



Rules of Retirement Systems

Division 50—The County Employees’ Retirement Fund Chapter 2—Membership and Benefits

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Title 16—RETIREMENT SYSTEMS
Division 50—The County Employees’
Retirement Fund
Chapter 2—Membership and Benefits

16 CSR 50-2.010 Definitions

PURPOSE: This rule sets forth the defined terms necessary to describe the provisions of the Missouri County Employees’ Retirement Fund.

(1) When used in these regulations or in sections 50.1000 to 50.1300, RSMo, the words and phrases defined hereinafter shall have the following meanings unless a different meaning is clearly required by the context of the plan:

(A) Accrued benefit means the amount that would be payable at normal retirement date, considering the participant’s average final compensation, primary Social Security benefit, target replacement ratio, and creditable service at the date of termination. Notwithstanding the foregoing, a participant’s accrued benefit under the plan shall not be less than his or her accrued benefit as of December 31, 1999, determined under the prior plan;

(B) Active member or active participant means an employee who does not currently have an election in effect to opt out of the plan, who has not incurred a separation from service, and who otherwise meets the criteria necessary to participate in the plan;

(C) Actuarial equivalence means equality in value of the aggregate amounts expected to be received under different forms of payment. Such equality in value shall be based on assumptions as to the occurrence of future events. The future events to be taken into account are mortality for participants, mortality for a beneficiary, and an interest discount for the time value of money. For this plan, the actuarial assumptions are as follows:

1. Mortality: the 1983 Group Annuity Mortality Table, weighted sixty-six and two-thirds percent (66 2/3%) male and thirty-three and one-third percent (33 1/3%) female;

2. Interest discount assumption: eight percent (8%), compounded annually;

(D) Actuary means an individual who is enrolled as an actuary by the Joint Board for the Enrollment of Actuaries pursuant to 29 U.S.C. 1242, or firm of actuaries, which has on its staff such an enrolled actuary, which enrolled actuary or firm of actuaries is selected by the board to provide actuarial services for the plan;

(E) Annuity means a form of payment under which monthly installments are made to a retired participant in accordance with the terms of this plan;

(F) Annuity starting date means:

1. The first day of the first period for which an amount is payable as an annuity;

2. In the case of a benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the participant to such benefit; or

3. In the case of a deferred annuity, the annuity starting date is the date for which the annuity payments are to commence, not the date that the deferred annuity is elected;

(G) Average final compensation means the monthly average of the two highest years of compensation received by the participant;

(H) Beneficiary means the person, persons, or legal entity entitled to receive benefits under this plan which become payable in the event of the participant’s death;

(I) Board means the Board of Directors of the County Employees’ Retirement Fund;

(J) Code means the *Internal Revenue Code* of 1986, as amended, and includes any regulations thereunder;

(K) Compensation means, for all periods on or after January 1, 2000, all salary and other compensation paid by an employer to an employee for personal services rendered as an employee as shown on the employee’s Form W-2, plus amounts paid by an employer but excluded from W-2 compensation by reason of *Internal Revenue Code* sections 125, 402(g)(3), 414(h)(2), or 457, but not including travel and mileage reimbursement, and not including compensation in excess of the limit imposed by section 401(a)(17) of the Code. Compensation received from sources other than an employer and compensation received pursuant to independent contracting relationships shall not be included in calculating the retirement benefit. In the case of a participant who left the employer to join a uniformed service (as defined in the Uniformed Services Employment and Reemployment Rights Act of 1994), and returns to the employ of an employer before his or her reemployment rights under the statute expire, compensation, with respect to the plan years in which the participant was in the uniformed service, shall mean the compensation the participant would have earned had he remained in the employ of the employer. The board has the discretionary authority to make a reasonable estimate of this amount. For periods before January 1, 2000, compensation shall be determined under the terms of the prior plan;

(L) Employee means any county elective or appointive officer or employee who is

hired and fired by an employer and whose work and responsibilities are directed and controlled by the employer and who is compensated directly from county funds and whose position requires the actual performance of duties during not less than one thousand (1,000) hours per year, except county prosecuting attorneys covered pursuant to sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System and county sheriffs covered pursuant to sections 57.949 to 57.997, RSMo; provided that individuals who receive some pay from a county but who are subject to the hiring, supervision, promotion or termination by an independent administrative body (such as the circuit court) or an independent authority are not employees of the employer for purposes of the plan. For purposes of the plan, the term “independent authority” shall mean any body or authority empowered pursuant to statute to i) exercise independent control over certain public functions on an independent basis, ii) establish rules for its own guidance, and iii) appoint and remove employees and fix their companies;

(M) Employer means each county in the state, except any city not within a county and counties of the first classification with a charter form of government;

(N) The entry date of a full-time employee is the hire date unless the employee opted out of the prior plan. The entry date of a part-time employee shall be the first semiannual entry date (January 1 or July 1) after the part-time employee satisfies the one thousand (1,000)-hour requirement during the calendar year;

(O) Former employee means a person who ceases to be an employee but who is entitled to a benefit from this plan;

(P) Full-time employee means an elective or appointive official or employee regularly employed by an employer who is under the direct control and supervision of the employer or an elected or appointed county official and who is subject to continued employment, promotion, salary review or termination by an employer or an elected or appointed county official and who is compensated directly from county funds and whose position requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year, except county prosecuting attorneys covered under sections 56.800–56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System and county sheriffs covered under sections 57.949 to 57.997, RSMo, and employees who receive some compensation from an employer but



who are subject to hiring, supervision, promotion or termination by an entity other than the employer such as an extension council or the circuit court;

(Q) Hire date means the date that an employee begins actual employment with an employer;

(R) Hour of service means each hour for which an employee is paid or entitled to payment for the performance of duties for the employer;

(S) LAGERS means the Local Government Employees' Retirement System presently codified at sections 70.600 to 70.755, RSMo;

(T) Normal form of benefit means an annuity paid in equal monthly installments on the first day of each calendar month in which the participant shall have lived the entire preceding calendar month;

(U) Part-time employee means an employee regularly employed by an employer or an elected or appointed county official who is under the direct control and supervision of an employer or an elected or appointed county official and who is subject to continued employment, promotion, salary review or termination by an employer or an elected or appointed county official and who is compensated directly from county funds and whose position is not anticipated to require the actual performance of duties during one thousand (1,000) hours or more per calendar year;

(V) Participant means an employee covered by this plan and a former employee with a vested accrued benefit remaining in the plan;

(W) Plan, or CERF, means the County Employees' Retirement Fund, as described in sections 50.1000–50.1300, RSMo;

(X) Plan year means the calendar year;

