COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0673H.07T
Bill No.: Truly Agreed To and Finally Passed HCS for SS for SB 75
Subject: Retirement Systems and Benefits - General; Retirement - Local Government; Retirement - Schools; Education, Elementary and Secondary; Teachers; Law Enforcement Officers and Agencies
Type: Original
Date: June 21, 2023

Bill Summary: This proposal modifies provisions relating to retirement systems.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	(Unknown, Could exceed $2,000,000)	(Unknown, Could exceed $2,000,000)	(Unknown, Could exceed $2,000,000)
Total Estimated Net Effect on General Revenue	**(Unknown, Could exceed $2,000,000)**	**(Unknown, Could exceed $2,000,000)**	**(Unknown, Could exceed $2,000,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Show-Me MyRetirement Savings Administrative Fund	$0 or Unknown	$0 or Unknown	$0 or Unknown
Total Estimated Net Effect on Other State Funds	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**

Oversight assumes that costs and revenues would net to zero or revenues would exceed costs as the Show-Me MyRetirement Savings fund becomes self-sustaining. Oversight assumes net revenues could exceed the $250,000 threshold.
Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Show-Me MyRetirement Savings Administrative Fund – State Treasurer's Office	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
Total Estimated Net Effect on FTE	**0 or 2 FTE**	**0 or 2 FTE**	**0 or 2 FTE**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government	**$0**	**$0 or Could exceed $10,400,000 to (Unknown)**	**$0 or Could exceed $10,400,000 to (Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Sections 57.952, 57.961, 57.967 and 57.991 - Sheriffs' Retirement System

Officials from the **Sheriffs' Retirement System** state the general assembly and the governing body of a county may appropriate funds for deposit to the retirement fund. It also allows the board to accept gift, donations, grants and bequests from public or private sources. These are not mandates; therefore, the net increase for the Missouri Sheriffs' Retirement System is estimating this as $0 to unknown.

The 5% member contribution from all active Sheriffs will generate revenue annually. The current year estimate is approximately $425,000. The increase in annuity to $1,000 monthly as the minimum would cost the system approximately $17,000 per month or approximately $204,000 annually in 2023. Therefore, the net increase for Missouri Sheriffs' Retirement Fund would be $221,000 to unknown.

Oversight notes the costs and gains assumed by the retirement system may or may not impact the employer contribution rate of local sheriffs. Oversight will show a range of impact to local sheriffs of $0 (no change in contribution rates) to an unknown savings (reduction in contribution rates) to an unknown cost (increase in contribution rates).

Officials from the **Office of Administration - Budget and Planning** assume these provisions would have no fiscal impact on their organization.

Oversight assumes the General Assembly and the governing body of a county may appropriate funds to the Sheriffs' Retirement Fund.

Section 86.253, 86.254, 86.280, 86.283 and 86.287 – St. Louis Police Retirement System

In response to a similar proposal, HCS HB 303 (2023), officials from the **Alternative Police Retirement System of St. Louis ("System")** stated the amendments would eliminate provisions which currently forfeit the survivors' benefits for surviving spouses of officer-members of the System if they remarry.

Their firm has been engaged as an actuary for the System to analyze the above amendments. Their understanding is that each of the events that will be impacted by the proposed legislative changes are rare in occurrence. Therefore, the actuarial assumptions used for the valuations of the plan make no provision for these potential future events. As such, it is their determination that the above described amendments, when valued using the same methods and assumptions as used in the most recent periodic valuation, will not increase the System's actuarial accrued liability. Additionally, the historical infrequency of the events in the proposed legislative changes are unlikely to have a material impact on the future annual funding of the System.

Oversight assumes the events are "rare in occurrence" and would have a minimal impact on the "System". Therefore, Oversight will reflect a zero ($0) impact in the fiscal note for these provisions. (Sections 86.253 – 86.287)

However, officials from the **Alternative Police Retirement System of St. Louis** did not respond to **Oversight's** request for fiscal impact for this proposal.

<u>Section 104.160 – MPERS Board of Trustees</u>

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** state Section 104.160 of the proposed bill, if enacted, would stagger the terms for MPERS' elected trustees. MPERS has four trustees elected by representative bodies (two active employees, one each from MoDOT and the Highway Patrol and two retirees, one each from MoDOT and the Highway Patrol) for four-year terms. At present, all four of these positions become eligible for reelection at the same time. In the event all four trustees had opposition and then were all replaced with new trustees, MPERS' board would have a significant turnover of trustees (4 out of 11 total trustees) and loss of institutional knowledge because some of the elected trustees have been on the board for several years.

If enacted, MPERS would hold the scheduled election in March of 2026. The active trustees elected at that time would serve a two-year term rather than four years. MPERS would hold a new election for the active trustees in March of 2028 and those newly elected active trustees would then serve a four-year term going forward, thereby staggering the terms.

The outcome will require MPERS to hold elections more often (every two years rather than every four years), but it is not a significant enough change to overshadow the benefit of not losing four elected trustees simultaneously. The MPERS Board of Trustees is going through several process improvements intended to improve the organization and its oversight. This provision is supported by the board as one of those improvements.

<u>Sections 104.380 and 104.1039 – Benefit Eligible Position as a Legislator or Elected Official</u>

Officials from the **Missouri State Employee's Retirement System (MOSERS)** state these provisions, if enacted, would allow a retired member of MOSERS or MPERS to serve as a member of the general assembly or hold an elected statewide office while continuing to receive a monthly retirement benefit from MOSERS or MPERS.

Currently, if a retired member of MOSERS or MPERS returns to employment in a MOSERS or MPERS-covered position that normally requires 1,040 or more hours annually, such retiree shall not receive a retirement annuity for any month in which such retiree is employed.

The fiscal impact to MOSERS for this provision is an **unknown cost**. The proposed change would allow a retiree to continue to receive their retirement benefit if the retiree returns to a benefit eligible position as a legislator or elected official. Under current law, the retirement benefit would stop. The retiree would earn an additional benefit based on the service/salary credit earned while reemployed, if the member works for an additional year (which is the same as the current provision). Although MOSERS external actuarial professionals cannot directly value the impact of this proposed change in the actuarial valuation process, they have definitively indicated that this provision increases the System's liability because it will increase benefits paid for certain MOSERS retirees, current and future, who are retired and return as legislators or elected officials.

This provision exempts this provision change from the current law in Section 105.684, which requires a public pension plan in Missouri to be at least 80% funded prior to implementing a benefit change that increases plan liabilities. Without the exemption in the proposal, MOSERS would be prohibited from enacting such change as the plan was 58% funded as of June 30, 2022.

