

REGULAR MEETING
BOARD OF TRUSTEES
OF
THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
AND
THE PUBLIC EDUCATION EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

December 8, 2014

MEMBERS PRESENT

Aaron, Zalis, Chair
Jason Hoffman, Vice-Chair
Susan McClintic
Yvonne Heath
Wayne Wheeler
Bill Compere
Scott Hunt

MEMBERS ABSENT

OTHERS PRESENT

M. Steve Yoakum, Executive Director
Dearld Snider, Asst. Exec. Dir., Oper.
Craig Husting, Asst. Exec. Dir., Invest.
Alan Thompson, General Counsel
Lori Woratzeck, Chief Finan. Officer
Jeff Hyman, Internal Auditor
Tom Smith, Chief Technology Officer
Maria Walden, Legislative Director
Gary Fowler, Project Manager
Jeff Russler, Dir. of Emp. Services
Ronda Peterson, Dir. of Member Serv.
Nicole Hamler, Dir. Admin Planning

**Meeting
Convened**

The meeting of the Board of Trustees convened at 8:00 a.m. at the Retirement System offices in Jefferson City, Missouri. In attendance were Aaron Zalis, Jason Hoffman, Scott Hunt, Yvonne Heath, Wayne Wheeler, and Susan McClintic, Board Members. Bill Compere, Board Member, was present via telephone. Also present were M. Steve Yoakum, Executive Director; Craig Husting, Assistant Executive Director, Investments; Dearld Snider, Assistant Executive Director, Operations; Alan Thompson, General Counsel; Lori Woratzeck, Chief Financial Officer; Nicole Hamler, Director of Administrative Planning and Design; and various other PSRS/PEERS staff members.

**Approval of
Minutes
PSRS4526
PEERS2762**

Ms. Heath moved that the minutes from the October 26-27, 2014 meeting be approved. Mr. Hunt seconded the motion. Voting "Aye"—Zalis, Hoffman, Compere, Heath, McClintic and Wheeler; "Abstained"—Hunt; "Nay"—None. The motion carried unanimously.

**Order of
Business**

The order of business was approved with no changes.

Investments

Performance Report

Mr. Craig Husting reviewed the investment performance for the last quarter, ending September 30, 2014, as well as the current asset allocation. He discussed the annualized investment performance and the strong total fund alpha for the year. Mr. Husting also provided the performance rankings for PSRS/PEERS, which was in the top 18th percentile for the 1-year period ending September 30, 2014, indicating that the Systems outperformed 82 percent of peers.

Ongoing Investment Activity

Mr. Craig Husting reviewed ongoing investment activities, which included the 2015 fiscal year-to-date return of approximately 1.9% as of November 30, 2014. He discussed the current asset allocation and the PSRS/PEERS portfolio, in which he reviewed the long-term strategy, portfolio themes and the broad portfolio expectations. He also reviewed the tentative Board investment calendar.

Audit Report

Ms. Heidi Chick and Mr. Nick Mestres of Williams Keepers were present to discuss the recent June 30, 2014, audit of the retirement systems. Ms. Chick indicated that Williams Keepers had issued an unqualified opinion. Ms. Chick briefly reviewed the audit process, financial statements, the footnotes as well as the management letter. She indicated that they found no significant deficiencies or material weaknesses. Ms. Chick also briefly discussed the changes in pension accounting which are required by the Governmental Accounting Standards Board (GASB). The first change is GASB 67, which was effective in FY2014 and GASB 68, which is effective in FY2015. Mr. Hoffman moved that the audit report be accepted as recommended by the Budget and Audit Committee and as presented to the Board. Mr. Hunt seconded the motion. Voting “Aye”—Zalis, Wheeler, Compere, Hoffman, Heath, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

PSRS4527
PEERS2763

Management Report

Pension Project

Mr. Dearld Snider and Mr. Jeff Russler, Director of Employer Services were present to give a status report to the Board on the pension project. Mr. Snider discussed OASIS activity since the October Board meeting in which November 3rd was go-live of the system. He explained that November 28th was the first payroll to benefit recipients under the new system. Mr. Snider reviewed the maintenance and support agreement with Sagitec and also the objectives for December and January, which includes focusing on defects and enhancements. Mr. Russler went over an example of an enhancement with the Board. Mr. Snider discussed the vision, scope and objectives of Oasis.

