

FIRST REGULAR SESSION

HOUSE BILL NO. 1205

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LEARA.

1929H.021

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 169.460 and 169.490, RSMo, and to enact in lieu thereof two new sections relating to St. Louis city teacher retirement.

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

Section A. Sections 169.460 and 169.490, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 169.460 and 169.490, to read as follows:

169.460. 1. Any member may retire and receive a normal pension upon his written application to the board of trustees setting forth at what time not less than fifteen days nor more than one hundred eighty days subsequent to the execution and filing of such application he desires to be retired; provided, that the member at the time so specified for his retirement either (a) shall have attained age [sixty-five] **sixty-two** or (b) shall have attained an age which when added to the number of years of credited service of such member shall total a sum not less than [eighty-five] **eighty**. For purposes of computing any member's age under this section, the board shall, if necessary, add to his actual age any accumulated and unused days of sick leave included in his credited service.

2. Upon retirement pursuant to subsection 1 of this section, a member shall receive an annual pension payable in monthly installments **as follows:**

(1) **A member retiring prior to January 1, 2016, a monthly installment** equal to his number of years of credited service multiplied by two percent of his **or her** average final compensation subject to a maximum pension of sixty percent of his **or her** average final compensation.

(2) **A member hired for the first time on or after January 1, 2016, shall receive an annual pension payable in monthly installments equal to his or her number of years of**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

18 **credited service multiplied by one and three-fourths percent of such member's average**
19 **final compensation subject to a maximum pension of sixty percent of the member's average**
20 **final compensation.**

21 **(3) A member having credited service prior to January 1, 2016, and who earns**
22 **credited service on or after January 1, 2016, shall have his or her monthly installment**
23 **calculated based on both periods of service:**

24 **(a) For credited service earned prior to January 1, 2016, the partial monthly**
25 **installment shall be equal to his or her number of years of credited service multiplied by**
26 **two percent of the member's average final compensation; and**

27 **(b) For credited service earned on or after January 1, 2016, the partial monthly**
28 **installment shall be equal to his or her number of years of credited service multiplied by**
29 **one and three-fourths percent of such member's average final compensation;**

30 **(c) The annual pension payable in monthly installments shall be the total of the**
31 **partial monthly installments calculated in paragraphs (a) and (b) of this subdivision added**
32 **together, subject to a maximum pension of sixty percent of the member's average final**
33 **compensation.**

34 3. A member who is not eligible for normal pension pursuant to subsection 1 of this
35 section but who has attained age sixty and has five or more years of credited service may make
36 application in the same manner as pursuant to subsection 1 of this section for an early pension.
37 His early pension shall be computed pursuant to subsection 2 of this section, but shall be reduced
38 by five-ninths of one percent for each month such member's early retirement date precedes the
39 earliest date he could have received a normal pension pursuant to subsection 1 of this section had
40 his service continued.

41 4. Upon the written application of the member or of the employing board, any active
42 member who has five or more years of credited service with such board and does not qualify for
43 a normal pension pursuant to subsection 1 of this section may be retired by the board of trustees,
44 not less than fifteen days and not more than one hundred eighty days next following the date of
45 filing such application, and receive a disability pension, provided, that the medical board after
46 a medical examination of such member or such member's medical records shall certify that such
47 member is unable to further perform his duties due to mental or physical incapacity, and that
48 such incapacity is likely to be permanent and that such member should be retired; or, provided
49 the member furnishes evidence of the receipt of disability benefits under the federal Old Age,
50 Survivors and Disability Insurance System of the Social Security Act. The determination of the
51 board of trustees in the matter shall be final and conclusive. A member being retired pursuant
52 to this subsection who has accumulated unused vacation and sick leave may elect to have the

53 commencement of his disability pension deferred for more than one hundred eighty days during
54 the period he is entitled to vacation and sick pay.