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** state Section 104.380 applies to MOSERS but it does not apply to MPERS. For clarification, MPERS Closed Plan provisions allow MPERS retirees to be reemployed by a MOSERS-covered employer, including the General Assembly, and not suspend the benefit.

Section 104.1039 would have the effect of allowing an MPERS retiree to serve in the General Assembly without suspension of the MPERS retirement benefit. This would have the same effect as described in the paragraph above. Typically when an individual in the Year 2000 reemploys, the retirement benefit is suspended, in which case MPERS is not paying out a benefit that would otherwise be owed. That would imply a savings. If the proposed is enacted and an MPERS retiree under this section can continue being paid a retirement benefit and can "reemploy" as a legislator, it would not provide MPERS the cost savings it would otherwise have had. Due to the very small number of individuals who this might apply to, MPERS does not expect more than a minimal fiscal impact. This fiscal impact for the changes above are minimal but impossible to determine.

Oversight notes MOSERS and MPERS indicated these provisions could result in increased costs. These costs assumed by the retirement system may or may not impact the employer contribution rate for state agencies. Oversight will show a range of impact of $0 (no change in employer contribution rates) to an unknown cost (increase in employer contribution rates) from this provision. Oversight assumes these provisions would impact so few people that any potential cost would likely be less than the $250,000 threshold annually. For simplicity, Oversight will show a cost to the General Revenue fund but notes Federal Funds and various other state funds are also used to fund employee benefits.

Section 104.436 and 104.1066 - Level Percent-of-Payroll Amortization Method

Officials from the **Missouri State Employee's Retirement System (MOSERS)** state the proposed legislation would remove the requirement that annual contributions for payment of the unfunded actuarial accrued liabilities (UAAL) be determined using the level percent-of-payroll amortization method for the Missouri State Employees' Retirement System (MOSERS), and the Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS).

The removal of this requirement does not obligate the MOSERS or MPERS Board of Trustees to calculate the annual contribution payment on the UAAL in an alternate manner than as past practice. This would simply allow the Board to consider other actuarial funding methods relative to paying down the UAAL.

The statutory provisions outlining level percent of payroll amortization were initially passed in 1981 (Section 104.436) and 1999 (Section 104.1066). A level percent of payroll amortization incorporates a payroll growth assumption—essentially the payments are computed with the expectation that payments will increase as payroll grows in the future. In June 30, 2009, MOSERS covered payroll was approximately $2 billion. Since that time, covered payroll has remained below the 2009 level with little to no growth. MOSERS assumes the provision will have no fiscal impact on their organization.

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** state, if enacted, these provisions would modify the language related to the cost methods applicable to the actuarial amortization for the unfunded liabilities for MPERS and MOSERS. The change would allow either plan the flexibility to choose the appropriate cost method. MPERS assumes the provision will have no fiscal impact on their organization.

Oversight assumes these provisions remove the prescribed method for determining contributions for payment of unfunded accrued liabilities and would allow for an alternative method which could result in higher or lower employer contributions than the level percent of payroll amortization method. **If** the retirement systems use an alternative method to pay down the UAAL to greater effect, Oversight assumes this could be a cost to the state from increased employer contributions. However, Oversight notes these provisions are permissive and a change in the method used would not occur without action from the Board of Trustees; therefore, Oversight will reflect a zero impact on the fiscal note for these sections of the proposal.

Various Provisions for MOSERS & MPERS

Officials from the **Missouri State Employee's Retirement System (MOSERS)** state the proposed legislation would provide clarification relative to several statutory provisions related to the retirement systems, Missouri State Employees' Retirement System (MOSERS) and the Missouri Department of Transportation and Patrol Employees' Retirement System (MPERS).

Most of these changes are minor modifications and clarifications of the retirement plans that are administrative in nature and intended to clarify and/or eliminate inconsistencies in the law.

There are a couple of proposed provisions that relate solely to MOSERS. First, the amount of service credit a member of the General Assembly or Statewide Elected Official can accrue while on long-term disability will be limited. This modification is to reflect the application of term limits and could result in a de minimis savings to the long-term disability plan. Second, the interest associated with employee contributions within the Judicial 2011 plan is changed from a fixed 4% to the 52-week Treasury bill rate (currently, less than 1%). This modification mirrors changes made to the General Employee plan under MOSERS in 2012 (SB 625). <u>There is no fiscal impact from these provision.</u>

Officials from **MoDOT & Patrol Employees' Retirement System (MPERS)** state the proposed bill, if enacted, is intended to cleanup a number of statutes related to the retirement systems, MoDOT and Patrol Employees' Retirement System (MPERS) and Missouri State Employees' Retirement System (MOSERS). The proposed legislation either corrects errors (e.g., missing subsections, incorrect cross-references, delete obsolete sections, etc.) or clarifies vague or unclear procedures, thereby improving the efficiency of the administration of benefits. <u>There is no fiscal impact from these provisions.</u>

Oversight notes that the above mentioned agencies have stated these provisions would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these provisions.

<u>Section 168.082 - Speech Implementer</u>

Oversight does not anticipate an impact from this provision.

<u>Public Schools and Education Employee Retirement Systems</u>

Officials from the **Public Schools and Education Employee Retirement Systems (PSRS/PEERS)** state this legislation, as currently drafted, has multiple components impacting Public School Retirement System of Missouri (PSRS) and the Public Education Employee Retirement System (PEERS) that are each addressed below. PSRS and PEERS are separate trust funds and must be evaluated individually. This memo discusses the impacts on both plans but separate cost statements are provided by the Systems' actuaries.

The Systems have an actuary firm, PricewaterhouseCoopers (PwC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. PwC has reviewed each component of the proposed legislation for impacts to the System individually, as well as evaluated the fiscal impact of all components in aggregate. The impact of individual components and the aggregate fiscal impact of the legislation are discussed in more detail below. The fiscal impact of all provisions in aggregate are expected to be a fiscal savings to both PSRS and PEERS, if retirement behavior is similar to the assumptions utilized in the analysis. Please note individual components vary and are further discussed below.

Section 169.560 - Working After Retirement - PSRS Retiree in Non-Certificated Position

Currently, any retired teacher from PSRS can be employed in a non-certificated position covered under PEERS without impacting their retirement benefit up to certain limitations. Any certificated retiree may earn up to 60% of the minimum teacher's salary ($15,000) as established by Section 163.172, RSMo, and will not contribute to the retirement system or earn creditable service for that work. The employers would be required to contribute into the PEERS for such employment.