Community College Conversion

Ms. Maria Walden and Mr. Alan Thompson discussed the Community College Credit Hour Conversion. Ms. Walden reviewed the background of the conversion calculation in regard to community colleges and the issues with retirees working at community colleges. Ms. Walden also reviewed the recent regulation published by the U.S. Treasury Department (in regard to the Affordable Care Act – ACA) in which they allow crediting faculty member with 2 ¼ hours of service per week of each hour of teaching or classroom time. She then discussed PSRS/PEERS working after retirement limitations and members (active and retired) working for community colleges with the breakdown by school. It has been reported to PSRS that a typical college course equals 3 credit hours, and therefore, it can be calculated that a college

instructor is considered full time when teaching 15 credit hours per semester or a total of 30 hours for two semesters in a school year. Staff research indicates that there is an inconsistency among colleges and the conversion calculations used. Therefore, to provide a consistent conversion, staff met in July 2014 to discuss with Missouri Community College Association (MCCA) a potential regulation change regarding conversion calculation. MCAA created an internal working group to study the issue and make a recommendation. In September 2014, PSRS/PEERS staff was invited to meet with MCCA working group to discuss the recommendation change. MCCA proposed to implement a 1:1 credit conversion calculation. After considering their request, PSRS/PEERS staff still found the advantages to using the ACA conversion provided fairness and consistency, predictability and simplification. Therefore, staff recommends that the Board adopt the regulation changes for an ACA conversion calculation for an effective date of July 1, 2015.

**Public
Comment –
Community
College
Conversion**

Ann Brand, with the Missouri Community College Association thanked the staff for all their work on this subject. She explained that she sent an email to the colleges last week with PSRS/PEERS recommendations and will also communicate later this week at a previously scheduled meeting with the group. At this time, she has not heard any comments back either in support or opposing the recommendation. She stated that she believes that while some schools will be negatively affected they all will be happy to have a consistent approach.

**Amendments
to Regulations**

Mr. Alan Thompson presented amendments to regulations relating to conversion formula needed to convert credit hours to actual hours of service to compare to the PSRS working after retirement limits in section 106.560, RSMo. Following discussion, Mr. Wheeler moved to approve the following amendments to regulations:

16 CSR 10-5.010 Service Retirement The Retirement System is adding a new Sections 7 and renumbering subsequent Sections accordingly.

PURPOSE: Due to the unique employment of the community college adjunct professors, a conversion formula is needed to convert credit hours to actual hours of service to compare to the PSRS working after retirement limits in section 169.560, RSMo. The U.S. Treasury Department and the Internal Revenue Service have provided a formula for converting classroom hours to hours of service for adjunct faculty. The conversion formula provides for 2 ¼ hours of service for each hour of classroom time, which results in 1 credit hour being equivalent to 30 hours of service. This rule sets forth the conversion formula for a retiree who returns to work for a community college so that the hours of service the retiree provides to the community college can be compared to the working after retirement limits set forth in section 169.560, RSMo.

(7) Effective July 1, 2015, for any employment teaching at a community college included in the system, each credit hour taught by a retired member will be the equivalent of thirty (30) hours for the purposes of this rule and section 169.560, RSMo, regardless of the number of hours actually worked by the retired

member related to the course(s) taught. For any said course(s) taught during summer session, all hours for said course(s) shall be counted as having occurred during the school year in which the course(s) commence. Any hours worked performing additional duties for a community college not related to said course(s) for which a retired member receives compensation above and beyond that received for teaching said course(s) shall be counted on a hour-by-hour basis for the purposes of this rule and section 169.560, RSMo.

[(7)] **(8)** For purposes of applying the provisions of section 169.560, RSMo only, no state college, state university, or state agency shall be considered to be a district, employer, or public school as those terms are defined in section 169.010, RSMo. Any retired member who is employed by a state college, a state university, or any state agency shall not be subject to the requirements and restrictions of section 169.560, RSMo.

[(8)] **(9)** Any person who is receiving or has received a retirement allowance from the system, other than a disability retirement allowance, who returns to employment in a position covered by the system shall undertake such employment under a new and separate membership in the system.

(A) Such person shall be eligible for a subsequent retirement allowance after one (1) year of creditable service under the new membership in the system. Such subsequent retirement allowance shall be separate and distinct from such person's previous retirement allowance.

