

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 583
92ND GENERAL ASSEMBLY

Reported from the Committee on Retirement May 8, 2003, with recommendation that the House Committee Substitute for House Bill No. 583 Do Pass.

STEPHEN S. DAVIS, Chief Clerk

1988L.04C

AN ACT

To amend chapters 103 and 104, RSMo, by adding thereto two new sections relating to incentive plans for employees and retirees, with an emergency clause.

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

Section A. Chapters 103 and 104, RSMo, are amended by adding thereto two new sections, to be known as sections 103.120 and 104.627, to read as follows:

103.120. 1. Any state employee or retiree who retires pursuant to section 104.627, RSMo, and is also eligible for medical coverage as described in section 103.115, shall be eligible to have the following provisions apply to such coverage:

(1) Such retiree may elect to continue coverage for himself or herself and any eligible dependents at the same cost as if such retiree was an active employee;

(2) Such retiree may continue to pay the applicable rate as if the retiree were an active employee for a maximum period of five years or upon becoming eligible for Medicare, whichever occurs first;

(3) After five years or upon becoming eligible for Medicare, the cost for medical coverage for such retiree and any dependents shall revert to the applicable rate in place at that time; and

(4) Any additional years of service credited to such retiree's annuity pursuant to section 104.627, RSMo, shall also be applicable, as appropriate, to the cost of medical coverage upon cessation of the Medical coverage provided pursuant to this section.

2. Any employee or retiree of a participating member agency who retires pursuant to section 104.627, RSMo, shall only be eligible to have the provisions of subsection 1 of this section applied to his or her coverage if the governing body of the participating member

18 agency elects to provide such benefits.

19 **3. The governing boards of Truman State University, Lincoln University, the**
20 **educational institutions described in section 174.020, RSMo, the Missouri department of**
21 **transportation and the Missouri state highway patrol, and the conservation commission**
22 **of the department of conservation may elect to provide its employees or retirees who retire**
23 **pursuant to section 104.627, RSMo, the same benefits as described in subsection 1 of this**
24 **section under the respective medical plans of those institutions and departments.**

104.627. 1. An employee who has not been a retiree of the system in which such
2 **employee is currently receiving creditable or credited service may elect to apply for**
3 **retirement pursuant to this section and, for purposes of calculating a normal annuity under**
4 **section 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any temporary annuity**
5 **pursuant to section 104.1024, may purchase and receive three additional years of creditable**
6 **or credited service. The additional years of creditable service, at the employee's option,**
7 **may be added to either the total years of service, or to the employee's age, or any**
8 **combination of age and service and may be used in meeting the normal retirement**
9 **eligibility requirements. The election to purchase service and retire shall be subject to the**
10 **following limitations:**

11 **(1) An employee must have been employed continuously for at least one year on and**
12 **immediately prior to the effective date of this section;**

13 **(2) An employee shall not elect to retire pursuant to this section unless the**
14 **employee's annuity payments will commence prior to February 1, 2004;**

15 **(3) The purchase of creditable service shall be subject to the provisions of**
16 **subsection 2 of this section;**

17 **(4) In no event shall an employee who retires pursuant to this section receive an**
18 **annuity and lump sum payment under section 104.625 or 104.1024, except that an**
19 **employee shall not be prohibited from the medical coverage provided pursuant to section**
20 **103.120, RSMo;**

21 **(5) This section shall not apply to any early retirement annuity;**

22 **(6) A retiree shall not elect to retire pursuant to this section unless the retiree has**
23 **elected to be a special consultant pursuant to subdivision (8) of this subsection prior to**
24 **February 1, 2004;**

25 **(7) An employee who is a member of the general assembly or a statewide elected**
26 **official shall not elect to retire pursuant to this section;**

27 **(8) A retiree shall be eligible to receive retirement benefits pursuant to this section**
28 **if the retiree:**

29 **(a) Is not receiving retirement benefits pursuant to section 104.370, 104.371, or**

30 **104.1084;**

31 **(b) Terminated employment and within thirty days of such termination retired**
32 **effective on or after February 1, 2003;**