(Y) Primary Social Security amount means the old age insurance benefit pursuant to section 202 of the Social Security Act (42 U.S.C. 402) payable to a participant at age sixty-two (62). Such determination shall be at the time that creditable service ends without assuming any future increases in compensation, any future increases in the taxable wage base, any changes in the formulas used pursuant to the Social Security Act, or any future increases in the Consumer Price Index; provided, however, that if the participant's creditable service ends after age sixty-two (62), the primary Social Security amount shall be determined pursuant to the Social Security Act as in effect at the time the participant reached age sixty-two (62). However, it shall be assumed that the employee will continue to receive compensation at the same rate as that received at the time the determination is being made, until the participant reaches age sixty-two (62). The first

year of compensation as an employee shall be regressed at three percent (3%) per year with respect to years prior to the period of creditable service. For this purpose, the "first year of compensation" shall be the first complete calendar year in which the plan has documented information regarding the participant's compensation. If the board does not have records of a participant's compensation for a plan year, the board may make reasonable estimates of compensation, if the participant does not supply the records described in 16 CSR 50-2.050;

(Z) Prime rate means the prime rate at any given time as listed in the Historical Chart of Prime Rates at www.nfsn.com/library/prime/htm, or any other source which the board in its discretion deems to be reliable;

(AA) Prior plan means the County Employees' Retirement System as in effect on December 31, 1999;

(BB) Prior service means a participant's service rendered prior to August 28, 1994;

(CC) Required beginning date means the April first of the calendar year following the later of the calendar year in which the participant reaches age seventy and one-half (70 1/2), or the calendar year in which the participant separates from service;

(DD) Separation from service means the severance of a participant's employment with an employer for any reason, including retirement; provided that a participant shall not be deemed to have incurred a separation from service if the participant resumes employment with an employer within thirty (30) days after terminating employment with an employer;

(EE) Survivor annuitant means the individual other than a beneficiary eligible to receive an annuity following the death of a participant who is receiving an annuity;

(FF) Target replacement ratio means:

1. Eighty percent (80%), if a participant's average final compensation is thirty-six thousand dollars (\$36,000) or less;

2. Seventy-seven percent (77%), if a participant's average final compensation is forty-eight thousand dollars (\$48,000) or less, but greater than thirty-six thousand dollars (\$36,000); and

3. Seventy-two percent (72%), if a participant's average final compensation is greater than forty-eight thousand dollars (\$48,000);

(GG) Trust fund means the custodial account established to fund benefits under the plan; and

(HH) Trustee means the entity, or individuals, or committee that is responsible for holding and managing the trust fund that is appointed by the board.

(2) The masculine gender shall be deemed to include the feminine and the singular shall include the plural unless otherwise clearly required by the context.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Oct. 11, 1995, effective May 30, 1996. Amended: Filed July 16, 1998, effective Jan. 30, 1999. Rescinded and readopted: Filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Sept. 17, 2007, effective March 30, 2008.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.020 Employee Contributions

PURPOSE: This rule clarifies the nature of payroll contributions required from employees both in counties which are members of the Local Government Employees' Retirement System and those counties which are not members of the Local Government Employees' Retirement System.

(1) A participant who is not a member of Local Government Employees' Retirement System (LAGERS) is subject to a two percent (2%) monthly payroll deduction beginning with the first payroll period after the participant's entry date; except that, for each payroll period ending after December 31, 2002, a participant who is not a member of LAGERS and who is hired or rehired by a county on or after February 25, 2002, is subject to a monthly payroll deduction of not less than two percent (2%) and not more than six percent (6%), in accordance with sections 50.1020(6) and 50.1040(2), RSMo and with 16 CSR 50-2.080. Any payroll deduction described in this section shall constitute the participant's required contribution to the plan and shall be designated as an employer "pick-up" contribution, as described in section 414(h)(2) of the *Internal Revenue Code*. A participant may not waive this contribution, or terminate this contribution requirement by opting out of the plan.

(2) For each payroll period ending after December 31, 2002, participants who are members of LAGERS and who are hired or rehired by a county on or after February 25, 2002, are subject to a monthly payroll deduction not to exceed four percent (4%), in accordance with sections 50.1020(6) and 50.1040(2), RSMo and 16 CSR 50-2.080. Any payroll deduction pursuant to this section shall constitute the participant's required contribution to the plan and shall be designated as an employer "pick-up" contribution, as described in section 414(h)(2) of the *Internal Revenue Code*. A participant may not



waive this contribution, or terminate this contribution requirement by opting out of the plan.

(3) Contributions Required from Part-Time Employees. Participants have two (2) options with regard to the prior service earned while they are still qualifying for entry into the plan. A participant must make his or her election to either forego or purchase this prior service as outlined in subsections (A) and (B) upon their entry into the plan at the first available entry date. Such participant may either—

(A) Forego those months of prior service and accrue eight (8) years of service from their entry into the plan; or

(B) A participant who is a member of LAGERS and who is hired by a county on or after February 25, 2002, may purchase prior service earned on or after January 1, 2003 at the rate of four percent (4%) times the total compensation earned during this prior service period. A participant who is a member of LAGERS is not required to purchase prior service earned on or before December 31, 2002. A participant who is not a member of LAGERS and who is hired by a county on or after February 25, 2002, may purchase prior service earned on or after January 1, 2003 at the rate of six percent (6%), and service earned before January 1, 2003 at the rate of two percent (2%), times the total compensation earned during this prior service period. Any other participant who is not a member of LAGERS may purchase the prior service at the rate of two percent (2%) times the total compensation earned during this prior service period. Participants selecting this option may purchase the prior service with a lump-sum contribution or through periodic payroll deductions, in accordance with such procedures as established by the board, in addition to the regular periodic payroll deduction. If the participant elects to purchase the prior service with an additional payroll deduction, then the deduction shall not extend longer than the period of prior service being purchased.

(4) A participant shall not be eligible for a benefit under this plan until all contributions and other payments required by law have been received on behalf of a participant.

(5) When a participant receives a refund of contributions from LAGERS, pursuant to section 70.690, RSMo, the county clerk shall forward a copy of the LAGERS report of the refund to the plan administrator of County Employees' Retirement Fund (CERF) to notify CERF of the change in the participant's

LAGERS status. The participant's service for the period refunded shall become non-LAGERS service and shall be calculated as such for purposes of the participant's retirement annuity and any purchase of prior service related thereto. The participant is responsible for notifying CERF of his or her intention to apply for a section 70.690 refund and for verifying that the information on any retirement information received from CERF is correct with respect to the participant's LAGERS or non-LAGERS status. If the participant fails to notify CERF of an incorrect LAGERS status on his or her retirement paperwork, the participant will be subject to the provisions of sections 50.1034 and 50.1036, RSMo.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Oct. 11, 1995, effective May 30, 1996. Amended: Filed July 29, 1997, effective Jan. 30, 1998. Amended: Filed June 1, 1999, effective Nov. 30, 1999. Rescinded and readopted: Filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Dec. 10, 2002, effective June 30, 2003.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.030 Eligibility and Participation

PURPOSE: This rule describes when employees may become plan participants.

(1) General Rule. An employee shall become a participant in the plan upon his or her entry date. Effective on and after January 1, 2000, an employee shall not be permitted to opt out of the plan.

(2) Prior Plan Opt-Outs. Before January 1, 2000, an employee had the right to opt out of the plan. Employees who exercised this opt-out option must wait three (3) years from the date the opt-out decision was made before becoming a participant. After this three (3)-year period has elapsed, the employee shall have a three (3)-month period to opt in to the plan. If the employee fails to opt in during an applicable three (3)-month period which begins on or after January 1, 2000, the employee shall be forever ineligible to participate in the plan.