55 5. Upon retirement for disability, a member shall receive a disability pension until such
56 time as he meets the requirements for a normal pension pursuant to subsection 1 of this section,
57 at which time his disability pension will be deemed to be a normal pension. The member's
58 disability pension shall be the larger of:

59 (1) A normal pension based on his credited service to the date of his retirement for
60 disability and calculated as if he were age sixty-five; or

61 (2) One-fourth of his average final compensation; except that such benefit shall not
62 exceed the normal pension which he would have received upon retirement if his service had
63 continued and he had satisfied the eligibility requirements of subsection 1 of this section and had
64 his final average compensation been unchanged.

65 6. Once each year during the first five years following retirement for disability and once
66 in every three-year period thereafter while receiving a disability pension, the board of trustees
67 may, and shall, require any member receiving a disability pension who has not yet become
68 eligible for a normal pension pursuant to subsection 1 of this section to undergo a medical
69 examination at a place designated by the medical board or by a physician or physicians
70 designated by such board. If any such member receiving a disability pension refuses to submit
71 to such medical examination, his benefit may be discontinued until his withdrawal of such
72 refusal, and if his refusal continues for one year, all rights in and to his pension may be revoked
73 by the board of trustees.

74 7. If the board of trustees finds that any member receiving a disability pension is engaged
75 in or is able to engage in a gainful occupation paying more than the difference between his
76 disability pension plus benefits, if any, to which he and his family are eligible under the federal
77 Old Age, Survivors and Disability Insurance System of the Social Security Act and the current
78 rate of monthly compensation for the position he held at retirement, then the amount of his
79 disability pension shall be reduced to an amount which together with the amount earnable by him
80 shall equal such current rate of monthly compensation. The decisions of the board of trustees
81 in regard to such modification of disability benefits shall be final and conclusive.

82 8. If any member receiving a disability pension is restored to service as an employee, he
83 shall again become an active member of the retirement system and contribute thereunder. His
84 credited service at the time of his retirement for disability shall be restored and the excess of his
85 accumulated contributions at his retirement for disability over the total disability pension
86 payments which he received shall be credited to his account.

87 9. If a member with fewer than five years credited service ceases to be an employee,
88 except by death, he shall be paid the amount of his accumulated contributions in accordance with
89 applicable provisions of the Internal Revenue Code.

90 10. If a member with five years or more credited service ceases to be an employee,
91 except by death or retirement, he shall be paid on demand the amount of his accumulated
92 contributions, or he may leave his accumulated contributions with the retirement system and be
93 an inactive member and claim a retirement benefit at any time after he reaches the minimum age
94 for retirement, except that if such a member's accumulated contributions do not exceed the
95 involuntary distribution limits under provisions of the Internal Revenue Code, the member must
96 elect to become an inactive member within thirty days of employment separation to avoid
97 application of the involuntary distribution provisions of the Internal Revenue Code. When an
98 inactive member presents his valid claim to the board of trustees, he shall be granted a benefit
99 at such time and for such amount as is available pursuant to subsection 2 or 3 of this section in
100 accordance with the provisions of law in effect at the time his active membership ceased. The
101 accumulated contributions of an inactive member may be withdrawn at any time upon ninety
102 days' notice or such shorter notice as is approved by the board of trustees. If an inactive member
103 dies before retirement, his accumulated contributions shall be paid to his designated beneficiary,
104 if living, otherwise to the estate of the member. A member's accumulated contributions shall not
105 be paid to him so long as he remains in service as an employee.

106 11. Any member upon retirement shall receive his pension payable throughout life
107 subject to the provision that if his death occurs before he has received total benefits at least as
108 large as his accumulated contributions at retirement, the difference shall be paid in one sum to
109 his designated beneficiary, if living, otherwise to the estate of the retired member.

