plan. This change would also mirror the provisions adopted in the MSEP 2000 covering the general population.

Officials from the **MoDOT & Patrol Employees Retirement System (MPERS)** assume the proposed changes to benefits for new hires have no effect on the current benefit obligation or current employer contributions for the active members currently covered under the Missouri Department of Transportation and Highway Patrol Employees' Retirement System.

However, the employer's long-term cost of providing benefits (the employer funded normal cost) to new members hired after January 1, 2011 will be reduced by approximately 6.24% and 4.48% of payroll for Non-Uniform and Uniform employees respectively, if the proposal is implemented (or an average of 5.94% for MPERS, in total, weighted on payroll). This change would typically emerge

ASSUMPTION (continued)

gradually over a 20-year period.

The impact of eliminating the BackDROP provision for new hires covered under the proposed new tier to the Year 2000 Plan is unknown. While it is difficult to determine definitively, the indications are that the BackDROP was cost neutral to cost saving under the existing plan. The proposed plan pushes eligibility to a later age. It is possible that because of the later eligibility that the BackDROP feature will be less used. If that is the case, the elimination of that feature may not have a measurable effect on system costs. However, if that feature continues to be heavily used and results in member delaying their retirement even further (beyond the new eligibility requirements), then it is possible that the elimination of that feature could result in increase system costs.

It was initially thought that the elimination of the BackDROP feature would likely not have a large impact on the proposed new tier. However, there is a possible range when showing the sensitivity of the cost to the retirement pattern (and removal of the BackDROP). The actual effect on the retirement pattern would be a guess, but for purposes of sensitivity testing, we would probably increase the pattern by 5% in the first few years of eligibility and decrease it by 5% in the following few years of eligibility.

MPERS has just completed the installation of a new pension administration system. This new system will require in this proposal.

As the bill is currently written, our vendor has estimated that it will take at least 6 months to make the program changes at an estimated cost of approximately $150,000. Since we are currently a non-contributory system, adapting our system to accommodate the collection and refund of contributions is no small programming task. Once the programming is complete, the vendor and MPERS staff must test the entire system to ensure that the program changes have been correctly implemented. It could take at least one or two additional month, just to test the changes. MPERS would request that the sponsor consider incorporating an option for delayed assessment of employee contributions to July 2011 to provide MPERS, if needed, time to ensure that the program changes are adequately implemented and tested. Such an option would not impact MOSERS.

Missouri State Retirement Investment Board

Generally speaking, this proposed Retirement Investment Board would be considered to work to the financial advantage of the state of Missouri over the long term. Net cumulative savings of $27 million in the first year and, over a five-year period, a cumulative $149 million, are largely due to an expectation of increased investment performance and economies of scale associated with consolidation of two investment programs. The expected increase in investment performance would

ASSUMPTION (continued)

be attributable to the ability of a professional investment staff/board to make strategic investment decisions and add additional asset diversification to the combined portfolios. While we are unable to predict the management/staffing structure the new board of trustees would establish, it is expected that there would be administrative cost savings in combining the investment programs. At the least, the investment operations cost for the new trust would be cost neutral compared to current systems' investment operations expenses.

Oversight assumes the following savings in this portion of the proposal .

Projected Employer Contributions MPERS

Fiscal Year	Before Proposed Changes		After Proposed Changes		Difference
FY 11	$167,776,154	41.27%	$167,313,576	41.16%	$462,578
FY12	$182,453,304	43.26%	$180,770,946	42.86%	$1,682,358
FY13	$207,009,437	47.31%	$204,040,787	46.63%	$2,968,650

In FY14 the savings would be $4,322,961, FY15 the savings would be $5,798,453, FY16 the savings would be $7,366,429, FY17 the savings would be $9,009,248, FY18 the savings would be $10,738,226, FY19 the savings would be $12,545,804, and FY20 the savings would be $14,463,282.
ASSUMPTION (continued)

Projected Employer Contributions MOSERS

Fiscal Year	Before Proposed Changes		After Proposed Changes		Difference
FY11	$287,592,997	13.81%	$281,553,752	13.52%	$6,039,245
FY12	$321,621,017	14.85%	$303,861,473	14.03%	$17,759,544
FY13	$358,621,017	15.93%	$329,755,755	14.64%	$29,056,347

In FY14 the savings would be $40,525,721, FY15 the savings would be $51,404,417, FY16 the savings would be $62,835,201, FY17 the savings would be $73,780,687, FY18 the savings would be $85,227,234, FY19 the savings would be $96,616,442, and FY20 the savings would be $107,891,211.