(B) After earning at least one (1) year of creditable service and upon termination of employment under the subsequent membership with the system, such person may: 1) withdraw from the system and receive a refund of the person's contributions made during the subsequent membership and interest credited thereon; 2) apply for a subsequent retirement allowance; or 3) leave the contributions with the system.

(C) Such person shall not receive a retirement allowance for any previous membership service while the person is earning creditable service under a subsequent membership with the system.

(D) The minimum benefit amounts provided in section 169.070.17, RSMo, shall not apply to any retirement allowance other than such person's initial retirement allowance provided by the system.

(E) All previous years of creditable service, not otherwise forfeited, will be considered to determine the formula factor to be used in calculating the subsequent retirement allowance.

[(9)] **(10)** For the purpose of determining eligibility for retirement as a result of the sum of a member's age and years of creditable service equaling eighty (80) years or more, the member's age shall be determined by adding the member's age on the date

of his or her most recent birthday and the partial year following the member's most recent birthday. Such partial year shall be determined by converting the member's age to the nearest day into a number rounded to the nearest hundred-thousandth.

[(10)] **(11)** A member electing Option 2, Option 3, or Option 4 in his/her application for service retirement shall furnish proof of date of birth of the person nominated to receive the survivorship payments.

[(11)] **(12)** The member electing Option 2, Option 3, or Option 4 in his/her application for service retirement shall indicate the relationship establishing an insurable interest in his/her life for the person nominated and, if requested by the board, shall furnish evidence of the existence of the insurable interest. An "insurable interest" shall be considered to exist because of the relationship to a member of a wife, husband, father, mother, child (including a stepchild or adopted child), or any other person who has a financial interest in the continued life of the member or who is dependent upon the member for all or part of his/her support.

[(12)] **(13)** Any member retiring under the provisions of section 169.563, RSMo, shall have the same rights of retirement benefit plan election as a member retiring under section 169.070, RSMo. Further, the surviving spouse of any member who dies prior to retirement and while eligible to retire under section 169.563, RSMo, shall have the same survivorship benefit rights as provided under section 169.070, RSMo.

[(13)] **(14)** A member who has made additional deposits with the system will, upon retirement, receive an addition to the retirement allowance provided for in section 169.070, RSMo unless s/he elects to withdraw his/her accumulated deposits without interest.

[(14)] **(15)** The provisions of subsection 15 of section 169.070, RSMo, shall be applicable to retirement allowance payments made on September 30, 1987 and thereafter. In determining any increase in benefits allowable under subsection 15 to those retirees receiving benefits under section 169.070.9(4), RSMo, the "retirement allowance" shall be deemed to be the amount which would have been payable had the allowance not been reduced to two-thirds (2/3) as provided in section 169.070.9(4), RSMo.

[(15)] **(16)** Any actuarial adjustment to a retirement allowance payment made because of the nomination of a successor beneficiary as provided in 169.141, RSMo, shall take effect in the month a properly completed nomination of successor beneficiary form is received by the Retirement System or the month of the retiree's marriage to the successor beneficiary, whichever occurs later. The nomination of a successor beneficiary shall be effective immediately upon receipt by the Retirement System of the properly completed nomination of successor beneficiary form or the date of the retiree's marriage to the successor beneficiary, whichever occurs later.

[(16)] **(17)** The effective date of any monthly benefit to a service retiree shall be the first day of the calendar month following the event establishing eligibility for the benefit, assuming all other requirements of the law and rules of the board of trustees

have been met. Monthly benefit payments shall be made on the last day of each calendar month and shall be only for complete months. The initial payment shall include all benefits accrued since the effective date.

~~[(17)]~~ **(18)** Pursuant to section 169.596, RSMo, a retired certificated teacher receiving a retirement benefit from the Public School Retirement System of Missouri (PSRS) may teach full-time for up to two (2) years for a PSRS-covered school district without a suspension of his or her retirement benefit provided that such school district certifies that it has met the requirements set forth in section 169.596, RSMo, and provided that such school district does not exceed the limit on the number of PSRS retirees that may be hired pursuant to section 169.596, RSMo.

(A) As used in section 169.596, RSMo, “teacher” shall have the same definition as provided in section 169.010(17), RSMo.

(B) As used in section 169.596.1, RSMo, “full-time” shall have the same definition as provided in 16 CSR 10-4.005(4).