33 **(c) Did not make an election to receive an annuity and lump sum payment under**
34 **section 104.625 or 104.1024, except that the retiree shall not be prohibited from the medical**
35 **coverage provided pursuant to section 103.120, RSMo; and**

36 **(d) Has elected or does elect to be made, constituted, appointed, and employed by**
37 **the board as a special consultant on the problems of retirement, aging, and other state**
38 **matters for compensation and for the remainder of the person's life, and upon request of**
39 **the board, give opinions, and be available to give opinions in writing, or orally, in response**
40 **to such requests. The system shall recalculate the retiree's annuity in accordance with this**
41 **section and shall make a lump sum payment so that the retiree receives an amount equal**
42 **to the amount the retiree would have received had the retiree originally received retirement**
43 **benefits pursuant to this section on the retiree's annuity starting date.**

44 **2. The purchase of creditable service pursuant to the provisions of subsection 1 of**
45 **this section shall be affected by the person paying to the system an amount equal to the**
46 **contribution that would have been made on the person's behalf based on the current**
47 **contribution rate in effect on the effective date of this section times the number of years**
48 **purchased times the final average compensation of the employee or retiree at date of**
49 **termination or retirement. Payment may be made using an eligible rollover distribution**
50 **from an eligible retirement plan in accordance with the provisions of the Internal Revenue**
51 **Code of 1986, as amended. In addition, an employee may elect to make payment pursuant**
52 **to subsection 4 of this section.**

53 **3. The state may hire employees to replace those employees retiring pursuant to this**
54 **section during the time period of February 1, 2003, to February 1, 2004, except that**
55 **departments shall not fill more than twenty-five percent of those positions vacated.**
56 **Exceptions to the twenty-five percent restriction may be made for critical or seasonal**
57 **positions which are entirely federally funded. Such determination shall be made by rule**
58 **and regulation promulgated by the personnel advisory board. No rule or portion of a rule**
59 **promulgated pursuant to the authority of this section shall become effective unless it has**
60 **been promulgated pursuant to chapter 536, RSMo.**

61 **4. Any employee making an election pursuant to the provisions of this section with**
62 **annual leave accruals in excess of two thousand dollars pursuant to section 36.350, RSMo,**
63 **shall receive payment for such accruals over a two-year period, with the first payment**
64 **payable on July 1, 2004, and the second and final payment payable on July 1, 2005. These**
65 **payments may be distributed and rolled over into the retiree or employee's section 457**

66 **deferred compensation plan. In lieu of payment pursuant to this subsection, the annual**
67 **leave payment may be credited toward the purchase of creditable service pursuant to the**
68 **provisions of subsection 2 of this section. Any sick leave accrual shall be administered**
69 **subject to the provisions of section 104.601 and subsection 2 of section 104.1021.**

70 **5. Any employee or retiree making an election pursuant to the provisions of this**
71 **section shall be prohibited from employment with any department as defined in this**
72 **chapter for a period of three years from date of election.**

73 **6. The Missouri state employees' retirement system and the highways and**
74 **transportation employees' and highway patrol retirement system shall make a report in**
75 **writing to the governor, commissioner of administration, and the general assembly by**
76 **March 1, 2004, of the effect of state employee retirements pursuant to this section. The**
77 **report shall cover the time period of March 1, 2003, to April 1, 2004. The report shall**
78 **include the number of such retirements, the amount of payroll affected as a result of**
79 **retirements, and the financial effect of such retirements as expressed in a report by each**
80 **system's actuary.**

81 **7. The office of administration shall make a report in writing to the governor and**
82 **the general assembly by April 1, 2004, of the budgetary effect of state employee retirements**
83 **pursuant to this section. The report shall include the amount of payroll reduced as a result**
84 **of such retirements, the number of positions that are core cut as a result of such**
85 **retirements, the number of employees employed to replace those who retired pursuant to**
86 **this section, and the financial effect on the budget, including any costs associated with**
87 **payment of medical premiums by the state.**

Section B. Because immediate action is necessary in order to address state budget issues,
2 section A of this act is deemed necessary for the immediate preservation of public health,
3 welfare, peace and safety, and an emergency exists within the meaning of the constitution, and
4 section A of this act shall become effective the first of the month immediately following final
5 passage and approval by the governor.