

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 886

99TH GENERAL ASSEMBLY

1854H.03P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 104.1205, RSMo, and to enact in lieu thereof one new section relating to retirement of higher education employees, with a delayed effective date.

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

Section A. Section 104.1205, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 104.1205, to read as follows:

104.1205. The board of trustees of the Missouri state employees' retirement system shall:

(1) Establish a defined contribution plan for outside employees which, among other things, provides for immediate vesting;

(2) Select a third-party administrator to provide such services as the board determines to be necessary for the proper administration of the defined contribution plan;

(3) Select the investment products which shall be made available to the participants in the defined contribution plan;

(4) Annually establish the contribution rate used for purposes of subsection 3 of section 104.1066 for employees of institutions who are other than outside employees, which shall be done by considering all such employees to be part of the general employee population within the Missouri state employees' retirement system;

(5) Establish the contribution rate for outside employees which shall be equal to ~~one~~ **six** percent of payroll ~~[less than the normal cost contribution rate established pursuant to subdivision (4) of this section];~~

(6) Require each outside employee hired on or after July 1, 2018, to contribute two percent of the employee's pay to the defined contribution plan, which shall be credited to a separate account within the outside employee's individual account. The employing

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.

18 **institution, under the provisions of 26 U.S.C. Section 414(h)(2), shall pick up and pay such**
19 **contributions. The contributions so picked up shall be treated as employer contributions**
20 **for purposes of determining the outside employee's pay that is includable in the outside**
21 **employee's gross income for federal income tax purposes. The outside employee's**
22 **contributions picked up by the employing institution shall be:**

23 **(a) Paid from the same source of funds used for the payment of pay to an outside**
24 **employee. A deduction shall be made from each outside employee's pay equal to the**
25 **amount of the outside employee's contributions picked up by the employing institution;**
26 **and**

27 **(b) Paid by the employing institution in lieu of the contributions by the outside**
28 **employee, although designated as employee contributions. The outside employee shall not**
29 **have the option of choosing to receive the contributed amounts directly instead of having**
30 **them paid by the employing institution to the defined contribution plan;**

31 **(7) Allow each outside employee to contribute two percent of the employee's pay**
32 **to a supplemental account established by the employer. Such employee may elect to change**
33 **the contribution rate in accordance with the terms of the supplemental account; and**

34 **[~~(6)~~ (8) Establish such rules and regulations as may be necessary to carry out the**
35 **purposes of this section.**

Section B. Section A of this act shall become effective July 1, 2018.

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