

HCS SCS SB 625 -- RETIREMENT

SPONSOR: Kehoe (Jones, 117)

COMMITTEE ACTION: Voted "do pass" by the Committee on Retirement by a vote of 10 to 0.

This substitute changes the laws regarding retirement benefits for members of the County Employees' Retirement System, Prosecuting Attorneys and Circuit Attorneys' Retirement System, Missouri State Employees' Retirement System, and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System.

COUNTY EMPLOYEES' RETIREMENT SYSTEM

The substitute specifies that an active member of the County Employees' Retirement System who dies after December 31, 2002, before becoming vested, will receive a death benefit of \$10,000 and the amount equal to the member's accumulated contributions standing to his or her credit in the County Employees' Retirement Fund.

PROSECUTING ATTORNEYS AND CIRCUIT ATTORNEYS' RETIREMENT FUND

Currently, each county treasurer must transfer a specified sum of money each month to the Prosecuting Attorneys and Circuit Attorneys' Retirement System Fund for use by the fund. Beginning August 28, 2012, the amount transferred must change based on the funding ratio of the system as follows:

- (1) If the system's funding ratio is 120% or more, no monthly sum must be transmitted;
- (2) If the system's funding ratio is more than 110% but less than 120%, the monthly sum transmitted must be reduced 50%;
- (3) If the system's funding ratio is between 90% and 110%, the monthly sum transmitted must remain the same;
- (4) If the system's funding ratio is at least 80% and less than 90%, the monthly sum transmitted must be increased 50%; and
- (5) If the system's funding ratio is less than 80%, the monthly sum transmitted must be increased 100%.

TRANSFER OF CREDITABLE SERVICE FOR CERTAIN STATE RETIREMENT SYSTEMS

Currently, when an employee transfers service between the

Missouri State Employees' Retirement System and the Missouri Department of Transportation and Highway Patrol Employees' Retirement System, the value of the employee's accrued benefits is transferred as well. The substitute revises the computation of the accrued benefit to exclude any amount for previously transferred service that was not subject to asset transfer. Any prior payment, including interest, that should have been excluded must be returned by the receiving system.

#### MISSOURI STATE EMPLOYEES' RETIREMENT BENEFITS

Members of the General Assembly and statewide elected officials, who first take office on or after January 1, 2013, will no longer have retirement benefits determined based on a different formula than other state employees who are under the Year 2000 Plan. The vesting period for a member of the General Assembly and a term-limited statewide elected official will be eight years.

Currently, employees hired after January 1, 2011, contribute 4% of their salary into the retirement system. If a member terminates employment before being eligible for normal retirement, his or her contributions plus interest of 4% per year must be refunded. The substitute requires, effective June 30, 2014, and each June 30 thereafter, the interest rate to equal the investment rate published by the United States Department of Treasury, or its successor agency, for 52-week treasury bills.

Currently, the beneficiary of any Missouri State Employees' Retirement System member who made contributions into the system receives a refund of the contribution less any retirement benefits received by the member upon the member's death. The substitute allows interest credited to the member's contributions to be included in the refund. Interest credited to the contributions will cease upon retirement or death.

FISCAL NOTE: Estimated Net Income on General Revenue Fund of \$74,100 in FY 2013, \$177,247 in FY 2014, and \$232,425 in FY 2015. Estimated Net Income on Other State Funds of \$74,100 in FY 2013, \$177,246 in FY 2014, and \$232,424 in FY 2015.

PROPOSERS: Supporters say that the bill fixes an oversight in the original bill and revises the computation of the accrued benefit to exclude any amount for previously transferred service not subject to asset transfer. The bill also makes retirement benefits for members of the General Assembly and elected officials the same as for other state employees.

Testifying for the bill was Senator Kehoe.

OPPOSERS: There was no opposition voiced to the committee.