This legislation will allow a retired, certificated teacher, working in a non-certificated position covered under PEERS, to earn up to 133% the annual earnings limit applicable to a Social Security limitation as set forth in 20 CFR 404.430 through June 30, 2028. After June 30, 2028 the retired, certificated teacher, working in a non-certificated position covered under PEERS, would be able to earn up to the annual earnings limit applicable to a Social Security limitation as set forth in 20 CFR 404.430.

PwC reviewed this portion of the legislation and estimate the impact of the proposed change to increase the pay-based limit on working after retirement under RSMo 169.560 Paragraph 2, in particular the increase to 133% of the annual Social Security earnings exemption amount through June 30, 2028 and then to 100% of the annual Social Security earnings exemption amount thereafter, to be a fiscal loss to PSRS if there is a change in active member retirement behavior to retire earlier as a result. This analysis is based on this provision in isolation and not the aggregate impact of all components of the legislation.

PwC indicated the proposed change to Section 169.560 Paragraph 2 is expected to result in an insignificant fiscal gain to PEERS.

Section 169.596 - Critical Shortage - 4 Years instead of 2 Years

The critical shortage employment exception found in Section 169.596, RSMo, is a statutory provision which allows covered employers who meet certain requirements (as set forth in statute) to employ a limited number of PSRS/PEERS retirees up to full-time without affecting the payment of their retirement benefits. Each retired member is limited to two years working under the critical shortage employment exception.

During the two years of critical shortage employment, employer contributions must be made on all salary earned, including employer-paid medical insurance premiums and pay for additional duties. The retired members employed under this provision continue to receive benefits, but do not contribute to PSRS/PEERS or earn service. By statute, districts cannot use the critical shortage employment exception to fill the position of superintendent.

This legislation allows retirees to return to work under the critical shortage exemption statute up to four years versus the current two-year restriction. PwC reviewed this portion of the proposed legislation and it is expected to have an insignificant fiscal gain for both PSRS and PEERS.

Critical Shortage - Number of Positions Allowed

The critical shortage employment exception found in Section 169.596, RSMo, indicates the total number of retired certificated teachers hired under the critical shortage declaration shall not exceed the littlest of ten percent of the total teacher staff for that school district, or five certificated teachers. The proposed legislative would change this provision to be the greater of one percent of the total certificated teachers and noncertificated staff for that school district or five certificated teachers.

PwC reviewed this portion of the proposed legislation and noted it is expected to have an insignificant fiscal gain for PSRS and PEERS.

Section 169.070 - 2.55% Formula Factor Provision

This legislation removes the expiration date of July 1, 2014, for the 2.55% Formula Factor Provision with 31 or more years of service for 169.070.1(8), RSMo for members of the Public School Retirement System of Missouri (PSRS). Additionally, this legislation amends the years of service requirement for the provision from 31 or more years of service to 32 or more years of service.

Currently, PSRS members who have 32 years or more of creditable service and retire have their retirement benefit calculated using a multiplier of 2.5%. The 2.55% Benefit Formula Factor Provision would allow for eligible members with 32 or more years of service to retire with an additional 0.05% Formula Factor.

The analysis prepared by PwC indicating, the proposed legislation would reduce the Plan's Actuarial Accrued Liability (AAL) by $234.4 million and result in an increase to the Plan's pre-funded ratio of 0.37%.

There are two components that impact the Actuarially Determined Contribution Rate (ADC) for a public retirement plan; the Normal Cost Rate (NC) and the Unfunded Actuarial Accrued Liability Rate (UAAL). The reduction of the AAL, results in a decrease in the annual UAAL rate resulting in annual savings of approximately $14 million for the next 30 years (for PSRS). There are additional annual savings of $7.2 million per year due to the reduction of the normal cost as a result of these provisions being made a permanent part of the benefit structure. The annual normal costs savings will continue as long as the new provisions are in force (this could extend beyond 30 years).

The annual savings of $21.2 million per year for the next 30 years is due to the reduction of the UAAL Rate and the NC Rate of the Plan as a result of the 2.55% provision being made a permanent part of the benefit structure (for PSRS).

PwC modeled two scenarios based on current information that result in a fiscal gain for PSRS. PwC's further notes that it is also possible for PSRS to experience no fiscal gain or a fiscal cost related to these changes, depending on whether or not active members and employers change their behavior as expected. This portion of the legislation has no impact on PEERS.

Oversight assumes the reduction in the Normal Cost Rate and the Unfunded Actuarial Accrued Liability will result in a decrease to the Actuarially Determined Contribution (ADC) Rate. Below are the Employer Contribution estimates provided by PricewaterhouseCoopers' actuarial cost statement.

Employer Contributions	**FY 2024**	**FY 2025**	**FY 2026**
Baseline	$773 million	$776 million	$768 million
Proposed	$762 million	$765 million	$757 million
Savings	$11 million	$11 million	$11 million

Oversight assumes this proposal is effective August 28, 2023 (FY 2024). Oversight notes the estimated annual savings of $21.2 million is split between employer contributions and employee contributions.

<u>Section 169.141 and 169.715 Divorce Pop-up for Same Sex Domestic Partners</u>

Officials from **PSRS/PEERS** state, currently, Section 169.141 and 169.715 allows for any Public School Retirement System (PSRS) or Public Education Employee Retirement System (PEERS) retiree that selects a joint-and-survivor plan and has a subsequent divorce be allowed to return to a single life option upon receipt of the application by the System.

- This provision will only occur if the divorce decree provides for sole retention of their retirement benefits.
- Retroactive benefits are not payable.
- The divorce must occur on or after September 1, 2017.

In addition, the current law also allows for any retiree that selects a joint-and-survivor plan and has a divorce after retirement but prior to September 1, 2017, to be allowed to return to a single life option upon receipt of the application by the System provided that they comply with the following criteria:

- The dissolution decree provides for sole retention by the retired person of all rights in the retirement allowance, and the nominated spouse consents in writing to his or her immediate removal as the nominated beneficiary and disclaims all rights to future benefits.
- The dissolution decree does not provide for sole retention by the retired person of all rights in the retirement allowance and the parties obtain an amended or modified

dissolution decree which provides for sole retention by the retired person of all rights in the retirement allowance.

Retroactive benefits for divorce pop-up are not payable.

These provisions relate to members of PSRS and PEERS who retired before September 1, 2015, and choose a joint-and-survivor plan and elected to list their same-sex domestic partner as a nominated beneficiary.