(3) Membership service for part-time employees and service toward vesting in the plan for all participants will be calculated as follows:

(A) A participant must work one thousand (1,000) hours of service in a plan year to be enrolled in the plan;

(B) A participant must work one thousand (1,000) hours of service in a plan year to receive a year of vested service;

(C) A participant must have at least eight (8) years of service with at least one thousand (1,000) hours of service worked per plan year to be vested in the plan. A participant shall receive vesting service credit for a year only if he or she has received creditable service credit for the months in such plan year during which he earned hours of service.

(4) A participant shall be credited with hours of service for a calendar year in accordance with the following rules:

(A) One (1) hour shall be credited for each regular, vacation and sick pay hour for which the participant is paid during the calendar year;

(B) Hours will be credited for military leave based on the participant's average hours paid during the last six (6) months worked prior to such leave;

(C) No hours will be credited for unpaid sick leave; and

(D) Overtime hours will be credited in the manner they are accounted for in county payroll records.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Oct. 11, 1995, effective May 30, 1996. Amended: Filed Dec. 9, 1997, effective June 30, 1998. Rescinded and readopted: Filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed April 26, 2001, effective Nov. 30, 2001.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.035 Payment of Benefits

PURPOSE: This rule clarifies options of benefit payments available to members of the County Employees' Retirement Fund, the procedure for selecting such options, and the timing of benefit payments.

(1) Method of Payment. Prior to his or her annuity starting date, each participant shall be offered the following optional methods of payment, in addition to the normal form of benefit. Any benefits payable under such optional methods of payment shall be the actuarial equivalent of the normal form of benefit:

(A) Joint and One Hundred Percent (100%) Survivor Annuity. An annuity whereby a monthly installment shall be paid to the participant during his or her lifetime and thereafter in the same monthly amount to his or her survivor annuitant during his or her lifetime, on the first day of each calendar



month in which the participant or his or her survivor annuitant shall have lived the entire preceding calendar month;

(B) Joint and Seventy-Five Percent (75%) Survivor Annuity. An annuity whereby a monthly installment shall be paid to the participant during his or her lifetime and thereafter in three-quarters (3/4) of such monthly amount to his or her survivor annuitant during his or her lifetime, on the first day of each calendar month in which the participant or his or her survivor annuitant shall have lived the entire preceding calendar month;

(C) Joint and Fifty Percent (50%) Survivor Annuity. An annuity, whereby a monthly installment shall be paid to the participant during his or her lifetime and thereafter in one-half (1/2) of such monthly amount to his or her survivor annuitant during his or her lifetime, on the first day of each calendar month in which the participant or his or her survivor annuitant shall have lived the entire preceding calendar month;

(D) Ten (10)-Year Certain and Life Annuity. An annuity whereby a monthly installment shall be paid to the participant during his or her lifetime. If the participant dies after receiving one hundred twenty (120) monthly payments, the annuity shall end with the calendar month immediately following the participant's death. If the participant dies before one hundred twenty (120) monthly payments have been made, then the remaining payments under the form shall be made to the participant's beneficiary (if surviving), or in a single sum to the participant's estate, if the beneficiary predeceases the participant. Alternatively, in the event the participant's beneficiary dies before one hundred twenty (120) monthly payments have been made, the participant may complete a new beneficiary designation form which shall apply to the remaining benefits which may become payable under this subsection (1)(D). If the designated beneficiary survives the participant, but dies before one hundred twenty (120) monthly payments have been made, then the remaining payments under the form shall be made to the beneficiary's estate in a single sum. In the case where the beneficiary and the participant die simultaneously before one hundred twenty (120) monthly payments have been made, then the remaining payments under the form shall be made in a single sum to the participant's estate;

(E) Level Income Option—Life Only. An annuity that is adjusted so that the monthly annuity payable for the months ending immediately before the first day of the month after the date the participant attains age sixty-two (62) is approximately equal to the sum of i) the monthly adjusted annuity payable for the month subsequent to the month in which the participant reaches age sixty-two (62) and ii)

the monthly Social Security benefit payable to the participant at age sixty-two (62); or

(F) Level Income Option—Joint and Survivor.

1. An annuity, whereby a monthly installment shall be paid to the participant during his or her lifetime and thereafter in the percentage (either fifty (50), seventy-five (75), or one hundred (100)) of such monthly amount, as elected by the participant, to his or her survivor annuitant during his or her lifetime, on the last day of each calendar month in which the participant or his or her survivor annuitant shall have lived the entire month. The annuity shall be adjusted so that the monthly annuity payable for the months ending immediately before the first day of the month after the date the participant attains age sixty-two (62) is approximately equal to the sum of i) the monthly adjusted annuity payable for the month subsequent to the month in which the participant reaches age sixty-two (62) and ii) the monthly Social Security benefit payable to the participant at age sixty-two (62). If the participant dies before he or she reaches age sixty-two (62), the survivor annuitant's benefit shall be adjusted on the first day of the month after the date on which the participant would have reached age sixty-two (62) in the manner that the participant's annuity would have been adjusted on such date.

2. Notwithstanding anything in the preceding paragraph to the contrary, if the monthly benefit payable to the participant under this form beginning with the month after the participant's sixty-second birthday is zero, then the monthly adjusted annuity with respect to months ending immediately before the first day of the month after the date the participant attains age sixty-two (62) shall be a period-certain annuity, commencing on the participant's annuity starting date, and ending on the date immediately before the first day of the month after the participant attains (or would have attained) age sixty-two (62). If the participant dies before attaining age sixty-two (62), then the remaining payments under the form shall be made to the participant's survivor annuitant (if surviving), or in a single sum to the participant's estate, if the survivor annuitant predeceases the participant. If the survivor annuitant survives the participant, but dies before the participant's sixty-second birthday, then the remaining payments under the form shall be made to the survivor annuitant's estate.

(2) Election of Payment Method. A payment option shall be elected, changed, or revoked by the participant, his or her guardian, or attorney-in-fact, by written notice filed with the board during the election period specified in section (3) below; provided, however:

(A) A survivor annuitant under an option may not be changed after an election has been received by the board (or by its designee);

(B) A participant shall be deemed to have elected the normal form of benefit unless he or she makes an affirmative election not to take such an annuity in accordance with this section. Such annuity shall commence as soon as administratively feasible following the participant's required beginning date.

(3) Election Period. Generally, a participant must complete an application for benefits at least thirty (30), but not more than ninety (90), days prior to the date he or she wishes benefits to commence. The annuity starting date for such a participant shall be the first of the month coincident with or following the date specified by the participant, or, if earlier, the participant's required beginning date. If the participant does not submit an application at least thirty (30) days prior to his or her separation from service, the payments will not be retroactive to the date of separation from service. Once a participant has submitted an application, if supporting documentation has been requested but has not been obtained by the annuity starting date selected by the participant and the application has not been completely processed, the participant will not receive the first benefit payment until the additional documentation has been received and the application has been completely processed. The payments will, however, be retroactive to the annuity starting date designated by the participant in his or her application. If a participant has not submitted an application upon his or her separation from service, his or her benefits will start on the first of the month following a thirty (30)-day period from the date of the application.

