

HCS HB 2104 -- PUBLIC EMPLOYEE RETIREMENT SYSTEMS (Viebrock)

COMMITTEE OF ORIGIN: Special Committee on Retirement

This substitute changes the laws regarding various public employee retirement systems.

MISSOURI LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

The substitute allows political subdivisions to elect to cover emergency police dispatchers and jailors as policemen members and emergency fire dispatchers and emergency medical service personnel as firemen members for retirement benefit purposes under the Missouri Local Government Employees' Retirement System.

POLICE AND FIREMEN'S PENSION SYSTEM INVESTMENTS

Currently, investments made by boards of trustees of police and firemen's retirement systems are subject to all terms, conditions, limitations, and restrictions imposed upon life insurance or casualty companies in making their investments. The substitute removes those terms, conditions, limitations, and restrictions and requires the boards to invest the funds of the system as permitted in Sections 105.687 - 105.690, RSMo, regarding the duties of investment fiduciaries.

PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI AND PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM

The substitute:

- (1) Allows the board of the retirement systems to maintain an investment fund account to combine moneys from both systems for investment purposes only. The funds of each system will be accounted for separately and for all other reporting purposes;
- (2) Allows a member when purchasing prior service credit who has not paid the entire cost of the service by September 30 to have the purchase price recalculated as of October 1 of the same year instead of charging interest. Currently, if a member has not paid for the service by June 30, the purchase price will be recalculated as of July 1;
- (3) Allows the retirement systems to prohibit or impose requirements for purchasing service if necessary to comply with federal law;
- (4) Specifies that benefits will be paid in the order of the surviving spouse, surviving children equally, surviving parents equally, or to the estate of the last person receiving benefits

if a member chooses a guaranteed payment option and no designated beneficiary is living upon the death of the member;

(5) Allows the retirement systems, to the extent determined appropriate by the board of trustees, to indemnify and protect any trustee or employee against liability claims. No employee or trustee will be entitled to indemnification for his or her gross negligence or willful misconduct or unless written notice is given to the board within 15 days of receiving a service of process;

(6) Prohibits any additional nonprofit educational association or organization from becoming a member of the retirement systems beginning July 1, 2009; and

(7) Allows a member who elected a joint and survivor option at retirement and whose marriage to the nominated beneficiary is dissolved and the dissolution decree provides for sole retention by the retiree of all rights to the retirement allowance to revert the allowance to an unreduced retirement payment option.

FISCAL NOTE: No impact on state funds in FY 2009, FY 2010, and FY 2011.