The Missouri Marriage Definition Amendment, also known as Amendment 2, was on the August 3, 2004 ballot in Missouri as a legislatively referred constitutional amendment, where it was approved. The measure amended the Constitution so that only marriages between a man and a woman would be valid and recognized in the state. On June 26, 2015, the U.S. Supreme Court held in a 5 to 4 decision that the Fourteenth Amendment requires all states to grant same-sex marriages and recognize samesex marriages granted in other states.

These provisions allow that a member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary may have the retirement allowance increased to the amount he or she would have received if he or she had not elected to receive reduced payments.

The member must do the following:

- The member must execute an affidavit, along with any supporting information and documentation required by the Board of Trustees, attesting to the existence of the domestic partnership at the time of the nomination and that the partnership has since ended.
- The nominated beneficiary must consent to the removal and disclaim all rights to future benefits in writing, or the parties must obtain a court order or judgment after September 1, 2023, removing the nominated beneficiary.
- If the member and beneficiary were legally married at the time of retirement or thereafter, the marriage must be dissolved, and the dissolution decree must provide for the sole retention of the allowance by the member.

A member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary may nominate a successor beneficiary. If the former nominated partner precedes the member in death, the member must execute an affidavit attesting to the existence of the partnership at the time of the former nomination. Otherwise, the member must execute an affidavit, along with any supporting information and documentation required by the Board of Trustees, attesting to the existence of the domestic partnership at the time of the nomination and that the partnership has since ended, and the nominated beneficiary must consent to the removal and disclaim all rights to future benefits in writing or the parties must obtain a court order or judgment after September 1, 2023, removing the nominated beneficiary.

If the member and beneficiary were legally married at the time of retirement or thereafter, the marriage must be dissolved, and the dissolution decree must provide for the sole retention of the allowance by the member. Any nomination of a successor beneficiary must occur within one year of September 1, 2023, or within one year of marriage, whichever is later.

PwC reviewed this portion of the proposed legislation and noted it is expected to have an insignificant fiscal gain for PSRS and PEERS.

Aggregate Fiscal Impact to all Proposed Provisions for PSRS/PEERS

There are only two provisions that are expected to have a significant impact on the Systems. Those provisions are the changes to the annual earnings limit for PSRS retirees working in non-certificated positions and the reinstatement of the 2.55% formula factor for PSRS members that work at least 32 years. As discussed, the 2.55% formula factor provisions are a significant fiscal savings to PSRS. If, the change in the annual earnings limit for PSRS retirees working in non-certificated positions through June 30, 2028, incentivizes PSRS members to retiree earlier than expected the savings from the 2.55% provision would be diminished. However, since the increased annual earnings limit is for a very limited time the savings are not substantially diminished, resulting in a cost savings in total.

The analysis prepared by PwC indicated, that the proposed legislation could reduce the Plan's Actuarial Accrued Liability (AAL) by $213.7 million and result in an increase to the Plan's pre-funded ratio of 0.33%, under this scenario. It is further estimated that the actuarially determined contribution would decrease resulting in annual savings of $20.8 million per year for the next 30 years

The aggregate impacts to PEERS are not anticipated to be fiscally significant.

Oversight assumes the reduction in the Normal Cost Rate and the Unfunded Actuarial Accrued Liability will result in a decrease to the Actuarially Determined Contribution (ADC) Rate.

Oversight notes the estimated annual savings of $20.8 million is split between employer contributions and employee contributions. The estimated employer contributions would decrease by $10.4 million per year. Oversight will reflect a potential savings to school districts for the employer contribution savings.

Oversight will show a range of impact of $0 (little or no change in the behavior of active members and employers) to a savings in employer contributions as provided by the actuarial cost estimate. Oversight assumes this proposal is effective August 28, 2023 (FY 2024). Given that actuarial-determined contribution rates will have already been determined for FY 2024 once this proposal is effective, Oversight will show a savings to local school districts beginning FY 2025.

<u>Section 169.331 – Kansas City and St. Louis Public School Retirement Systems</u>

Officials from the **Kansas City Public Schools Retirement System (KCPSRS)** state the fiscal impact cannot be determined without analysis and opinion letter from the System's actuary.

Officials from the **St. Louis Public Schools Retirement System** did not respond to **Oversight's** request for fiscal impact for this proposal.

Oversight will show a range of impact of $0 (no impact on employer contributions) to an unknown cost or savings on employer contributions.

<u>Section 173.1205 – Confidentiality of Certain Investment Information Submitted to an Institution of Higher Education</u>

Officials from the **University of Missouri System**, **Missouri State University** and **St. Charles Community College** each assume the proposal will have no fiscal impact on their respective organizations.

Oversight does not have any information to the contrary. Oversight assumes this requirement would not have a significant fiscal impact on colleges and universities. Therefore, Oversight will reflect no fiscal impact for this provision.

<u>Sections 285.1000 to 285.1055 – Show-Me MyRetirement Savings</u>

Officials from the **Office of the State Treasurer** <u>did not respond</u> to **Oversight's** request for fiscal impact for this proposal.

In response to a similar proposal, SCS HCS HB 1732 (2022), officials from the **State Treasurer's Office (STO)** stated their office does not currently deal with retirement savings nor have the capacity to take on the duties necessary to begin a program like the Show-Me MyRetirement Savings Board. The STO does not operate any similar programs and does not currently have the resources to absorb the duties assigned to support the startup of the Show-Me MyRetirement Savings Board. As such, the STO has estimated a minimum of two (2) FTEs being required to support the Board and the Program. STO has assigned these costs to the General Revenue Fund as these duties are beyond the scope of permitted expenditures from the State Treasurer's General Operations Fund pursuant to Section 30.605, RSMo, which authorizes the Treasurer to retain interest to fund the office functions pertaining to the management of state funds. The basis point cap included within this section cannot absorb additional functions without being raised above 15 basis points.

Oversight assumes the STO's administrative costs will be incurred in the new fund.

Officials from **Office of Administration - Budget and Planning (B&P)** assume these provisions would establish the Show-Me MyRetirement Savings Administrative Fund. Revenues deposited into the newly-created fund in the form of gifts, donations, grants or fees could increase Total State Revenue (TSR). Any new application, account, administrative, or other fees deposited into the fund could impact the calculation pursuant to Art. X, Sec. 18(e). Additionally, to the extent that individuals elect to make pre-tax contributions into a qualified retirement plan under this section, TSR could be impacted.

Officials from **Department of Revenue (DOR)** assume this proposal allows businesses to create a program similar to the state employee's deferred compensation system. It should be noted that businesses already have the ability to do so under current law. This would just create a system by which multiple businesses could band together to form this deferred compensation plan. Section 285.1015.2(7) allows that pretax contributions can be contributed and those pretax contributions could potentially have an impact on general revenue and TSR, DOR officials, given that current law allows these programs, are not sure this would result in any additional impact to the state.