(4) Payments after Death of Survivor Annuitant. In the event a participant has chosen an optional form of payment which provides for a continuing payment to a survivor annuitant after the death of the participant in which the participant received a reduced annuity during his or her lifetime and the participant's survivor annuitant predeceases the participant in death, the participant's benefit shall revert, effective the next month following the death of the participant's survivor annuitant, to an amount equal to his or her normal annuity at the time of the annuity starting date plus any cost-of-living or other increases that the participant may have received prior to the survivor annuitant's death. Notwithstanding the preceding sentence, if the participant elected the Level Income Option—Joint and Survivor, the participant's benefit shall revert to the benefit he or she would have received had he or she



elected the Level Income Option—Life Only. It shall be the participant's duty to inform the board or its designee of the death of such a survivor annuitant.

(5) 401(a)(9) Requirements. Notwithstanding anything to the contrary contained in the plan, the entire interest of a participant will be distributed in accordance with U.S. Code section 401(a)(9) and the regulations thereunder beginning no later than the participant's required beginning date. The provisions of this section will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

(A) If the participant dies before distributions begin, the participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

1. If the participant's surviving spouse is the participant's sole designated beneficiary, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the participant died, or by December 31 of the calendar year in which the participant would have attained age seventy and one-half (70 1/2), if later;

2. If the participant's surviving spouse is not the participant's sole designated beneficiary, distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the participant died;

3. If there is no designated beneficiary as of September 30 of the year following the year of the participant's death, the participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the participant's death;

4. If the participant's surviving spouse is the participant's sole designated beneficiary and the surviving spouse dies after the participant but before distributions to the surviving spouse begin, this subsection (5)(A), other than paragraph (5)(A)1., will apply as if the surviving spouse were the participant. For purposes of this subsection and subsection (E), unless paragraph (5)(A)4. applies, distributions are considered to begin on the participant's required beginning date. If paragraph (5)(A)4. applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under paragraph (5)(A)1. If annuity payments irrevocably commence to the participant before the participant's required beginning date (or to the participant's surviving spouse before the date distributions are required to begin to the surviving spouse under para-

graph (5)(A)1.), the date distributions are considered to begin is the date distributions actually commence.

(B) Unless the participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with subsections (5)(C), (D), and (E). If the participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code section 401(a)(9) and the Treasury regulations. Any part of the participant's interest which is in the form of an individual account described in Code section 414(k) will be distributed in a manner satisfying the requirements of Code section 401(a)(9) and the Treasury regulations that apply to individual accounts.

(C) If the participant's interest is paid in the form of annuity distributions under the plan, payments under the annuity will satisfy the following requirements:

1. The annuity distributions will be paid in periodic payments made at intervals not longer than one (1) year;

2. The distribution period will be over a life (or lives) or over a period certain not longer than the period described in subsections (5)(D) and (E);

3. Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

4. Payments will either be nonincreasing or increase only i) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics; ii) to the extent of the reduction in the amount of the participant's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in subsection (5)(D) dies or is no longer the participant's beneficiary pursuant to a qualified domestic relations order within the meaning of section 414(p); iii) to provide cash refunds of employee contributions upon the participant's death; or iv) to pay increased benefits that result from a plan amendment; and

5. The amount that must be distributed on or before the participant's required beginning date (or, if the participant dies before distributions begin, the date distributions are required to begin under subsection (5)(A)) is the payment that is required for one (1) payment interval. The second payment need not

be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the participant's benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the participant's required beginning date. Any additional benefits accruing to the participant in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

(D) If the participant's interest is being distributed in the form of a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary, annuity payments to be made on or after the participant's required beginning date to the designated beneficiary after the participant's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the participant using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of the participant and a nonspouse beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the designated beneficiary after the expiration of the period certain. Unless the participant's spouse is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the participant's lifetime may not exceed the applicable distribution period for the participant under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the participant reaches age seventy (70), the applicable distribution period for the participant is the distribution period for age seventy (70) under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of seventy (70) over the age of the participant as of the participant's birthday in the year that contains the annuity starting date. If the participant's spouse is the participant's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the participant's applicable



distribution period, as determined under this section, or the joint life and last survivor expectancy of the participant and the participant's spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the participant's and spouse's attained ages as of the participant's and spouse's birthdays in the calendar year that contains the annuity starting date.

(E) If the participant dies before the date distribution of his or her interest begins and there is a designated beneficiary, the participant's entire interest will be distributed, beginning no later than the time described in subsection (5)(A) over the life of the designated beneficiary or over a period certain not exceeding:

1. Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the participant's death; or

2. If the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date. If the participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the participant's death, distribution of the participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the participant's death. If the participant dies before the date distribution of his or her interest begins, the participant's surviving spouse is the participant's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this subsection will apply as if the surviving spouse were the participant, except that the time by which distributions must begin will be determined without regard to subsection (5)(A).

(F) The following definitions shall apply for purposes of this section:

1. Designated beneficiary shall mean the individual who is designated as the beneficiary under the terms of the plan and is the designated beneficiary under Code section 401(a)(9) and section 1.401(a)(9)-1, Q&A-4 of the Treasury regulations.

2. A distribution calendar year is a calendar year for which a minimum distribution is required. For distributions beginning before the participant's death, the first distribution calendar year is the calendar year

immediately preceding the calendar year which contains the participant's required beginning date. For distributions beginning after the participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to subsection (5)(A).

3. Life expectancy means an individual's life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(6) Non-Assignability of Benefits. A participant's right to an annuity or other benefits under the plan shall not be subject to execution, garnishment, attachment, writ of sequestration, the operation of bankruptcy or insolvency laws, a qualified domestic relations order (as defined in 26 U.S.C. section 414(p) or 29 U.S.C. section 1056(d)), or to any other claim or process of law whatsoever, and shall be unassignable.

(7) Return of Mistaken Payments. Notwithstanding anything to the contrary, a participant or beneficiary is entitled to only those benefits provided by the plan and promptly shall return any payment, or portion thereof, made by mistake of fact or law. The board may offset the future benefits of any recipient who refuses to return an erroneous payment, in addition to pursuing any other remedies provided by law. Without limiting the generality of the foregoing, in the event any payment is made to or on behalf of a deceased member after such member's death by mistake of fact or law, the recipient of or other person benefiting from such payment shall promptly return any such payment to the plan, and the board may offset the future benefits of any participant or beneficiary otherwise entitled to a benefit under the plan who received or benefited from any such mistaken payment made to or on behalf of a deceased member by such amount as the board deems appropriate, including by the amount of the mistaken payment and interest on such amount.

(8) Correction of Underpayments. Should any error result in any participant or beneficiary receiving less than he or she should have been entitled, then such error shall be corrected by paying the participant or beneficiary a lump-sum amount equal to the underpayment, without interest.