ASSUMPTION (continued)

Projected Employer Contributions Judicial

Fiscal Year	Before Proposed Changes		After Proposed Changes		Difference
FY11	$28,411,449	60.03%	$28,243,997	59.68%	$167,452
FY12	$29,442,829	59.82%	$28,896,335	58.71%	$546,494
FY13	$30,419,162	59.43%	$29,443,057	57.52%	$976,105

In FY14 the savings would be $1,428,645, FY15 the savings would be $1,894,730, FY16 the savings would be $2,353,072, FY17 the savings would be $2,882,045, FY18 the savings would be $3,414,560, FY19 the savings would be $3,936,824, and FY20 the savings would be $4,472,051.

Officials from the **Missouri State Employees Retirement System (MOSERS)** assume also included in the proposal are provisions that would create a Missouri state retirement investment board to manage assets for MOSERS and MPERS, and other Missouri retirement systems and plans subject to approval by the board; however, the bill would preclude the Missouri public school retirement system and the public education employee retirement system (PSRS and PEERS), the Public School Retirement System of St. Louis, the Public School Retirement System of Kansas City, the Missouri local government employee's retirement system (LAGERS), any retirement plan established by the Bi-State Development Agency, and any retirement plan established by the Regional Investment District from using the services of the investment board.

Under these provisions, the state retirement investment board would provide investment oversight and management of all investment assets of MOSERS and MPERS and would also administer the deferred compensation fund for state employees and the existing college and university retirement plan (CURP), a defined contribution plan, presently overseen by MOSERS. The investment board's authority would be limited to providing investment management services and investment advisory services to the participating systems. Initial capital would be provided by the MOSERS and MPERS trust funds in equal portions. Provisions exist, however, that would prevent the board from accepting responsibility for managing any assets until the boards of MOSERS and MPERS irrevocably elect to transfer oversight and management of the investment assets to the board. If the board of trustees of either system elects not to transfer such assets, then the powers and duties of the board lapse, and the board does not oversee or manage any funds.

Assuming elections are made by both systems, the investment board would be comprised of a board of directors consisting of seven individuals, with the executive directors of MOSERS and MPERS and the commissioner of administration being three of the seven. Initially, the other four members would be appointed by the governor, subject to senate confirmation, from a list of eight nominees submitted by the executive directors of MOSERS and MPERS. The governor would have the right

ASSUMPTION (continued)

to reject any nominees and, in such case, the executive directors would be required to submit a list of two nominees not previously recommended for each position on the board until no positions remain vacant. At the onset, director terms would be staggered in duration with each of the four appointed members eventually serving four-year terms. The qualifications for appointed director positions would include at least five years experience in banking, finance, or the investment business in general, including public investments, securities, and economics. The investment board would be responsible for overseeing the organization's business. Provisions exist that would allow MOSERS and MPERS to transfer their investment employees to the investment board to provide initial staffing and such employees would receive compensation as determined by the board. All employees of the board would be considered state employees and members of MOSERS.

The investment board would be subject to the open records provisions of Chapter 610, RSMo, as well as the conflict of interest and investment fiduciary provisions of Chapter 105, RSMo, and would be subject to audit by the state auditor. Members of the investment board would be precluded from business relationships with service providers to the board for two years following the conclusion of their membership on the board and members of the general assembly and statewide elected officials would be precluded from either serving on the board or working for the board or having a business relationship with any service provider to the board while in office or within five years after leaving state office. Members of the MOSERS and MPERS boards of trustees would also be prohibited from working for the investment board or having a business relationship with any service provider of the investment board for two years following the conclusion of their service on either retirement system board.

Under the proposal, any assets transferred to the investment board from the participating retirement systems together with any proceeds and reinvestments could be invested as a single pool with appropriate accounting to identify the proportionate interests of each system in particular assets, or asset classes. The assets held in the collective trust would be for the exclusive purpose of satisfying the obligations of each participating system to pay retirement and other benefits pursuant to applicable laws and plan documents for each system and for paying administrative expenses associated with satisfying such obligations. The board would also make payments to participating systems at the direction of an authorized person from each system. The investment board would not be responsible for the administration of any benefits provided by a participating system.

The establishment of an investment board to manage assets for MOSERS and MPERS, and possibly other interested pension funds (excluding the funds previously cited) would, generally speaking, work to the financial advantage of the state of Missouri over the long term. Net cumulative savings of $27 million in the first year and, over a five-year period, a cumulative $149 million, are largely due to an expectation of increased investment performance and economies of scale associated with

ASSUMPTION (continued)

consolidation of two investment programs. The expected increase in investment performance would be attributable to the ability of a professional investment staff/board to make strategic investment decisions and add additional asset diversification to the combined portfolios.

It is expected that there would be administrative cost savings in combining the investment programs. At the least, the investment operations cost for the new investment board would be cost neutral compared to current systems' investment operations expenses.