The proposal has the potential to negatively impact DOR, but the extent of the impact is unclear. One section of the proposal (Section 285.1025) insulates employers against any adverse Missouri tax consequences as a result of participating in the Show-Me MyRetirement Plan, which would likely affect tax administration with respect to these employers in some situations. Section 285.1010.2 requires a state agency to cooperate with others and Section 285.1010 may give the board that oversees these plans the ability to alter Missouri withholding tax forms. Section 285.1015 authorizes the board to use state agency's infrastructure. If any of these requirements lead to affecting Missouri employer tax filings or authorize the use of DOR's infrastructure, these actions could have a negative fiscal impact on the Department. The impact is unknown but has the potential to be substantial.

Oversight assumes the DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass or if employer plans use of DOR infrastructure which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of the Governor** state this proposal adds to the governor's current load of appointment duties. Individually, additional requirements should not fiscally impact the Office of the Governor. However, the cumulative impact of additional appointment duties across all enacted legislation may require additional resources for the Office of the Governor.

Oversight assumes these provisions create the Show-Me MyRetirement Plan and creates the Show-Me MyRetirement Plan Board comprised of nine members.

Oversight assumes this proposal allows employees enrolled in the program to contribute a minimum of 1% of their wages to the plan. (And, at the discretion of the Board, increase the minimum contribution rate for participants 1% per year for each additional year the participant is employed up to the maximum percentage that may be contributed under federal law.) The plan allows voluntary pre-tax or designated Roth 401(k) contributions and is only available to employers that currently do not offer specified tax-favored plan for their employees and employ less than fifty employees. Therefore, Oversight assumes these provisions could result in a revenue loss from pre-tax contributions that otherwise would have been taxed.

Oversight notes, in 2016, Oregon created a state-based retirement savings program called OregonSaves. The program allows employees and workers to enroll in an automatic payroll deduction to Roth IRAs for self-employed workers and employees that are not offered retirement savings options through their employer. Based on the OregonSaves 2018 Annual Report to the Legislature, the combined retirement savings of the program was approximately $10.9 million.

Oversight notes, based on a Supplemental Appropriation Request, the Oregon State Treasury was appropriated $1,021,497 (approximately $500,000 annually) for staffing and other costs during the 2015-2017 biennium with an additional appropriation for $252,372 for legal expenses. For the 2017-2019 biennium, the Oregon State Treasury was appropriated $2,187,774 with a supplemental request for an additional $1,834,033 for a total of $4,021,807 in General Funds (**approximately $2,000,000 annually**). Oversight notes the OregonSaves program was created with different groups being phased in over time. Based on the Annual Report, the program has a participation rate of 72.75%.

Oversight assumes the administrative impact of these provisions could be similar to the cost experienced by the OregonSaves program, approximately $2,000,000 per year. Oversight will show a cost that could exceed approximately $2,000,000 per year. Additionally, Oversight notes this program is subject to appropriation; therefore, Oversight will show the cost as $0 (no appropriation) to the cost estimated above as appropriated by the General Assembly.

Oversight assumes start-up costs would diminish over time as the fund becomes self-sustaining. The start-up costs provided by the State would be repaid by the board with moneys on deposit which may have a positive impact on General Revenue in the future; however, Oversight is unsure when this would occur.

Oversight assumes this proposal creates the Show-Me MyRetirement Savings Administrative Fund which consists of moneys appropriated by the General Assembly, transferred from the federal government, state agencies or local governments, from the payment of fees, gifts, donations, or grants for administrative purposes for the Show-Me MyRetirement Savings Plan. Oversight assumes that costs and revenues would net to zero or revenues would exceed costs as the fund becomes self-sustaining.

Responses regarding the proposed legislation as a whole

Officials from the **Joint Committee on Public Employee Retirement (JCPER)** state this proposal has no direct fiscal impact to the Joint Committee on Public Employee Retirement.

The JCPER's review of this proposal indicates that its provisions may constitute a "substantial proposed change" in future plan benefits as defined in section 105.660(10). It is impossible to accurately determine the fiscal impact of this legislation without an actuarial cost statement prepared in accordance with section 105.665.

Pursuant to section 105.670, an actuarial cost statement must be filed with the Chief Clerk of the House of Representatives, the Secretary of the Senate, and the Joint Committee on Public Employee Retirement as public information for at least five legislative days prior to final passage.

Officials from the **Department of Higher Education and Workforce Development**, **Department of Commerce and Insurance**, **Missouri Senate**, **Missouri House of Representatives**, **Office of Administration** and the **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than $5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
Costs – any potential appropriation to the Sheriffs' Retirement Fund – §57.952 – p.3	$0	$0 or (Unknown)	$0 or (Unknown)
Costs - increase in employer contributions for members now receiving benefits that otherwise would not have - §104.380 & §104.1039 – p.4-5	$0	$0 or (Unknown)	$0 or (Unknown)
Revenue Loss - from pre-tax contributions that otherwise would have been taxed – §208.1000 - §208.1055 p.13-16	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Transfer Out - to Show-Me My-Retirement Savings Fund – to start up / administer the program – p.13-16	$0 to (Unknown, Could exceed $2,000,000)	$0 to (Unknown, Could exceed $2,000,000)	$0 to (Unknown, Could exceed $2,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**(Unknown, Could exceed $2,000,000)**	**(Unknown, Could exceed $2,000,000)**	**(Unknown, Could exceed $2,000,000)**

FISCAL IMPACT – State Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
SHOW-ME MYRETIREMENT SAVINGS ADMINISTRATIVE FUND			
Revenue Gain - from fees, gifts, donations or other funds – p.13-16	$0 or Unknown	$0 or Unknown	$0 or Unknown
Transfer In - from General Revenue – p.13-16	$0 to Unknown, Could exceed $2,000,000	$0 to Unknown, Could exceed $2,000,000	$0 to Unknown, Could exceed $2,000,000
Cost – STO – p.13	$0 or …	$0 or …	$0 or …
Personal Service	($75,983)	($92,092)	($93,013)
Fringe Benefits	($48,572)	($58,618)	($58,953)
Expense & Equipment	($28,500)	($10,918)	($11,246)
Total Cost – STO	($153,055)	($161,628)	($163,212)
FTE Change – STO	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE
Costs - Board - administrative, travel expenses, legal, IT, staff and other start-up costs - p.13-16	$0 or (Unknown, Could exceed $1,782,551)	$0 or (Unknown, Could exceed $1,760,327)	$0 or (Unknown, Could exceed $1,757,964)
ESTIMATED NET EFFECT ON SHOW-ME MYRETIREMENT SAVINGS ADMINISTRATIVE FUND	**$0 or Unknown**	**$0 or Unknown**	**$0 or Unknown**
Estimated Net FTE Change on the Show-Me My-Retirement Administrative Fund	0 or 2 FTE	0 or 2 FTE	0 or 2 FTE