110 12. Prior to the date of retirement pursuant to subsection 2, 3, or 4 of this section, a
111 member may elect to receive the actuarial equivalent of his pension in a lesser amount, payable
112 throughout life under one of the following options with the provision that:

113 Option 1. Upon his death, his pension shall be continued throughout the life of and paid
114 to his beneficiary, or

115 Option 2. Upon his death, one-half of his pension shall be continued throughout the life
116 of and paid to his beneficiary, or

117 Option 3. Upon his death, his pension shall be continued throughout the life of and paid
118 to his beneficiary, provided that in the event his designated beneficiary predeceases him, then
119 his pension shall be adjusted effective the first day of the month following the month in which
120 his designated beneficiary died to the amount determined pursuant to subsection 2 or 3 of this
121 section at the time of his retirement, or

122 Option 4. Upon his death, one-half of his pension shall be continued throughout the life
123 of and paid to his beneficiary, provided that in the event his designated beneficiary predeceases
124 him, then his pension shall be adjusted effective the first day of the month following the month
125 in which his designated beneficiary died to the amount determined pursuant to subsection 2 or
126 3 of this section at the time of his retirement.

127 Option 5. Prior to age sixty-two the member will receive an increased pension, where
128 the total pension prior to age sixty-two is approximately equal to the pension after age sixty-two
129 plus the member's estimated federal Social Security benefit, provided that the reduced pension
130 after age sixty-two is not less than one-half the pension the member could have received had no
131 option been elected. A member may elect a combination of Option 1 and Option 5, or Option 2
132 and Option 5. The survivor benefits payable to a beneficiary, other than the spouse of the retired
133 member, under any of the foregoing options shall in no event exceed fifty percent of the actuarial
134 equivalent of the pension determined pursuant to subsection 2 or 3 of this section at the time of
135 retirement.

136 13. If an option has been elected pursuant to subsection 12 of this section, and both the
137 retired member and beneficiary die before receiving total benefits as large as the member's
138 accumulated contributions at retirement, the difference shall be paid to the designated beneficiary
139 of the person last entitled to benefits, if living, otherwise to the estate of the person last entitled
140 to benefits.

141 14. If an active member dies while an employee and with five or more years of credited
142 service and a dependent of the member is designated as beneficiary to receive his accumulated
143 contributions, such beneficiary may, in lieu thereof, request that benefits be paid under option
144 1, subsection 12 of this section, as if the member had attained age sixty, if the member was less
145 than sixty years of age at the time of his death, and had retired under such option as of the date
146 of death, provided that under the same circumstances a member may provide by written
147 designation that benefits must be paid pursuant to option 1 to such beneficiary. In addition to
148 benefits received under option 1, subsection 12 of this section, a surviving spouse receiving
149 benefits under this subsection shall receive sixty dollars per month for each unmarried dependent
150 child of the deceased member who is under twenty-two years of age and is in the care of the
151 surviving spouse; provided, that if there are more than three such unmarried dependent children
152 one hundred eighty dollars shall be divided equally among them. A "dependent beneficiary" for
153 the purpose of this subsection only shall mean either the surviving spouse or a person who at the
154 time of the death of the member was receiving at least one-half of his support from the member,
155 and the determination of the board of trustees as to whether a person is a dependent shall be final.

156 15. In lieu of accepting the payment of the accumulated contributions of a member who
157 dies after having at least eighteen months of credited service and while an employee, an eligible

158 beneficiary or, if no surviving eligible beneficiary, the unmarried dependent children of the
159 member under twenty-two years of age may elect to receive the benefits pursuant to subdivision
160 (1), (2), (3), or (4) of this subsection. An "eligible beneficiary" is the surviving spouse,
161 unmarried dependent children under twenty-two years of age or dependent parents of the
162 member, if designated as beneficiary. A "dependent" is one receiving at least one-half of his
163 support from the member at his death.