(C) As used in section 169.596, RSMo, “teach” shall mean to be employed in a position that requires a certificate issued by the Missouri Department of Elementary and Secondary Education (DESE).

(D) A school district hiring a PSRS retiree under section 169.596, RSMo, shall certify to PSRS through the Online Automated System Integrated Solution (OASIS) or in another manner acceptable to PSRS that:

1. It has met the requirements of section 169.596, RSMo;
2. It has not exceeded the limit on the number of PSRS retirees it may hire under section 169.596, RSMo; and
3. The retired certificated teacher has been employed by the school district in a position that requires a certificate issued by DESE.

~~[(18)]~~ **(19)** If the designated joint and survivor beneficiary of a retiree who elected Option 2, 3, or 4 dies before the retired member, the retired member’s retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected Option 1. The increase in retirement allowance shall be effective the month of the beneficiary’s death.

16 CSR 10-6.060 Service Retirement The Retirement System is adding a new Section 5 and renumbering subsequent Sections accordingly.

PURPOSE: Due to the unique employment of the community college adjunct professors, a conversion formula is needed to convert credit hours to actual hours of service to compare to the PEERS working after retirement limits in section 169.660, RSMo. The U.S. Treasury Department and the Internal Revenue Service have provided a formula for converting classroom hours to hours of service for adjunct faculty. The conversion formula provides for 2 ¼ hours of service for each hour of

classroom time, which results in 1 credit hour being equivalent to 30 hours of service. This rule sets forth the conversion formula for a retiree who returns to work for a community college so that the hours of service the retiree provides to the community college can be compared to the working after retirement limits set forth in section 169.660, RSMo.

(5) Effective July 1, 2015, for any employment teaching at a community college included in the system, each credit hour taught by a retired member will be the equivalent of thirty (30) hours for the purposes of this rule and section 169.560, RSMo, regardless of the number of hours actually worked by the retired member related to the course(s) taught. For any said course(s) taught during summer session, all hours for said course(s) shall be counted as having occurred during the school year in which the course(s) commence. Any hours worked performing additional duties for a community college not related to said course(s) for which a retired member receives compensation above and beyond that received for teaching said course(s) shall be counted on a hour-by-hour basis for the purposes of this rule and section 169.560, RSMo.

[(5)] **(6)** A member electing Option 2, Option 3, or Option 4 in his/her application for service retirement shall furnish proof of date of birth of the person nominated to receive the survivorship payments.

[(6)] **(7)** A member electing Option 2, Option 3, or Option 4 in his/her application for service retirement shall indicate the relationship establishing an insurable interest in his/her life for the person nominated and, if requested by the board, shall furnish evidence of the existence of the insurable interest. An insurable interest shall be considered to exist because of the relationship to a member of a wife, husband, father, mother, child (including a stepchild or adopted child), or any other person who has a financial interest in the continued life of the member or who is dependent upon the member for all or part of his/her support.

[(7)] **(8)** Any member retiring under the provisions of section 169.563, RSMo, shall have the same rights of retirement benefit plan election as a member retiring under section 169.670, RSMo. Further, the surviving spouse of any member who dies prior to retirement and while eligible to retire under section 169.563, RSMo, shall have the same survivorship benefit rights as provided under section 169.670, RSMo.

[(8)] **(9)** Any actuarial adjustment to a retirement allowance payment made because of the nomination of a successor beneficiary as provided in 169.715, RSMo, shall take effect in the month a properly completed nomination of successor beneficiary form is received by the Retirement System or the month of the retiree's marriage to the successor beneficiary, whichever occurs later. The nomination of a successor beneficiary shall be effective immediately upon receipt by the Retirement System of

the properly completed nomination of successor beneficiary form or the date of the retiree's marriage to the successor beneficiary, whichever occurs later.

~~[(9)]~~ **(10)** The effective date of any monthly benefit to a service retiree shall be the first day of the calendar month following the event establishing eligibility for the benefit, assuming all other requirements of the law and rules of the board of trustees have been met. Monthly benefit payments shall be made on the last day of each calendar month and shall be only for complete months. The initial payment shall include all benefits accrued since the effective date.

~~[(10)]~~ **(11)** A qualified member who desires to elect retirement Option 7 "Accelerated Payment Option" must do so in accordance with the terms, conditions, and limitations of this paragraph and section 169.670, RSMo.