FISCAL IMPACT – Local Government	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISION			
Costs – an appropriation from the governing body of a county - §57.952 – p.3	$0	$0 or (Unknown)	$0 or (Unknown)
Costs/Savings - from increased or reduced employer contributions - §57.952, §57.961 & §57.967 – p.3	$0	$0 or Unknown to (Unknown)	$0 or Unknown to (Unknown)
Cost Avoidance – School Districts - reduction in actuarially determined contributions for PSRS - §169.070 & §169.560 – p.12	$0	$0 to $10,400,000	$0 to $10,400,000
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**$0**	**$0 or Could exceed $10,400,000 to (Unknown)**	**$0 or Could exceed $10,400,000 to (Unknown)**

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

SHERIFFS' RETIREMENT SYSTEM (SECTIONS 57.952 TO 57.991)

Currently, neither the General Assembly nor the governing body of a county shall appropriate funds for deposit in the Sheriffs' Retirement Fund. This act provides that the General Assembly and the governing body of a county may appropriate funds for deposit in the Sheriffs' Retirement Fund. Additionally, the Board of the Sheriffs' Retirement System may accept gifts, donations, grants, and bequests from public or private sources for the Sheriffs' Retirement Fund.

Furthermore, this act provides that each person who is a member of the Sheriffs' Retirement System on or after January 1, 2024, shall be required to contribute five percent of his or her pay. Each county shall make the payroll deductions for member contributions from the same source of funds used for payment of compensation to the members and shall transmit such moneys to the Board for deposit in the Sheriffs' Retirement Fund. The deductions shall not reduce the member's pay for purposes of computing benefits. When paid to the Sheriffs' Retirement System, each of the contributions shall be credited to the member from whose compensation the contributions were deducted. Additionally, the contributions shall be treated as employee contributions for purposes of federal income tax purposes.

Furthermore, this act provides that a former member who is not vested may request a refund of his or her contributions, which shall be paid after 90 days from the later of the date of termination or the date of request. This act also provides that the normal annuity provided to a retired member of the Sheriffs' Retirement System shall not be less than $1,000 per month.

Currently, the benefits provided by the Sheriffs' Retirement System shall in no way affect the eligibility for retirement benefits from the Missouri Local Government Employees' Retirement System ("LAGERS") or any other local government retirement or pension system, or in any way have the effect of reducing retirement benefits in such systems, or reducing compensation or mileage reimbursement of employees. This act provides that such provision shall apply to members of the system prior to December 31, 2023. Any new member employed on or after January 1, 2024, that is a member of another state or local retirement or pension system shall cease membership in any other state or local retirement pension system, except that the member shall be entitled to benefits accrued through December 31, 2023, or the commencement of membership in the Sheriffs' Retirement System, whichever is later.

POLICE RETIREMENT SYSTEM OF ST. LOUIS (SECTIONS 86.253 TO 86.287)

Currently, a surviving spouse of a member of the Police Retirement System of St. Louis shall be entitled to a pension benefit as defined in law until the surviving spouse dies or remarries, whichever is earlier. This act removes when a spouse remarries and only provides that a surviving spouse shall have a pension benefit for his or her life. Furthermore, this act provides that a surviving spouse receiving death benefits as a result of a prior marriage to a deceased member who subsequently remarries another member who also predeceases the surviving spouse shall receive only a single pension as calculated in the act using the highest of the average final compensations of the deceased members. Additionally, any surviving spouse that previously had become ineligible prior to August 23, 2023, shall have all future benefits reinstated upon application to the Board of Trustees of the Police Retirement System of St. Louis.

MPERS: DEFINITIONS & BOARD (SECTIONS 104.010, 104.020, 104.035, 104.090, 104.130 & 104.170)

This act provides that the Board of Trustees of the Missouri Department of Transportation and Highway Patrol Employees' Retirement System ("MPERS") may further define the term "compensation" in a manner consistent with current law. Additionally, this act modifies the sectional references for provisions applicable to MPERS. This act repeals the requirement of one continuous year of service for purposes of restoration of prior service periods for those terminated members of MPERS entitled to a deferred normal annuity who reenter service. This act also repeals the availability of reelection of joint and survivor benefits within one year of a new marriage for those members whose annuities have reverted to a single life annuity following the death of a spouse and have been made a special consultant of the Board and repeals the provision relating to the requirement of the Board of MPERS to pay a retired member's designated beneficiaries or estate a death benefit equal to the excess of accumulated member contributions over the total amount of retirement benefits received. The election of chair and vice-chair of the Board by secret ballot is also repealed.

MPERS: BOARD TERMS (SECTION 104.160)

Additionally, this act provides that the terms of those active employee members serving on the Board of Trustees of MPERS on August 28, 2026, shall continue until June 30, 2028. The terms of the active employee members shall be four years after June 30, 2028.

MPERS/MOSERS: ERROR CORRECTIONS (SECTIONS 104.200, 104.490 & 104.1060)

Currently, the Board of MPERS and the Board of the Missouri State Employees' Retirement System ("MOSERS") shall correct an error that has resulted in a member or beneficiary receiving more or less than entitled if the system discovers or is notified of such error within ten years after the initial date of the error. This act provides that no error shall be corrected unless the system discovers or is notified within ten years after the later of the member's annuity starting date or the date of error. However, in cases of fraud, any error shall be corrected.

MPERS/MOSERS: DIVISION OF BENEFITS IN DISSOLUTION OF MARRIAGE ACTIONS (SECTIONS 104.312, 104.625(4), 104.1024.6(4) & 104.1051)

This act provides that unused sick leave credited to a MPERS or MOSERS member shall be excluded in the monthly amount paid to the alternate payee or former spouse for a division of benefits order in a dissolution of marriage action. This act also specifies that annual benefit increases paid after the member's annuity starting date shall not be considered an increase accrued after the termination of the marriage and shall be counted as part of the monthly amount. For a member who has not been paid retirement benefits and continues employment for at least two years beyond normal retirement age, any service or compensation between the retroactive starting date and the annuity starting date shall not be considered creditable service or compensation. Additionally, any lump sum payment elected by a member who has not been paid retirement benefits and continues employment for at least two years beyond normal retirement age shall not be subject to a division of benefits order.