164 (1) A surviving spouse who is sixty-two years of age at the death of the member or upon
165 becoming such age thereafter, and who was married to the member at least one year, may receive
166 sixty dollars per month for life. A spouse may receive this benefit after receiving benefits
167 pursuant to subdivision (2) of this subsection;

168 (2) A surviving spouse who has in his or her care an unmarried dependent child of the
169 deceased member under twenty-two years of age may receive sixty dollars per month plus sixty
170 dollars per month for each child under twenty-two years of age but not more than a total of two
171 hundred forty dollars per month;

172 (3) If no benefits are payable pursuant to subdivision (2) of this subsection, unmarried
173 dependent children under the age of twenty-two may receive sixty dollars each per month;
174 provided that if there are more than three such children one hundred eighty dollars per month
175 shall be divided equally among them;

176 (4) A dependent parent upon attaining sixty-two years of age may receive sixty dollars
177 per month as long as not remarried provided no benefits are payable at any time pursuant to
178 subdivision (1), (2), or (3) of this subsection. If there are two dependent parents entitled to
179 benefits, sixty dollars per month shall be divided equally between them;

180 (5) If the benefits pursuant to this subsection are elected and the total amount paid is less
181 than an amount equal to the accumulated contributions of a member at his death, the difference
182 shall be payable to the beneficiary or the estate of the beneficiary last entitled to benefits.

183 16. If a member receiving a normal pension again becomes an active member, his
184 pension benefit payments shall cease during such membership and shall be resumed upon
185 subsequent retirement together with such pension benefit as shall accrue by reason of his latest
186 period of membership. Except as otherwise provided in section 105.269, a retired member may
187 not receive a pension benefit for any month for which he receives compensation from an
188 employing board, except he may serve as a part-time or temporary employee for not to exceed
189 sixty days in any calendar year without becoming a member and without having his pension
190 benefit discontinued. A retired member may also serve as a member of the board of trustees and
191 receive any reimbursement for expenses allowed him because of such service without becoming
192 an active member and without having his pension benefit discontinued or reduced.

193 17. Upon approval of the board of trustees, any member may make contributions in
194 addition to those required. Any additional contributions shall be accumulated at interest and paid
195 in addition to the benefits provided hereunder. The board of trustees shall make such rules and
196 regulations as it deems appropriate in connection with additional contributions including
197 limitations on amounts of contributions and methods of payment of benefits.

198 18. Notwithstanding any other provisions of this section, any member retiring on or after
199 age sixty-five who has five or more years of credited service shall be entitled to an annual
200 pension of the lesser of (a) an amount equal to his number of years of credited service multiplied
201 by one hundred twenty dollars, or (b) one thousand eight hundred dollars. Upon the death of
202 such member, any benefits payable to the beneficiary of such member shall be computed as
203 otherwise provided.

169.490. All the assets of the retirement system shall be held as one fund.

2 1. (1) The employing board shall cause to be deducted from the compensation of each
3 member at every payroll period five percent of his compensation;

4 **(2) Beginning January 1, 2016, the percentage in subdivision (1) of this subsection**
5 **shall increase one-half of one percent annually until such time the percentage equals eight**
6 **percent;**

7 **(3) Any member hired for the first time on or after January 1, 2016, eight percent**
8 **of such member's compensation shall be deducted under this section; and**

9 **(4)** The amounts so deducted shall be transferred to the board of trustees and credited
10 to the individual account of each member from whose compensation the deduction was made.
11 In determining the amount earnable by a member in any payroll period, the board of trustees may
12 consider the rate of earnable compensation payable to such member on the first day of the payroll
13 period as continuing throughout such payroll period; it may omit deduction from compensation
14 for any period less than a full payroll period if the employee was not a member on the first day
15 of the payroll period; and to facilitate the making of the deductions, it may modify the deduction
16 required of any member by such amount as shall not exceed one-tenth of one percent of the
17 compensation upon the basis of which such deduction was made.

18 **[(2)] (5)** The deductions provided for herein are declared to be a part of the salary of the
19 member and the making of such deductions shall constitute payments by the member out of his
20 salary or earnings and such deductions shall be made notwithstanding that the minimum
21 compensation provided by law for any member shall be reduced thereby. Every member shall
22 be deemed to consent to the deductions made and provided for herein, and shall receipt for his
23 full salary or compensation, and the making of said deductions and the payment of salary or
24 compensation less said deduction shall be a full and complete discharge and acquittance of all

25 claims and demands whatsoever for services rendered during the period covered by the payment
26 except as to benefits provided by sections 169.410 to 169.540.