Components of the total estimated net savings are:

Savings

Custody Fee Savings – Today, each system contracts with a custodian bank for custody services for the assets. Consolidation of assets calls for only one custodian. While there are some cost increases due to the custodian handling more accounts, the overall effect is an elimination of nearly 60% of the cost of one custodian for an estimated annual savings of $124,000.

Consulting Fee Savings – Today, each system contracts with a general asset consultant for investment research, data gathering, independent review, due diligence on internally managed funds. With the consolidation of assets, only one consultant would be needed, saving $225,000 annually.

Manager Fees Savings - A consolidated asset base means that the incremental dollars would be managed at the lowest marginal rate effective in the managers tiered fee structure. A larger asset base is also expected to increase negotiating power for lower management fees in the future. In the traditional investment management industry, fees are based on dollars under management; therefore a larger asset base facilitates fee savings when considered on the basis of total dollars invested.

Increase in Earnings

The most significant fiscal impact of combining assets for investment purposes would be an expected increase in investment performance. While an increase in future returns is not a "given", historical results indicate a strong possibility of substantial gains in investment earnings overall. Investment returns for MOSERS and MPERS were compared for various periods. The long-term (since 1991) excess return was calculated at 1.99%. Additional investment earnings of 1.99% on the 12/31/09 market value of MPERS assets would produce an increase of approximately $27 million annually in investment earnings for the pension trust.

ASSUMPTION (continued)

One-Time Transition Costs

In the first year there would be transition costs for portfolio transactions (trading) in order to merge the assets into one investment pool. Transaction (trading) costs cannot be avoided when consolidating investment portfolios of the two systems. These one-time costs are expected to total approximately $2,300,000 and would be paid only in the year the transition is made to the investment board model.

Officials from the **Department of Conservation (MDC)** assume the amount of impact of this proposal on MDC funds is unclear; therefore, MDC will defer to MOSERS for the estimated amount of the impact. The Conservation Commission has chosen to participate in MOSERS.

State Audit of Public Employee Retirement Plans

Provisions are also included that would allow the state auditor to audit all public employee retirement plans once every three years. These provisions would expand the scope of the State Auditor's authority in this area and, at the same time, make the projects permissive rather than mandatory. The provision carries no fiscal impact to the system.

FISCAL IMPACT - State Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
Savings - Net decrease in annual contributions	$3,103,348	$9,151,519	$15,016,226
ESTIMATED NET EFFECT ON GENERAL REVENUE	**$3,103,348**	**$9,151,519**	**$15,016,226**
ALL OTHER FUNDS			
Savings - Office of Administration - Net decrease in annual contributions	$3,103,348	$9,151,519	$15,016,226
Savings - Department of Transportation & Highway Patrol - Net decrease in annual contributions	$462,578	$1,682,358	$2,968,650
ESTIMATED NET EFFECT ON OTHER FUNDS	**$3,565,926**	**$10,833,877**	**$17,984,876**

FISCAL IMPACT - Local Government	FY 2011 (10 Mo.)	FY 2012	FY 2013
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies provisions relating to retirement.

This act creates a new retirement plan for any person who becomes a state employee on or after January 1, 2011. To be eligible for normal retirement under this plan, employees will be required to reach age sixty-seven and have at least ten years of service or reach age fifty-five with the sum of the member's age and service equaling at least ninety, uniformed members of the highway patrol with a mandatory retirement age of sixty will be required to reach age sixty or reach age fifty-five with ten years credited service, members of the general assembly will be required to reach age sixty-two and complete at least three full biennial assemblies or reach age fifty-five with the sum of the member's age and service equaling at least ninety, and statewide elected officials will be required to reach age sixty-two and complete at least four years of service or reach age fifty-five with the sum of the official's age and service equaling at least ninety. Employees, except for uniformed members of the highway patrol, are eligible for early retirement at age sixty-two with ten years of service. Employees must work for the state for ten years to vest in the retirement system. Members of this retirement plan will be required to contribute four percent of their compensation to the retirement system. Members will not be able to purchase credit in the retirement plan for their past non-federal full-time public employment, their military service, or transfer credit from other public retirement plans. The employee contribution rate, the benefits under the year 2000 plan, and any other provision of the year 2000 plan may be altered, amended, increased, decreased, or repealed, but such change will only apply to service or interest credits after the effective date of the change. Employees under this plan shall not be eligible for the Backdrop option, which provides a lump sum payment at retirement for those working at least two years beyond normal retirement eligibility. (Section 104.1091)

This act also creates the Missouri State Retirement Investment Board. This board may manage the investment of the assets of the Missouri State Employees Retirement System (MOSERS) and the Missouri Department of Transportation and Highway Patrol Employees Retirement System (MPERS). The board may also administer the deferred compensation plan for state employees and the existing college and university defined contribution plan. Other Missouri public pension systems may upon approval of the system or plan and approval of the board enter an agreement with the board to provide investment oversight and management. The board is prohibited from managing the investments of the Public School Retirement Systems (PSRS), the Public Education Employee Retirement System (PEERS), The Missouri Local Government Employees Retirement System (LAGERS), the Public School Retirement System of St. Louis, the Public School Retirement of Kansas City and the retirement plans established by the Bi-State Development Agency and the Regional Investment District.