(A) By selecting the Accelerated Payment Option, the member is electing to utilize the retirement allowance the member is eligible to receive from this retirement system in conjunction with the retirement benefit the member is eligible to receive from the federal Social Security Administration commencing at the minimum Social Security retirement age (as established by law at the time the Accelerated Payment Option is elected), in order to receive from the two (2) systems combined, and within the limitations noted herein, level or near level monthly retirement benefits during the member's retirement.

(B) Under the Accelerated Payment Option, the member must select a benefit payment plan authorized by section 169.670, RSMo, for which the member qualifies, including the options for reduced monthly benefit payments for life (with continuing payments to a designated beneficiary), but the amount of the benefit payment the member would otherwise be eligible to receive under the plan selected will be modified in the manner described herein.

1. The retirement allowance paid to the member by this retirement system under the Accelerated Payment Option will be actuarially equivalent to the retirement allowance the member would normally receive under the benefit payment plan selected, but to facilitate level or near level monthly benefit payments during retirement in the manner described herein, the member agrees to accept a plan of monthly benefit payments from this retirement system that will vary in amount, depending on the age of the member.

A. By electing the Accelerated Payment Option, the member agrees to accelerate payment of a portion of the member's retirement allowance to the early months of retirement, but as a consequence, and in order to maintain actuarial equivalence, the member further agrees to receive a reduced benefit payment amount over the remainder of the retirement period.

B. Under the Accelerated Payment Option, from the effective date of retirement from this retirement system until the retiree reaches the minimum Social Security retirement age (as established by law at the time the Accelerated Payment Option is elected), the retiree will receive a larger monthly benefit payment from this retirement system than would otherwise be paid under the benefit payment plan selected by the retiree. Upon reaching the minimum Social Security retirement age (as previously defined), the retiree will receive a smaller monthly benefit payment from this retirement system than would otherwise be paid under the benefit payment plan selected by the retiree.

2. The amount of the variable monthly benefit payment received from this retirement system will be actuarially determined by the retirement system using the benefit payment plan selected by the member and the member's projected retirement benefit from Social Security at the minimum eligible retirement age (as established by law at the time the Accelerated Payment Option is elected). The actuarial calculation will identify the necessary increase over and reduction below the monthly benefit otherwise payable under the benefit payment plan selected by the member, so that in conjunction with the monthly retirement benefit the member is eligible to receive from Social Security commencing at the minimum retirement age (as established by law at the time the Accelerated Payment Option is elected), the member can potentially receive level or near level monthly benefit payments during the member's retirement.

3. The plan of variable monthly benefit payments from this retirement system under the Accelerated Payment Option contemplates that the retiree will apply for and begin receiving retirement benefits from Social Security at the minimum Social Security retirement age set by law at the time the Accelerated Payment Option is elected, but nothing herein or in section 169.670, RSMo, shall be construed as a promise or guarantee by this retirement system that the Social Security Administration will make such payments, or that any payments made will comport with the estimate of projected Social Security benefits used to calculate the variable monthly benefits from this retirement system, or that such payments will commence at the time originally identified by the Social Security Administration. Similarly, nothing herein or in section 169.670, RSMo, shall be construed as a promise or guarantee that this retirement system will make up any shortfall in Social Security benefits from those projected at the time the Accelerated Payment Option is elected, or that this retirement system has any obligations other than those expressly assumed herein to assure a stream of level or near level monthly retirement benefits. It shall be the sole responsibility of the retiree and the Social Security Administration, respectively, to secure and/or pay Social Security retirement benefits sufficient to combine with the

plan of variable retirement benefits available from this system to yield a level or near level stream of monthly benefit payments during retirement. Neither a failure by the retiree or the Social Security Administration to fulfill their respective obligations, nor a subsequent change in the minimum Social Security retirement age, will nullify the retiree's election of the Accelerated Payment Option or compel recalculation of the plan of variable monthly benefits determined at the time of election.