MPERS/MOSERS: WORKING AFTER RETIREMENT AS LEGISLATOR OR ELECTED OFFICIAL (SECTIONS 104.380 & 104.1039)

Currently, if a retired member of MOSERS or a retired member of the Year 2000 Plan of MPERS is elected or appointed to any state office or is employed by a department in a benefit-eligible position, the member shall not receive an annuity nor accrue annual benefit increases or cost-of-living adjustments for any month or part of a month for which the member serves as an officer or employee. This act excludes members of the General Assembly and an elected state official holding an elective state office from such provisions.

MPERS/MOSERS: DISABILITY BENEFITS FOR MEMBERS OF THE GENERAL ASSEMBLY AND STATEWIDE ELECTED OFFICIALS (SECTIONS 104.410 & 104.1084)

Members of the General Assembly and statewide elected officials who qualify for disability shall continue to accrue service until the earliest of attainment of normal retirement age eligibility, termination of disability benefits, or the end of his or her constitutionally mandated limit on service for the particular chamber of the General Assembly or office in which he or she was serving at the time of the disablement.

MPERS/MOSERS: ACTUARIAL AMORTIZATION AND COST METHODS (SECTIONS 104.436 & 104.1066)

Currently, the Missouri State Employees' Retirement System ("MOSERS") and, under the Year 2000 Plan, the Missouri Department of Transportation and Highway Patrol Employees' Retirement System ("MPERS"), shall use the entry age normal cost valuation method for normal cost calculations and shall use the level percent-of-payroll amortization for determinations of contributions for unfunded accrued liabilities. This act repeals the use of the level percent-of-payroll and provides only for the entry age normal cost valuation method to be used in determining the normal cost calculation.

MPERS/MOSERS: SPECIAL CONSULTANTS (SECTIONS 104.515 & 104.1072)

This act provides that special consultants of the Board of Trustees of MPERS or MOSERS who have reached a normal or early retirement age and become a retiree within 65 days, instead of 60 days, shall receive $5,000 of life insurance coverage.

MPERS/MOSERS: ANNUITIES AND LUMP SUM PAYMENTS (SECTIONS 104.625(3) & 104.1024.6(3))

A member who has not been paid retirement benefits and continues employment for at least two years beyond normal retirement age may currently elect to receive lump sum amounts in full or in three equal annual installments. This act repeals the availability of lump sum payments in installments.

MPERS/MOSERS: WATER PATROL EMPLOYEES (SECTION 104.810)

If an employee of the Missouri State Water Patrol who earned creditable service in the closed plan of MOSERS and who was eligible to transfer membership to the closed plan of MPERS has terminated his or her position and subsequently returns to the same position, the employee will be a member of the system in which he or she was a member prior to termination. If the employee returned to any other position, the employee shall be a member of the system that currently covers that position.

MPERS/MOSERS: YEAR 2000 PLAN (SECTIONS 104.1003, 104.1018, 104.1024 & 104.1091)

This act repeals the term "year" as it relates to the term "employee" when describing persons employed in positions requiring the performance of duties of not less than one thousand forty hours per year. This act also corrects a sectional reference to mandatory retirement for members of the Missouri Highway Patrol. Additionally, this act provides that the Board of Trustees for the respective system may further define the term "pay" in a manner consistent with current law.

This act provides that any vested former member who terminated employment after attaining normal retirement eligibility shall be considered a member of the retirement system entitled to certain annuities under the Year 2000 plan. This act further provides that the calculation for the life annuity paid under the Year 2000 Plan for individuals with credited service not covered by Social Security is for certain teachers of certain state agencies and universities whose credited service is not covered by Social Security.

Currently, vested former members are not eligible for early retirement. This act modifies the provision to provide that only those vested former members who terminate employment prior to the attainment of early retirement eligibility are not eligible for such early retirement. Additionally, a refund of contributions requested by a former member currently shall be paid by the system after 90 days from the later of either the date of termination or the date of request. This act provides that such a refund, which shall include all employee contributions, shall be paid by the system within an administratively reasonable period, but no sooner than 90 days after the date of termination. Further, a former member who receives a refund shall not be eligible to receive any disability benefits, rather than long-term disability benefits.

This act provides that those vested former members who terminated employment after attainment of normal retirement eligibility shall be covered by a member's normal retirement eligibility. Additionally, current law provides that the survivor annuity payable for vested former members is not payable until the deceased member would have reached normal retirement eligibility. This act provides that such survivor annuity is not payable until such time for those vested former members who terminated employment prior to early retirement eligibility. Further, the current annual cost-of-living adjustments, which shall not commence until the second anniversary of the annuity starting date, apply only to vested former members who terminated employment prior to early retirement eligibility.

SPEECH IMPLEMENTERS CERTIFICATION AND SOCIAL SECURITY COVERAGE (SECTION 168.082)

This act provides that any person who was employed as a speech implementer before August 1, 2022, that is employed on or after August 28, 2023, as a speech-language pathology assistant shall be considered a speech implementer for certification that the Department of Elementary and Secondary Education required before August 28, 2022, and for Social Security coverage. Such person shall not be considered a speech implementer when such person dies, retires, or no longer works in a speech-language pathology assistant position.

PSRS: RETIREMENT ALLOWANCE MULTIPLIER (SECTION 169.070)

Current law provides that between July 1, 2001, and July 1, 2014, a member of Public School Retirement System of Missouri ("PSRS") with thirty-one years or more of service, regardless of age, is provided a retirement allowance with a multiplier of 2.55% of the member's final average salary for each year of the membership service. This act modifies this provision by removing the expiration date and by providing that a member with thirty-two years or more of service may receive such retirement allowance.

PSRS/PEERS: SAME-SEX DOMESTIC PARTNERSHIP POP-UP PROVISIONS (SECTIONS 169.141 & 169.715)

Under current law, a member of PSRS or PEERS with twenty-five or more years of creditable service, or who is at least age fifty-five with five or more years of creditable service, may elect in an application for retirement to receive the actuarial equivalent of the member's retirement allowance in reduced monthly payments for life during retirement.

This act provides that a member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary may have the retirement allowance increased to the amount he or she would have received if he or she had not elected to receive reduced payments. The member shall execute an affidavit, along with any supporting information and documentation required by the Board of Trustees, attesting to the existence of the domestic partnership at the time of the nomination and that the partnership has since ended. The nominated beneficiary is required to consent to the removal and disclaim all rights to future benefits in writing, or the parties must obtain a court order or judgment after September 1, 2023, removing the nominated beneficiary. If the member and beneficiary were legally married at the time of retirement or thereafter, the marriage is required to be dissolved, and the dissolution decree shall provide for the sole retention of the allowance by the member.