DESCRIPTION (continued)

Before the investment board is authorized to manage the investment of assets, the boards of MOSERS and MPERS must each vote to irrevocably transfer oversight and management of the investment of assets managed by these retirement systems to the investment board. If either the MOSERS or MPERS board do not transfer its assets, then the powers and duties of the investment board lapse and the board is prohibited from overseeing or managing any funds.

The Missouri State Retirement Investment Board is organized as a body corporate and instrumentality of the state with its records subject to the sunshine law and its meeting open to the public. The company's initial capital is provided on an equitable basis by MOSERS and MPERS. MOSERS and MPERS may transfer any of the executives or employees to the company, except for their executive directors.

The board has seven members, the executive director of MOSERS, the executive director of MPERS, the commissioner of administration, and four members appointed by the governor, initially from a list of names submitted by the executive directors of MOSERS and MPERS, and subsequently from alist of names submitted by board members. The governor has the right to reject any or all of the people on the list submitted by the executive directors or the list submitted by the board members. If the governor rejects any of the people recommended on the lists, the executive directors or board members, as the case may be, are required to submit a list of two people for each vacant position. This process shall continue until no position on the board remains vacant.

No member of the board or member of the MOSERS or MPERS board may be employed by the board or have a business relationship with any service provider of the board for two years after the end of their membership on the board. No current or former member of the general assembly or statewide elected official may become an employee of the board or work for or have a business relationship with any service provider of the board for five years after their service in the general assembly or as a statewide elected official has ended.

The assets of these retirement systems may be held by the board in a collective trust fund for investment as a single pool. The board is not liable for any payment they make as directed by the executive director, chief executive officer, or other person designated by the retirement system. The administrative and investment expenses of the board shall be appointed among the retirement systems.

The assets of MOSERS and MPERS will be transferred to the board over a transition period after the MOSERS and MPERS boards elect to transfer the management of the investments to the investment board. MOSERS and MPERS are responsible for managing their assets until they are transferred to the board. (Sections 104.1500 to 104.1506)

DESCRIPTION (continued)

The act also creates a new retirement plan for any person who first becomes a judge on or after January 1, 2011. Judges will be required to reach age sixty-seven and have at least twelve years of service or reach age sixty-two and have twenty years of service before they are eligible for normal retirement. If a judge retires at age sixty-seven with less than twelve years of service, or at sixty-two with less than twenty years service, their retirement compensation will be reduced proportionately. Judges in this retirement plan will be required to contribute four percent of their compensation to the retirement system. Judges will not be able to purchase credit in the retirement plan for their past non-federal full-time public employment or their military service. Judges under this plan who continue to work after their normal retirement date will not have cost-of-living increases added to their retirement compensation for the period of time between their eligibility for retirement and their actual retirement date. When a retired judge under this plan dies, their beneficiary will not receive an amount equal to fifty percent of the judge's retirement compensation. Instead, judges will make a choice at retirement among the benefit payment options, that includes options for the amount received by the beneficiary. The employee contribution rate, the benefits under the judicial retirement plan, and any other provision of the judicial retirement plan may be altered, amended, increased, decreased, or repealed, but such change will only apply to service or interest credits after the effective date of the change. (Sections 476.521 and 476.529)

This act prohibits a retired judge who becomes employed after January 1, 2011, as an employee eligible to participate in the MOSERS retirement plan from receiving their judicial retirement benefits while they are employed. Any judge who serves as a judge while he or she is receiving their judicial retirement is prohibited from receiving their judicial retirement while serving as a judge. A judge who serves as a senior judge or senior commissioner while receiving judicial retirement will continue to receive judicial retirement and additional credit and salary for their service. (Section 476.527)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Joint Committee on Public Employee Retirement
MoDOT & Patrol Employees' Retirement System
Local Government Employees Retirement System
County Employees Retirement System
Department of Conservation
Department of Labor and Industrial Relations
Missouri Highway Patrol

SOURCES OF INFORMATION (continued)

Missouri State Employees Retirement System
Public School Retirement System
Department of Transportation
Department of Financial Institutions and Professional Registration
Office of Administration
Division of Budget & Planning

Mickey Wilson

Mickey Wilson, CPA
Director
June 30, 2010