27 ~~[(3)]~~ (6) The employing board may elect to pay member contributions required by this
28 section as an employer pick up of employee contributions under Section 414(h)(2) of the Internal
29 Revenue Code of 1986, as amended, and such contributions picked up by the employing board
30 shall be treated as contributions made by members for all purposes of sections 169.410 to
31 169.540.

32 2. If a retired member receiving a pension pursuant to sections 169.410 to 169.540 is
33 restored to active service and again becomes an active member of the retirement system, there
34 shall be credited to his individual account an amount equal to the excess, if any, of his
35 accumulated contributions at retirement over the total pension benefits paid to him.

36 3. Annually, the actuary for the retirement system shall calculate each employer's
37 contribution as an amount equal to a certain percentage of the total compensation of all members
38 employed by that employer. The percentage shall be fixed on the basis of the liabilities of the
39 retirement system as shown by the annual actuarial valuation. The annual actuarial valuation
40 shall be made on the basis of such actuarial assumptions and the actuarial cost method adopted
41 by the board of trustees, provided that the actuarial cost method adopted shall be in accordance
42 with generally accepted actuarial standards and that the unfunded actuarial accrued liability, if
43 any, shall be amortized by level annual payments over a period not to exceed thirty years. **The**
44 **provisions of this subsection shall expire on January first the year immediately following**
45 **when the total contribution percentage required is between fifteen and eighteen percent.**
46 **Thereafter, subsection 4 of this section shall apply;**

47 **4. Beginning January first the year immediately following when the total**
48 **contribution percentage required under subsection 3 of this section is between fifteen and**
49 **eighteen percent, the actuary for the retirement system shall annually calculate the rate of**
50 **employer contributions and member contributions for such year and for each subsequent**
51 **calendar year, expressed as a level percentage of the annualized compensation of the**
52 **members, subject to the following:**

53 **(1) The rate of contribution for any calendar year shall be determined based on an**
54 **actuarial valuation of the retirement system as of the first day of the prior calendar year.**
55 **Such actuarial valuation shall be performed using the actuarial cost method and actuarial**
56 **assumptions adopted by the board of trustees and in accordance with accepted actuarial**
57 **standards of practice in effect at the time the valuation is performed, as promulgated by**
58 **the actuarial standards board or its successor;**

59 **(2) The target combined employer and member contribution rate shall be the**
60 **amount actuarially required to cover the normal cost and amortize any unfunded accrued**

61 **actuarial liability over a period that shall not exceed thirty years from the date of the**
62 **valuation;**

63 **(3) The target combined rate as so determined shall be allocated equally between**
64 **the employer contribution rate and the member contribution rate, provided, however, that**
65 **the level rate of contributions to be paid by the employers and the level rate of**
66 **contributions to be deducted from the compensation of members for any calender year**
67 **shall each be limited as follows:**

68 **(a) The contribution rate shall not be less than seven and one-half percent;**

69 **(b) The contribution rate shall not exceed nine percent; and**

70 **(c) Changes in the contribution rate from year to year shall be in increments of**
71 **one-half percent such that the contribution rate for any year shall not be greater than or**
72 **less than the rate in effect for the prior year by more than one-half percent;**

73 **(4) The board of trustees shall certify to the employers the contribution rate for the**
74 **following calendar year no later than six months prior to the date such rate is to be**
75 **effective.**

76 **[4.] 5.** The expense and contingency reserve shall be a reserve for investment
77 contingencies and estimated expenses of administration of the retirement system as determined
78 annually by the board of trustees.

79 **[5.] 6.** Gifts, devises, bequests and legacies may be accepted by the board of trustees to
80 be held and invested as a part of the assets of the retirement system and shall not be separately
81 accounted for except where specific direction for the use of a gift is made by a donor.

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