(9) In the case of special consultants, as provided for in section 50.1090.2, RSMo, who do not return buyback invoices or requested supporting documentation, the benefit will begin on the first of the month following payment of the initial fifty percent (50%) buy-

back amount.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed July 29, 1997, effective Jan. 30, 1998. Rescinded and readopted: Filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed April 23, 2003, effective Oct. 30, 2003. Amended: Filed July 6, 2005, effective Jan. 30, 2006. Amended: Filed Nov. 10, 2005, effective May 30, 2006. Amended: Filed Feb. 21, 2006, effective Sept. 30, 2006. Amended: Filed Aug. 31, 2009, effective March 30, 2010.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.040 Separation from Service Before Retirement

PURPOSE: This rule describes the effect of a separation from service on a participant's benefit.

(1) Upon separation from service, any participant with less than eight (8) vested years of service shall forfeit all rights under the plan, including the participant's creditable service as of the date of the participant's separation from service. This forfeiture shall be applied to reduce the board's obligation to contribute to the plan. Such a participant will receive a refund of any of his or her contributions upon the receipt by the board or its designee of a termination notice; provided, however, that if the amount of a participant's accumulated contributions is in excess of one thousand dollars (\$1,000), then any such refund of contributions may not be made prior to the earliest of the participant's death or normal retirement age (age sixty-two (62)) without the participant's written application to the board consenting to his or her accumulated contributions being distributed from the plan. Such refund shall be made to the participant in a single sum as soon as administratively feasible following receipt of the termination notice and, if applicable, the participant's written application requesting distribution, by the board (or its designee). In the event that a participant whose accumulated contributions exceed one thousand dollars (\$1,000) does not consent to the distribution of his or her accumulated contributions when first eligible to do so, or at any subsequent time prior to attaining his or her normal retirement age (age sixty-two (62)), his or her contributions shall be distributed to him or her as soon as administratively feasible following the first day of the month after attaining his or her normal retirement age (age sixty-two (62)); or, if such participant is deceased, such contributions shall be distributed to his or her



surviving spouse or, if none, then in equal shares to the participant's surviving children, or, if there are no surviving children, then to his or her estate, as soon as administratively feasible following the first day of the month after the receipt by the board or its designee of a notice of death from such participant's employer, or such other form of proof acceptable to the board. For purposes of this section, it shall not be administratively feasible for the board or its designee to disburse a refund until the board or its designee also receives proper verification and reconciles salaries, hours and contribution information obtained from the employer.

(2) A participant who has a separation from service, before reaching the age of sixty-two (62), after having earned at least eight (8) vested years of service shall be entitled to a deferred vested benefit, determined in accordance with the formula described in 16 CSR 50-2.090. The participant may elect to defer the receipt of his or her deferred vested benefit, until the participant's attainment of age sixty-two (62), or the participant may elect to begin receiving his or her deferred vested benefit on the first day of any month following the later of the date of separation from service or age fifty-five (55). The amount of the benefit, if paid before the participant's sixty-second birthday, shall be the actuarial equivalent of the participant's accrued benefit.

(3) Members who terminate employment and then resume employment with an employer within thirty (30) days will not forfeit their prior service, will not be required to receive a refund of their payroll contributions and will not be deemed to have been rehired.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Oct. 11, 1995, effective May 30, 1996. Amended: Filed Sept. 17, 1998, effective March 30, 1999. Rescinded and readopted: Filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Dec. 10, 2002, effective June 30, 2003. Amended: Filed Nov. 10, 2005, effective May 30, 2006.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.050 Certifying Service and Compensation

PURPOSE: This rule clarifies the process for certifying employment and salary figures upon separation from service for purposes of calculating retirement benefits in the future.

(1) Upon separation from service, a participant shall request that the county clerk complete a certification form on a form to be provided by the board or its designee which verifies the length of employment and the two (2) highest years of compensation received by the participant. The participant must provide documentation to support the compensation figures which must be attached to the certification including W-2 forms, 1099 forms, canceled checks and other supporting documentation reflecting compensation received. In determining average final compensation, County Employees' Retirement Fund (CERF) will use the cash receipts and disbursements method as defined by the *Internal Revenue Code*. Any lump sum payment attributable to services for a prior year (including, but not limited to, a payment of benefits, back pay, unused vacation days or sick leave attributable to services performed in a prior year) will not be included in calculating average final compensation.

(2) The participant shall forward the completed certification to the board where it shall be maintained until needed to calculate the participant's retirement benefit.

(3) Any certification submitted without supporting documentation will be reviewed by the board.

(4) Fee-Based or Fee/Salary-Based Officials.

(A) Any participant whose compensation is collected partly or wholly from fees or a combination of fees and salary must submit, by March 1 of each year, proof of all fees and/or salary received, less operating and other expenses.

(B) Two percent (2%) of the net amount of all fees and/or salary collected as compensation by such participants who are not members of the Local Government Employees' Retirement System (LAGERS) must be submitted to the plan administrator not less than annually and no later than March 1 of each year for the preceding calendar year.

(C) Any unpaid balance of the required fee or salary contributions due to the fund must be paid in full prior to distribution of any retirement benefit amount or death benefit amount.

(D) Prior to January 1, 2000, some officials received partial or full compensation through various fees for personal services performed in their capacity as an elected official. If a member has such compensation which was not processed through county payroll prior to January 1, 2000, and the member chooses to use as a high year for retirement calculations a year including such fees,

the member must make the required contributions on all of these fees collected between August 27, 1994, and December 31, 1999, prior to his or her retirement commencement.

(E) Beginning January 1, 2000, officials whose compensation is collected partly or wholly from fees or a combination of fees and salary may only include these fees if they are processed through county payroll and in accordance with the definition of compensation included in 16 CSR 50-2.010(1)(K).

(F) Compensation received from sources other than an employer and compensation received pursuant to independent contracting relationships shall not be included in calculating the retirement benefit.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Oct. 11, 1995, effective May 30, 1996. Amended: Filed Dec. 9, 1997, effective June 30, 1998. Amended: Filed July 16, 1998, effective Jan. 30, 1999. Amended: Filed Sept. 17, 1998, effective March 30, 1999. Amended: Filed April 16, 1999, effective Sept. 30, 1999. Rescinded and readopted: Filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Aug. 13, 2001, effective Feb. 28, 2002.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.060 Survivorship Rights and Service Requirements

(Rescinded March 30, 2001)

AUTHORITY: section 50.1032, RSMo Supp. 1997. Original rule filed Nov. 26, 1996, effective June 30, 1997. Amended: Filed Dec. 9, 1997, effective June 30, 1998. Amended: Filed March 2, 1998, effective Aug. 30, 1998. Rescinded: Filed Sept. 29, 2000, effective March 30, 2001.

16 CSR 50-2.070 Adjustment of Benefits

PURPOSE: This rule clarifies the remedy for a misrepresentation of fact.

(1) Any misrepresentation of fact will result in an adjustment of benefits and/or appropriate legal action.