4. The retirement allowance the member is eligible to receive from this retirement system will determine the capacity of the Accelerated Payment Option to effectively provide level or near level monthly benefit payments for a retiree in the manner described herein. Some members may not be eligible for sufficient benefits to achieve a meaningful leveling of benefit payments under the Accelerated Payment Option and a member must exercise independent judgement in deciding whether the Accelerated Payment Option is appropriate in light of the member's particular circumstances. Nothing in this paragraph or in section 169.670, RSMo, shall be construed as a promise or guarantee by this retirement system that the Accelerated Payment Option will provide a level or near level combination of benefit payments for all retirees, and in no case will the necessary adjustments to the monthly benefit otherwise payable under the plan selected by the member cause the amount to be paid when the member reaches the minimum Social Security retirement age (as established by law at the time the Accelerated Payment Option is elected) to be less than twenty-five percent (25%) of the member's original, non-adjusted benefit (i.e., the monthly benefit that would otherwise be payable under the benefit payment plan selected by the member).

5. If the retiree selects a benefit payment plan that provides for the payment of retirement benefits to a beneficiary upon the retiree's death, the amount of the beneficiary's payment in any particular month will be established by determining the monthly benefit amount the retiree would have received under the Accelerated Payment Option were the retiree still living, and then incorporating any reduction from that benefit level, if appropriate, based on the benefit payment plan selected by the retiree.

(C) The provisions in section 169.670, RSMo, and 16 CSR 10-6.100 concerning the right to receive a cost-of-living adjustment (COLA), the amount of any COLA, and any other limitations concerning COLAs shall apply with equal effect to benefits paid under the Accelerated Payment Option, except as follows:

1. Any COLA the retiree is eligible to receive will be based on the amount of the monthly benefit payable by this retirement system when the COLA takes effect; and

2. If a retiree has received COLAs prior to reaching the minimum Social Security retirement age (as established by law at the time the Accelerated Payment Option is elected), the reduced benefit paid by this retirement system from that point forward will include only that percentage of the previously awarded COLAs that would have been earned by the benefit amount payable after the retiree reaches the Social Security minimum retirement age (as previously defined).

(D) Limitations on and other provisions concerning post-retirement employment found in this rule and in Chapter 169, RSMo, shall apply with equal effect to a retiree under the Accelerated Payment Option, except as follows:

1. If a retiree under the Accelerated Payment Option subsequently returns to employment covered by this retirement system, benefit payments will be suspended, and the retiree's covered service will recommence under a new membership;
2. While the retirement benefits are suspended, they will continue to accrue COLAs based on the benefit that would have been paid to the retiree had the individual not returned to covered employment;
3. When the individual terminates covered employment and is again eligible to begin receiving retirement benefits, the retirement system will recalculate and, if necessary, adjust the amount of the prospective benefit payments under the Accelerated Payment Option to assure that they remain actuarially equivalent to the benefit payment plan selected at the time of the original retirement; and
4. A retiree under the Accelerated Payment Option who returns to covered employment and thereby qualifies for a second benefit based on the new membership may not elect the Accelerated Payment Option for the second benefit.

(E) A member who wishes to elect to receive retirement benefits under the Accelerated Payment Option, or who wants to receive an estimate of benefits under the Accelerated Payment Option, must provide the retirement system with a written estimate of the member's projected Social Security retirement benefit at the minimum eligible retirement age (as then in effect), prepared and issued by the Social Security Administration. The Social Security benefit estimate must have been issued no more than one hundred eighty (180) days prior to the date of the application for retirement or the date of the request for an Accelerated Payment Option benefit estimate. The Social Security benefit estimate must identify the projected retirement benefits for the member only, and may not include any benefits that could accrue to the member from a spouse, family member, or some other source.

(F) If a member dies prior to retirement, the member's surviving spouse

cannot elect to receive benefits from this retirement system under the Accelerated Payment Option.

~~[(11)]~~ **(12)** Any person who is receiving or has received a retirement allowance from the system, other than a disability retirement allowance, who returns to employment in a position covered by the system shall undertake such employment under a new and separate membership in the system.

(A) Such person shall be eligible for a subsequent retirement allowance after one (1) year of creditable service under the new membership in the system. Such subsequent retirement allowance shall be separate and distinct from such person's previous retirement allowance.

(B) After earning at least one (1) year of creditable service and upon termination of employment under the subsequent membership with the system, such person may—1) withdraw from the system and receive a refund of the person's contributions made during the subsequent membership; 2) apply for a subsequent retirement allowance; or 3) leave the contributions with the system.

(C) Such person shall not receive a retirement allowance for any previous membership service while the person is earning creditable service under a subsequent membership with the system.

