

FIRST REGULAR SESSION

HOUSE BILL NO. 409

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES KOENIG (Sponsor), McNARY, STREAM, BAHR,
GOSEN AND McGHEE (Co-sponsors).

0935L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 169, RSMo, by adding thereto nine new sections relating to the defined contribution plan for teachers.

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

Section A. Chapter 169, RSMo, is amended by adding thereto nine new sections, to be known as sections 169.800, 169.803, 169.806, 169.809, 169.812, 169.815, 169.818, 169.821, and 169.824, to read as follows:

169.800. As used in sections 169.800 to 169.824, the following terms shall mean:

- (1) "Board", the board of trustees provided for in sections 169.010 to 169.130;**
- (2) "Covered employee", employment in a covered position;**
- (3) "Covered position", a position in which the employee must be a member of the retirement system except as otherwise provided by law;**
- (4) "Defined contribution plan" or "plan", the plan within the public school retirement system of Missouri that is provided for in sections 169.800 to 169.824;**
- (5) "Employee", the same as the term "teacher" as defined in this section;**
- (6) "Employer", the district that makes payment directly to the teacher or employee for such person's services;**
- (7) "Member", a person who holds membership in the retirement system;**
- (8) "Retirement system", the public school retirement system of Missouri created under this chapter;**
- (9) "Teacher", any person who is employed by any public school on a full-time basis and who is duly certificated under the law governing the certification of teachers; any**

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.

16 person employed in the state department of elementary and secondary education or by the
17 state board of education on a full-time basis who is duly certificated under the law
18 governing the certification of teachers and who did not become a member of the Missouri
19 state employees' retirement system under section 104.342; and persons employed by the
20 board of trustees of the public school retirement system of Missouri on a full-time basis
21 who is duly certified under the law governing the certification of teachers. The term
22 "teacher" shall be synonymous with the term "employee" as defined in this section;

23 (10) "Vested member", a member or the status of a member who, under section
24 169.815, is entitled to employer contributions and income on those contributions in the
25 member's retirement account.

169.803. 1. The board shall establish within the retirement system a defined
2 contribution plan in accordance with the provisions of sections 169.800 to 169.824. The
3 plan shall be established as a pension plan for the exclusive benefit of members and their
4 beneficiaries and as a qualified plan under Section 401(a) of the Internal Revenue Code of
5 1986, as amended, and its implementing regulations. Retirement accounts shall be
6 established for each member of the defined contribution plan.

7 2. The board shall contract for plan administration and use a competitive bidding
8 process when contracting for consulting, educational, investment, record keeping, or other
9 services for the plan.

10 3. The board shall contract for a qualified consultant to assist in preparation of the
11 request for bid or request for proposal for plan services.

169.806. 1. The board has the powers and shall perform the duties regarding the
2 plan as provided in this chapter, as applicable.

3 2. The board shall adopt rules necessary for the implementation of sections 169.800
4 to 169.824, including rules concerning the following:

5 (1) Matters necessary for the treatment of the plan as a qualified plan under
6 applicable sections of the Internal Revenue Code of 1986, as amended;

7 (2) The treatment of dormant or inactive accounts;

8 (3) The security and privacy of information maintained by the board concerning
9 a member's investments, as required by applicable law;

10 (4) Minimum asset, reserve, insurance, or other security requirements intended to
11 ensure the solvency of a contractor used by the board for investment services; and

12 (5) The commencement of benefits in the plan under sections 169.800 to 169.824.

169.809. 1. The board may establish a fund within the plan for paying the plan's
2 administrative expenses.

3 2. The board may:

- 4 (1) Assess fees to pay the reasonable administrative costs of the plan; and
5 (2) Negotiate with a vendor or vendors for vendor reimbursement of board
6 administrative expenses for the plan.
7 3. All fees assessed shall be fully disclosed to plan members and treated as public
8 information.
9 4. Costs for the board to provide for contract oversight are included as part of the
10 administrative expenses of the plan.

169.812. 1. The membership of the defined contribution plan shall include persons
2 who first become an employee on or after July 1, 2013, and continues to be an employee.
3 Such membership shall be automatic unless the employee makes an election to become a
4 member of another plan provided under this chapter within twelve months of when he or
5 she was first hired. Elections made under this subsection shall be made on a form
6 prescribed by the board.

7 2. A member of the defined contribution plan or a member who made an election
8 under subsection 1 of this section who becomes inactive and who returns to active
9 membership remains in the plan he or she was a member of prior to becoming inactive.

10 3. The provisions of sections 169.800 to 169.824 shall not prohibit the board from
11 adopting rules to allow an employee to elect the plan on the first day of covered
12 employment.

169.815. 1. A member is fully vested with the member's contributions and the
2 income on those contributions from the date the employee becomes a member of the plan
3 but is not considered a vested member under the plan until the member has a total of five
4 years of membership service under the retirement system.

5 2. Any employer contributions of a member who terminates covered employment
6 before becoming a vested member shall be refunded to the retirement system. However,
7 if such member returns to covered employment, such member shall receive returns on the
8 plan.

169.818. 1. Each plan member's retirement account shall be credited with the
2 employee contributions.

3 2. Employer contributions under the plan shall be as follows:

4 (1) If the plan is obtaining ten percent or less, the percentage it is receiving minus
5 one percent;

6 (2) If the plan is obtaining eleven percent to fifteen percent, the percentage it is
7 receiving minus two percent;

8 (3) If the plan is obtaining sixteen percent or more, the percentage it is receiving
9 minus three percent.

10 **3. Employee contributions shall not be capped; however, the annual amount**
11 **contributed by the employer and the employee shall not exceed the maximum annual**
12 **contribution amount provided by federal law.**

13 **4. Contributions under this section by the employer and employee shall be at least**
14 **seven and one-half percent of the employee's base rate, provided such pay is reasonable.**

169.821. The system shall allow for brokerage accounts to be available for members
2 **under the plan.**

169.824. The department shall promulgate rules to implement the provisions of
2 **sections 169.800 to 169.824. Any rule or portion of a rule, as that term is defined in section**
3 **536.010, that is created under the authority delegated in this section shall become effective**
4 **only if it complies with and is subject to all of the provisions of chapter 536 and, if**
5 **applicable, section 536.028. This section and chapter 536 are nonseverable and if any of**
6 **the powers vested with the general assembly under chapter 536 to review, to delay the**
7 **effective date, or to disapprove and annul a rule are subsequently held unconstitutional,**
8 **then the grant of rulemaking authority and any rule proposed or adopted after August 28,**
9 **2011, shall be invalid and void.**