A member who elected to receive reduced monthly payments on or before September 1, 2015, with his or her same-sex domestic partner as the nominated beneficiary may nominate a successor beneficiary. If the former nominated partner precedes the member in death, the member shall execute an affidavit attesting to the existence of the partnership at the time of the former nomination. Otherwise, the member shall execute an affidavit, along with any supporting information and documentation required by the Board of Trustees, attesting to the existence of the domestic partnership at the time of the nomination and that the partnership has since ended, and the nominated beneficiary is required to consent to the removal and disclaim all rights to future benefits in writing or the parties must obtain a court order or judgment after September 1, 2023, removing the nominated beneficiary. If the member and beneficiary were legally married at the time of retirement or thereafter, the marriage is required to be dissolved, and the dissolution decree shall provide for the sole retention of the allowance by the member. Any nomination of a successor beneficiary shall occur within one year of September 1, 2023, or within one year of marriage, whichever is later.

KCPSRS: WORKING AFTER RETIREMENT (SECTION 169.331)

Currently, a retired certificated teacher receiving a retirement benefit from the Kansas City Public School Retirement System ("KCPSRS") may, without losing his or her retirement benefit, teach up to two years for a KCPSRS school district with shortage of certified teachers as long as there is not more than fifteen retired teachers. This act modifies the provision by allowing a KCPSRS-retired certificated teacher to teach up to four years for a KCPSRS school district with shortage of certified teachers as long as there is not more than thirty retired teachers.

PSRS/PEERS: WORKING AFTER RETIREMENT (SECTIONS 169.560 & 169.596)

Currently, any teacher retired from PSRS can be employed in a position covered under the Public Education Employee Retirement System of Missouri ("PEERS") without stopping their retirement benefit. Such teachers may earn up to 60% of the minimum teacher's salary as set forth in law, but will not contribute to either retirement system nor earn creditable service. Beginning on August 28, 2023, and ending on June 30, 2028, this act allows such teachers to earn up to 133% of the annual earnings limit applicable to a Social Security recipient before the calendar year of attainment of full retirement age under federal regulations. After June 30, 2028, such teachers may earn up to the annual earnings limit applicable to a Social Security recipient before the calendar year of attainment of full retirement age. Additionally, this act shall not apply to retired members currently receiving benefits who are employed as a full-time teacher of certain state agencies and institutions.

Additionally, current law provides that a retired teacher or a retired noncertificated employee who is receiving a retirement benefit from PSRS/PEERS is allowed to work full-time for up to two years for a PSRS/PEERS-covered school district if there is a shortage of certified teachers or noncertificated employees. This act allows such employees to work full-time up to four years for such districts. Furthermore, the number of retired teachers that currently may teach in a school district with a critical shortage shall not exceed, at any one time, the lesser of 10% of the teacher staff for that school district, or five teachers. This act provides that the total number of retired teachers shall not exceed, at any one time, the greater of 1% of the total of teacher and non-certified staff for that school district, or five teachers.

CLOSED INVESTMENT RECORDS OF HIGHER EDUCATION INSTITUTIONS (SECTION 173.1205)

This act provides that meetings, records, and votes may be closed to the extent that they relate to information submitted to a public institution of higher education regarding investments in or financial transactions with business entities for investment purposes.

SHOW-ME MYRETIREMENT SAVINGS PLAN (SECTIONS 285.1000 TO 285.1055)

This act establishes the Show-Me MyRetirement Savings Plan, which creates new provisions relating to retirement savings plans for private-sector employees.

The act creates the Show-Me MyRetirement Savings Plan, which is a multi-employer retirement plan. The plan is to be designed, developed, and implemented by the Show-Me MyRetirement Savings Board in accordance with the limitations and requirements set forth by the act. The plan is required to be fully implemented no later than September 1, 2025.

An annual audit is required to be conducted of the Show-Me MyRetirement Savings Plan, the Show-Me MyRetirement Savings Board, and the trust in which the assets of the plan are held. Such audit shall be completed by a certified public accountant and be submitted to the Governor, Treasurer, President Pro Tem of the Senate, and Speaker of the House of Representatives.

The act creates the Show-Me MyRetirement Savings Board within the State Treasurer's office, of which the State Treasurer shall be the chair. With the exception of the Treasurer, all members of the Board are appointed by the Governor, the President Pro Tem of the Senate, or the Speaker of the House of Representatives. Such members shall serve at the pleasure of the appointing authority, but in no event longer than four years.

The Board is required to conduct outreach to individuals, employers, stakeholders, and the public in general about the program. Such outreach shall include informing them of the benefits of tax-favored retirement saving and other information, as specified in the act.

The Board is permitted to enter into intergovernmental memoranda of understanding with the state and any agency of the state for the purpose of services needed to implement the plan.

The act provides that no employer shall be liable, or bear responsibility, for an employee's decision to participate in the plan or for any result, decision, or action as a result of an employee participating in the plan.

Furthermore, the act exempts certain public entities from liability for any loss, deficiency, failure to realize gain, or other adverse consequences incurred as a result of participation in the plan by an employee.

The act provides that certain individual account information under the plan shall be confidential and may only be disclosed as otherwise required under state or federal law, or at the request of the individual.

JUDICIAL PLAN (SECTION 476.521)

Currently, for judges hired after January 1, 2011, his or her contributions are refunded with four percent interest per year. Beginning June 30, 2022, the interest rate is changed so that it is equal to the investment rate for the fifty-two week treasury bills issued by the United States Department of the Treasury. Additionally, the interest rate shall cease upon retirement or death of the judge. A beneficiary of any judge who contributed to the system currently receives a refund upon the judge's death based on the amount of such contributions. This act provides that the interest credited to such contributions shall be included in the refund calculation.

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

Office of the State Treasurer
Office of Administration
    Budget and Planning
    Division of Accounting
Office of the Governor
Department of Revenue
Missouri Senate
Missouri House of Representatives
Office of the Secretary of State
Joint Committee on Administrative Rules
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Department of Commerce and Insurance
Department of Higher Education and Workforce Development
Office of the State Courts Administrator
Public Schools and Education Employee Retirement Systems
Kansas City Public School Retirement System

JLH:LR:OD

Sheriffs' Retirement System
St. Louis Police Retirement System
Joint Committee on Public Employee Retirement
University of Missouri System
Missouri State University
St. Charles Community College

Julie Morff
Director
June 21, 2023

Ross Strope
Assistant Director
June 21, 2023

JLH:LR:OD