(D) All previous years of creditable service, not otherwise forfeited, will be considered to determine the formula factor, which may include the temporary allowance provided in section 169.671.1(5), RSMo, to be used in calculating the subsequent retirement allowance.

~~[(12)]~~ **(13)** In addition to the retirement allowance provided in section 169.670.1(1)–(3), RSMo,

a member retiring on or after July 1, 2000, whose creditable service is thirty (30) years or more or whose sum of age and creditable service is eighty (80) years or more, shall receive a temporary retirement allowance equivalent to four-tenths (4/10) of one percent (1%) of the member's final average salary multiplied by the member's years of service until such time as the member reaches minimum retirement age for Social Security retirement benefits ("minimum Social Security retirement age"), subject to the terms, conditions, and limitations of this rule.

(A) "Minimum Social Security retirement age" is the minimum age at which the retiree would be eligible to receive reduced Social Security retirement benefits. If otherwise eligible, a retiree shall receive the temporary retirement allowance until the retiree first attains minimum Social Security retirement age as that age is periodically adjusted by the Social Security Administration, but in no event shall the temporary retirement allowance terminate prior to the earlier of the retiree's death or the retiree's attainment of age sixty-two (62).

(B) To receive the temporary retirement allowance, the member must select a

benefit payment plan authorized by section 169.670, RSMo, for which the member qualifies, which may include an option for reduced monthly benefit payments for life, with continuing payments to a designated beneficiary.

1. A retiree who elects Option 1 shall receive the temporary retirement allowance until the earlier of the retiree's death or the time at which the retiree attains minimum Social Security retirement age, provided that in no event shall the temporary retirement allowance terminate prior to the earlier of the retiree's death or the retiree's attainment of age sixty-two (62).

2. A retiree who elects Option 2, 3, 4, or 7 shall receive the temporary retirement allowance, as actuarially reduced pursuant to section 169.670.4, RSMo, in the same manner as described in paragraph 1. of subsection (A) of section (12) of this rule, provided that if the retiree dies prior to reaching minimum Social Security retirement age, such temporary retirement allowance shall be paid to the retiree's designated beneficiary (as adjusted pursuant to the retiree's elected option) until such time as the retiree would have reached the minimum Social Security retirement age had the retiree lived.

3. A retiree who elects Option 5 or 6 shall receive the temporary retirement allowance, as actuarially reduced pursuant to section 169.670.4, RSMo, in the same manner as described in paragraph 1. of subsection (A) of section (12) of this rule, provided that if the retiree dies prior to reaching minimum Social Security retirement age, such temporary retirement allowance shall be paid to the retiree's designated beneficiary until such time as the retiree would have reached minimum Social Security retirement age had the retiree lived or until the payments to the retiree's beneficiary would otherwise terminate pursuant to Option 5 or 6, whichever occurs first.

(C) By accepting the temporary retirement allowance, the retiree agrees to receipt of a retirement allowance that may decrease substantially when the retiree reaches minimum Social Security retirement age and further, that such decrease will be magnified if the retiree elected Option 7. By accepting the temporary retirement allowance, the retiree agrees that the payment of the temporary retirement allowance is not designed to provide for equal or substantially equal retirement allowance payments throughout the retiree's life when such payments are received in conjunction with Social Security benefits or otherwise. Nothing herein or in section 169.670, RSMo, shall be construed as a promise or guarantee by this retirement system that the Social Security Administration will make any payments, or that any payments made, when added to the retiree's retirement allowance, will result in equal or substantially equal payments throughout the retiree's life or the life of any named beneficiary, or that this retirement system has any obligation to assure a stream of equal or substantially equal monthly retirement benefits. It shall be the sole responsibility of the retiree and the Social Security Administration, respectively, to secure or pay Social Security retirement

benefits. Neither a failure by the retiree or the Social Security Administration to fulfill their respective obligations, nor a subsequent change in the minimum Social Security retirement age shall compel this retirement system to recalculate the monthly benefits determined at the time of the retiree's election of a retirement option pursuant to section 169.670, RSMo.

