

HB 691 -- STATE EMPLOYEE DEFERRED COMPENSATION PLAN

SPONSOR: Leara

COMMITTEE ACTIONS: Voted "Do Pass" by the Standing Committee on Pensions by a vote of 11 to 1. Voted "Do Pass" by the Select Committee on Financial Institutions and Taxation by a vote of 9 to 0.

This bill changes the laws regarding the Deferred Compensation Plan administered by the Missouri State Employees' Retirement System. The bill requires each employee eligible to participate in the plan who is hired or rehired on or after July 1, 2012, to be automatically enrolled in the plan. Currently, only a person who is hired on or after July 1, 2012, is automatically enrolled in the plan.

Beginning July 1, 2016, the plan must offer employees the option to automatically increase the amount of compensation deferred subject to any limitations imposed under federal law. Deferrals must increase annually in the default amount of .5% of his or her salary until reaching 5% of salary. Each employee hired or rehired on or after July 1, 2016, must automatically be enrolled in the automatic increase feature. An employee enrolled in the automatic increase feature may elect to increase or decrease the default automatic escalation amount in .1% increments. An employee may elect to terminate participation in the auto increase feature of the plan at any time.

PROPOSERS: Supporters say that the bill will help state employees to save for their retirement by automatically putting them into the deferred compensation plan with automatic increases annually. A participant may opt out at any time.

Testifying for the bill were Representative Leara and MOSERS.

OPPOSERS: There was no opposition voiced to the committee.