AUTHORITY: section 50.1032, RSMo Supp. 1996. Original rule filed Nov. 26, 1996, effective June 30, 1997.*

**Original authority: 50.1032, RSMo 1995.*



16 CSR 50-2.080 Source of Pension Funds

PURPOSE: This rule describes the source of funds available to the plan.

(1) The source of contributions to this plan (if required) for a plan year shall be the funds described in sections 50.1020, 50.1190, 50.1200 and 150.150, RSMo that have been accumulated during the plan year. Such funds shall be held in a separate account until the board determines, in accordance with the advice of the actuary, the amount of such funds that must be contributed to this plan for a plan year to maintain its actuarial sufficiency. The board shall ensure that sufficient amounts shall be contributed so that this plan is funded in a manner consistent with the provisions of the Internal Revenue Code and such other laws and regulations as shall be applicable. The remainder of funds accumulated in the separate account during a plan year shall first be used to pay expenses of the defined contribution plan established in sections 50.1210 to 50.1260, RSMo and then any remaining amounts shall be contributed to the defined contribution plan established in sections 50.1210 to 50.1260, RSMo.

(2) Any gains arising from the death of participants prior to retirement or forfeiture upon separation from service shall not be utilized to increase the benefits to the remaining participants. Any such forfeitures that derive from a county's contribution (and not from a payroll deduction) made pursuant to section 50.1020(6), RSMo shall remain in the trust fund, and the amount of such forfeited county contribution shall be used to reduce future contributions for the county which made such contribution. Any such gains or forfeitures that derive from any other source shall be retained in the trust fund.

(3) Notwithstanding anything to the contrary, any contribution made to the plan by the board as result of a mistake of fact shall be returned to the separate account as soon as practicably possible following discovery of the mistake, but not later than one year after the payment of the contribution. The maximum amount that may be returned is the excess of the amount contributed, over the amount that would have been contributed had no mistake of fact occurred. Earnings attributable to the excess contribution may not be returned, but losses attributable thereto must reduce the amount to be so returned.

(4) Each county, except counties of the first classification with a charter form of government and any city not within a county, shall deposit in the plan each payroll period ending

after December 31, 2002, an amount equal to four percent (4%) of the compensation paid in such payroll period to each employee hired or rehired by that county on or after February 25, 2002. Such deposit shall be paid out of the county funds or, at the county's election, in whole or in part through payroll deduction as described in section 50.1040(2), RSMo. Any county that elects to pay the deposit described herein, in whole or in part, through payroll deduction as described in section 50.1040(2), RSMo, shall provide the board written notice of such election at least thirty (30) days before January 1 of the year for which such election is to be effective. Such election shall remain effective until revoked by the county in writing to the board at least thirty (30) days before January 1 of the year for which such election is to be revoked. Any election or revocation of the election described herein shall become effective on the January 1 following thirty (30) days' written notice from the county to the board of such election or revocation.

AUTHORITY: section 50.1032, RSMo 2000. * Original rule filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Dec. 10, 2002, effective June 30, 2003.

*Original authority: 50.1032, RSMo 1995.

16 CSR 50-2.090 Normal Retirement Benefit

PURPOSE: This rule describes when a participant is eligible for unreduced retirement benefits under the plan.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive. This material as incorporated by reference in this rule shall be maintained by the agency at its headquarters and shall be made available to the public for inspection and copying at no more than the actual cost of reproduction. This note applies only to the reference material. The entire text of the rule is printed here.

(1) Eligibility for Normal Retirement Benefit. To be eligible to receive a normal retirement benefit from the plan, a participant must:

- (A) Have attained the age of sixty-two (62);
(B) Applied for retirement benefits as provided by applicable laws and regulations; and
(C) Earned eight (8) or more vested years of service.

(2) Benefit to Non-LAGERS Participants. The normal retirement benefit of a participant who is not a member of the Local Government Employees' Retirement System (LAGERS) shall be a monthly benefit in the normal form of benefit equal to the greater of:

- (A) Twenty-nine dollars (\$29) multiplied by years of creditable service, up to a maximum of twenty-nine (29) years; or
(B) An amount determined according to the following formula:

Equation: [((TRR x AFC) - PSSA) x (CS/25)] + (.01 x AFC x CSE)

Where:

TRR is the participant's target replacement ratio;

AFC is the participant's average final compensation;

PSSA is the participant's primary Social Security amount, on a monthly basis;

CS is the participant's creditable service (up to a maximum of twenty-five (25) years); and

CSE is the participant's creditable service in excess of twenty-five (25) years (up to a maximum of twenty-nine (29) years).

(3) Benefit to LAGERS Participant. The normal retirement benefit of a participant who is also a member of LAGERS shall be sixty-six and two-thirds percent (66 2/3%) of the normal retirement benefit determined pursuant to section (2).

(4) LAGERS Participant Defined. Generally, a participant is considered a member of LAGERS with respect to a period of creditable service (including prior service) if he or she has been exempt from making the mandatory two percent (2%) contribution on account of his or her membership in LAGERS; except that, each payroll period ending after December 31, 2002, participants who are members of LAGERS and who are hired or rehired by a county on or after February 25, 2002, are subject to a monthly payroll deduction not to exceed four percent (4%), but not the additional mandatory two percent (2%) contribution that potentially subjects a participant who is not a member of LAGERS to a monthly payroll deduction not to exceed six percent (6%). Accordingly, the formula set forth in section (3) shall be used to determine a participant's benefit for such period of creditable service. If a participant ceases to qualify for active membership or ceases to be an active member in LAGERS, the formula described in section (2) shall be used to determine the participant's benefit for the creditable service earned during periods when the participant ceased to so qualify or



ceased to be an active member in LAGERS. If a participant receives a refund of contributions from LAGERS, pursuant to section 70.690, RSMo, then the formula described in section (3) shall be used to determine the participant's benefit, if the participant makes an additional contribution to the plan. The amount of such additional contribution shall be equal to two percent (2%) of the participant's compensation for the period in which he or she was a LAGERS participant (plus any interest and penalties assessed by the board). The amount may be paid in one lump sum, or by payroll deduction.

(5) Minimum Benefit. The normal retirement benefit of a participant shall not be less than the annuity the participant had earned as of the day before January 1, 2000, under the prior plan. This minimum benefit shall be determined without regard to any exclusion of prior service mandated by the terms of the prior plan.