(D) The provisions in section 169.670, RSMo, and 16 CSR 10-6.100 concerning the right to receive a cost-of-living adjustment ("COLA"), the amount of any COLA, and any other limitations concerning COLAs shall apply with equal effect to the temporary retirement allowance, except as follows:

1. Any COLA the retiree is eligible to receive will be based on the amount of the monthly benefit payable by this retirement system when the COLA takes effect; and
2. If a retiree has received COLAs prior to reaching the minimum Social Security retirement age, the reduced retirement allowance paid by Public Education Employee Retirement System (PEERS) from that point forward will include only that percentage of the previously awarded COLAs that would have been earned by the benefit amount payable after the retiree reaches the minimum Social Security retirement age.

(E) Limitations on and other provisions concerning post-retirement employment

found in this rule and in Chapter 169, RSMo, shall apply with equal effect to a retiree receiving a temporary retirement allowance, except as follows:

1. If a retiree receiving a temporary retirement allowance subsequently returns to employment covered by this retirement system, benefit payments will be suspended, and the retiree's covered service will commence under a new membership;
2. While the retirement benefits are suspended, they will continue to accrue COLAs based on the benefit that would have been paid to the retiree had the retiree not returned to covered employment;
3. A retiree receiving a temporary retirement allowance who returns to covered employment and thereby qualifies for a second benefit based on the new membership may receive a temporary retirement allowance as part of the retiree's subsequent benefit if eligible pursuant to section 169.561, RSMo, and sections (11) and (12) of this rule.

(F) If a member dies prior to retirement, a beneficiary eligible to receive monthly benefits pursuant to 169.670.4(2), RSMo, is eligible to receive a temporary retirement allowance if the member would have been eligible to receive the temporary retirement allowance. The temporary retirement

allowance paid to such beneficiary shall be administered in the same manner as if the member had retired and elected Option 2 of section 169.670.4(2), RSMo.

[(13)] **(14)** Pursuant to section 169.596, RSMo, a person receiving a retirement benefit from The Public Education Employee Retirement System of Missouri (PEERS) may be employed full-time for up to two (2) years for a PEERS-covered school district without a suspension of his or her retirement benefit provided that such school district certifies that it has met the requirements set forth in section 169.596, RSMo, and provided that such school district does not exceed the limit on the number of PEERS retirees that may be hired pursuant to section 169.596, RSMo.

A) As used in section 169.596.2, RSMo, “full-time” shall mean “regularly employed” as defined in 16 CSR 10-6.010(1).

(B) A school district hiring a PEERS retiree under section 169.596, RSMo, shall certify to PEERS through the Online Automated System Integrated Solution (OASIS) or in another manner acceptable to PEERS that—

1. It has met the requirements of section 169.596, RSMo; and
2. It has not exceeded the limit on the number of PEERS retirees it may hire under section 169.596, RSMo.

[(14)] **(15)** If the designated joint and survivor beneficiary of a retiree who elected Option 2, 3, or 4 dies before the retired member, the retired member’s retirement allowance will be increased to the amount the retired member would be receiving had the retired member elected Option 1. The increase in retirement allowance shall be effective the month of the beneficiary’s death.

PSRS4528
PEERS2764

Mr. Hoffman seconded the motion. Voting “Aye” —Zalis, Wheeler, Heath, Compere, Hoffman, Hunt and McClintic; “Nay”—None. The motion carried unanimously.

**Public
Comment**

There were no public comments regarding the meeting.

Closed Session

PSRS4529
PEERS2765

Mr. Hunt moved that the meeting continue in closed session to consider member appeals and legal matters under sections 610.021 (1), (14), (20) and 169.020.15, RSMo. Ms. McClintic seconded the motion. Voting “Aye”—Zalis, Hoffman, Compere, Heath, Hunt, McClintic and Wheeler; “Nay”—None. The motion carried unanimously.

Motion No. PSRS4530 through PSRS4531 were made in closed session.
Motion No. PEERS2766 through PEERS2767 were made in closed session.

Mr. Hunt moved that the meeting adjourn. Mr. Wheeler seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, McClintic and Wheeler; “Nay”—None. The motion carried unanimously.

Motion No. _PSRS4530 through PSRS4531 were made in closed session.

Motion No. PEERS2766 through PEERS2767 were made in closed session.

Adjournment
PSRS4532
PEERS27768

Mr. Hunt moved that the meeting adjourn. Mr. Wheeler seconded the motion. Voting “Aye”—Zalis, Hoffman, Heath, Hunt, McClintic and Wheeler; “Nay”—None. The motion carried unanimously.