(6) Maximum Benefit. Anything to the contrary notwithstanding, an annuity computed under the plan and under any other defined benefit plan to which an employer or the board has contributed shall be reduced proportionately with respect to the benefits under each such defined benefit plan so that the aggregate of all projected annual benefits in any limitation year does not exceed the limits set forth in Code section 415. For purposes of this section, projected annual benefit means a participant's annual benefit (adjusted to the actuarial equivalent of a straight-life annuity if expressed in a form other than a straight-life or qualified joint and survivor annuity) under a defined benefit plan. If a participant's benefit must be adjusted to an actuarially equivalent straight-life annuity, the actuarially equivalent straight-life annuity shall be determined in accordance with Treasury Regulation section 1.415(b)-1(c). For purposes of determining the maximum permissible benefit allowable under Code section 415, the definition of compensation contained in Code section 415(c)(3) shall be applied. Such compensation means remuneration as defined in Treasury Regulation section 1.415(c)-2(d)(4) (i.e., amounts reported in Box 1 of Form W-2, plus amounts that would have been received and included in gross income but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)), but not in excess of two hundred thirty thousand dollars (\$230,000) (as adjusted in accordance with Code section 401(a)(17)(B)) for any limitation year. Such remuneration shall not include any severance

pay, whether paid before or after an employee's termination of employment. In addition, such amount shall not include other compensation paid after an individual's termination of employment; provided that, to the extent that the following amounts are otherwise included in the definition of remuneration and are paid no later than the later of the date which is two and one-half (2 1/2) months after termination of employment or the end of the limitation year that includes the date of termination of employment, such amounts paid after an employee's termination of employment shall be deemed remuneration: regular pay, including compensation for services during regular working hours, overtime, shift differential, commissions, bonuses or other similar payments; and payment for unused accrued sick, vacation, or other leave, but only if the employee would have been able to use the leave if employment had continued. The exclusions provided for in this section (6) with respect to post-employment payments shall not apply to payments to an individual who does not currently perform services for an employer by reason of qualified military service to the extent such payments do not exceed the compensation such individual would have received from an employer if he or she had continued to perform services for an employer. In the event that the maximum benefit allowed under Code section 415 increases in the future, such increases shall apply only to participants who are employed by an employer on the date such increase goes into effect. Notwithstanding the foregoing sentence, with respect to limitation years ending after December 31, 2001, the benefit increases resulting from the increase in the limitations of Code section 415(b) under the Economic Growth and Tax Relief Reconciliation Act of 2001, as amended, shall be provided to a participant who is credited with an hour of service on or after the first day of the limitation year ending after December 31, 2001. All other terms and provisions of Code section 415 Internal Revenue Code of 1986, as amended 2008. Publisher: Thomson/RIA, 395 Hudson Street, New York, NY 10014 are incorporated herein by reference. This rule does not incorporate any later amendments or additions to Code section 415.

(7) Pension Funding Equity Act. For a distribution to which Code section 417(e)(3) applies and which has an annuity starting date occurring in plan years beginning in 2004 or 2005, except as provided in section 101(d)(3) of the Pension Funding Equity Act of 2004, the actuarially equivalent straight-life annuity benefit is the greater of:

(A) The annual amount of the straight-life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using the interest rate and mortality table, or tabular factor, specified in the plan for actuarial equivalence; or

(B) The annual amount of the straight-life annuity commencing at the annuity starting date that has the same actuarial present value as the particular form of benefit payable, computed using a five and one-half percent (5 1/2%) interest assumption and the applicable mortality table for the distribution under Treasury Regulation section 1.417(e)-1(d)(2).

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Dec. 10, 2002, effective June 30, 2003. Amended: Filed April 23, 2003, effective Oct. 30, 2003. Amended: Filed Sept. 17, 2007, effective March 30, 2008. Amended: Filed Dec. 22, 2008, effective July 30, 2009.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.100 Early Retirement Benefit

PURPOSE: This rule describes when a participant may receive early retirement benefits from the plan.

A participant who has not attained age sixty-two (62) but has both attained at least his or her fifty-fifth birthday and has eight (8) or more vested years of service may elect to retire as of the first day of any calendar month following written notice to the board (or its delegatee). At the option of the participant, benefits may begin as of any calendar month following his or her early retirement and preceding the participant's sixty-second birthday. Such early retirement benefit of a participant shall be payable to him/her as the normal form of benefit, and shall equal the greater of the actuarial equivalent of his or her accrued benefit or his or her accrued benefit as of his or her annuity starting date, reduced by four-tenths of one percent (0.4%) for each month by which the annuity starting date precedes the participant's sixty-second birthday, and by an additional three-tenths of one percent (0.3%) for each month by which the annuity starting date precedes the participant's sixtieth birthday.

AUTHORITY: section 50.1032, RSMo Supp. 1999. Original rule filed Sept. 29, 2000, effective March 30, 2001.*

**Original authority: 50.1032, RSMo 1995.*

**16 CSR 50-2.110 Rehires**

PURPOSE: This rule clarifies the treatment of a former employee who returns to covered employment.

(1) Suspension of Benefits. If a participant returns to employment after a separation from service, benefit payments to the individual will be suspended, pending the termination of employment and completion of a new retirement application. After any such suspension of benefits and subsequent termination of employment, the participant will resume benefits under the payment option originally selected with respect to those benefits. If the individual has started a buyback of prior service during the first benefit payment period, the total paid toward the buyback will be subtracted from the new buyback figure. Benefits with respect to the prior service period less any remaining buyback will recommence upon termination of employment. The buyback will extend for a maximum of forty-eight (48) months less the total number of months during which the individual had already made a buyback. While subsequently employed after a separation from service, the individual will accrue creditable service, which, upon termination of employment and submission of a new retirement application in accordance with the plan rules, will be used to calculate a benefit with respect to that period of service in accordance with the provisions of this chapter. For such subsequent period of service, benefits will also be calculated using the average final compensation with respect to that period of service. The benefits payable with respect to any employment period after a rehire shall be added to the benefits payable in accordance with a previous service period, provided that, in no event shall the participant's total creditable service when added together for all service periods exceed twenty-nine (29) years (or, to the extent so limited for the purpose of the applicable formula, twenty-five (25) years) for purposes of 16 CSR 50-2.090, and benefits shall be determined on the basis that a participant forever ceases accruing creditable service for this purpose in the service period in which such participant first attains twenty-nine (29) years of creditable service. The new retirement application with respect to employment after a rehire shall specify the form of benefit and beneficiary with respect to any benefits payable in connection with such period of service, and the form and beneficiary may, but are not required to, differ from those elected with respect to benefits relating to a prior service period. Notwithstanding any-

thing in the plan to the contrary, if a participant was receiving benefits in the form of the level income option and has such benefit payments suspended upon returning to employment before attaining age sixty-two (62) in accordance with this section, the remaining payments under the form shall resume at termination of employment in the monthly amount determined in accordance with 16 CSR 50-2.035(1)(E) or (F) as though the participant were the age he or she had attained upon his/her return to employment.

(2) Rejoining the Plan. Notwithstanding the provisions of section (1), a participant may work as a part-time employee, and continue to receive benefit payments. Such service as a part-time employee shall not increase or change the participant's benefit, unless the participant has an entry date, and again becomes an active participant in the plan. In such case, a participant shall not receive creditable service for any period of employment preceding his or her entry date unless i) the participant purchases such service in accordance with section 16 CSR 50-3.010(3) or ii) such creditable service was used in calculating the participant's accrued benefit as of the date of his or her separation from service.

(3) Nonvested Participants. A participant who has a separation from service with less than eight (8) years of creditable service forfeits creditable service at the time of his or her separation from service. Accordingly, if such an individual is rehired as an employee, that individual is treated as a new employee for all purposes under the plan. However, such a rehired individual may be able to repurchase his or her forfeited creditable service under section 16 CSR 50-3.010(3).

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Feb. 24, 2005, effective Aug. 30, 2005. Amended: Filed Dec. 26, 2007, effective June 30, 2008.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.120 Benefits Upon Participant's Death

PURPOSE: This rule describes the benefits available to the beneficiaries of participants who die before receiving a retirement benefit.

(1) Lump Sum Death Benefit. A death benefit of ten thousand dollars (\$10,000) shall be paid to the beneficiary of every active participant upon his or her death or, if the par-

ticipant fails to designate a beneficiary, then to the participant's surviving spouse or, if there is no spouse, then in equal shares to the participant's surviving children. If there is neither a surviving spouse nor surviving children, then the benefit shall be paid to the active participant's estate.

(A) Designation of Beneficiary. Each participant may name a beneficiary on a form provided by the board and delivered to the board. Such designation may include more than one (1) person with one (1) or more secondary or contingent beneficiaries and shall be subject to change upon written request of such participant in the same manner as the original designation. A dissolution or annulment of a participant's marriage subsequent to the date of designation of a beneficiary shall not revoke or otherwise affect such designation.

(B) If the participant executes a beneficiary designation form and lists more than one (1) beneficiary but fails to list the percentage of benefit that each beneficiary should receive, then the benefit shall be divided equally among the named beneficiaries.

(2) Spousal Death Benefit. If a participant dies before his or her annuity starting date but after completing eight (8) or more years of creditable service, the surviving spouse shall be entitled to survivorship benefits under the fifty percent (50%) annuity option as set forth in subsection 16 CSR 50-2.035(1)(C). If the participant was age sixty-two (62) or older at death, the surviving spouse's benefit shall begin to accrue on the first day of the month following the participant's death. If the participant was under age sixty-two (62) at death, the surviving spouse's benefits shall begin to accrue on the first day of the month following the date the participant would have attained age sixty-two (62) had the participant lived. In the event that a delay in the submission or processing of paperwork or some other delay results in the first payment of survivorship benefits commencing after the month in which the survivorship benefits began to accrue, such survivorship benefits shall be retroactive to the date on which the survivorship benefits began to accrue. Alternatively, the surviving spouse may elect to receive the reduced actuarially equivalent benefit payable on the first day of any month following the date of the participant's death and prior to the date the participant would have attained age sixty-two (62). Notwithstanding anything herein to the contrary, in the event that a participant dies after completing an application for benefits in accordance with 16 CSR 50-2.035 but before his or her annuity starting date, and the surviving spouse is the survivor annuitant under the form of benefit elected by the participant



immediately before his or her death, the surviving spouse shall be entitled to the greater, but not both, of:

(A) The survivorship benefits under the fifty percent (50%) annuity option as set forth in subsection 16 CSR 50-2.035(1)(C); or

(B) Such benefit as would have been payable to the surviving spouse under the form of payment elected by the participant immediately before his or her death in accordance with 16 CSR 50-2.035. In no event shall an individual other than the surviving spouse be entitled to survivorship benefits under the form of benefit that may have been elected by the participant before his or her death in the event that the participant dies before his or her annuity starting date.

(3) No Benefits Payable to Beneficiary Who Intentionally Kills Participant. The board shall cease paying benefits to any survivor annuitant or beneficiary who is charged with the intentional killing of a participant without legal excuse or justification. A survivor annuitant or beneficiary who is convicted of such charge shall no longer be entitled to receive benefits. If the survivor annuitant or beneficiary is not convicted of such charge, the board shall resume payment of benefits and shall pay the survivor annuitant or beneficiary any benefits that were suspended pending resolution of such charge.

(4) The death benefit will only be extended to part-time and seasonal employees in months for which they receive pay.

(5) The designated beneficiary of a participant who dies without a surviving spouse before his or her annuity starting date but after having earned at least eight (8) vested years of service, or, if the participant fails to designate a beneficiary, then such participant's estate, shall be entitled to a refund of such participant's contributions after the receipt by the board or its designee of a notice of death from such participant's employer, or such other form of proof acceptable to the board. Such refund shall be made to the beneficiary in a single sum as soon as administratively feasible following receipt of the notice of death by the board or its designee. For purposes of this section, it shall not be administratively feasible for the board or its designee to disburse a refund until the board or its designee also receives proper verification and reconciled contribution information from the employer.

(6) In the case of a participant who dies while performing qualified military service (as defined in section 414(u) of the Code), the survivors of the participant are entitled to any additional benefits (other than benefit accru-

ing) relating to the period of qualified military service) provided under the plan had the participant resumed and then terminated employment on account of death. The foregoing shall be effective with respect to deaths occurring on or after January 1, 2007. Notwithstanding anything herein to the contrary, the plan shall be administered to comply with the Heroes Earnings Assistance and Tax Relief Act of 2008, to the extent required therein.

*AUTHORITY: section 50.1032, RSMo 2000. * Original rule filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Nov. 10, 2005, effective May 30, 2006. Amended: Filed Sept. 5, 2007, effective March 30, 2008. Amended: Filed Sept. 8, 2008, effective March 30, 2009.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.130 Direct Rollover Option

PURPOSE: This rule describes the direct rollover option authorized by section 50.1260, RSMo.

(1) A distributee may elect to have an eligible rollover distribution paid directly to a single eligible retirement plan specified by the distributee. However, this election may not be made if the total eligible rollover distributions paid to the distributee will be less than two hundred dollars (\$200).

(2) A distributee may elect to divide an eligible rollover distribution so that part is paid directly to an eligible retirement plan and part is paid to the distributee. However, the part paid directly to the eligible retirement plan must total at least five hundred dollars (\$500).

(3) A distributee will be provided with an initial notice in compliance with the rules of *Internal Revenue Code* (Code) section 402(f), advising the distributee that there will be withheld an amount equal to twenty percent (20%) (or such other amount as may from time to time be prescribed by the Code or the Secretary of Treasury or his or her designee) on any eligible rollover distribution that is not transferred directly to an eligible retirement plan. In general, payment to a distributee shall begin no sooner than thirty (30) days after the initial notice is given. However, payment may be made sooner if the notice clearly informs the distributee of the right to a period of at least thirty (30) days to consider the decision of whether or not to make a direct rollover, and the distributee, after

receiving the notice, makes an affirmative election to either receive an immediate distribution or directly roll over the eligible rollover distribution to an eligible retirement plan. If, however, the distributee fails to make any such affirmative election within thirty (30) days after the initial notice is given, the distributee will be provided with a second notice, affording the distributee with an additional opportunity to make an affirmative election. If the distributee fails to make an affirmative election within the thirty (30)-day period after the second notice is given to either receive an immediate distribution or directly roll over the eligible rollover distribution to an eligible retirement plan, the distributee will be treated as having made an affirmative election to receive an immediate distribution, and, accordingly, the eligible rollover distribution (less the twenty percent (20%) required to be withheld) will be paid to the distributee immediately after such thirty (30)-day period expires.

(4) For purposes of this regulation, the following terms have the meanings set forth below:

(A) An "eligible rollover distribution" is any distribution or withdrawal payable under the terms of this plan to a participant, which is described in Code section 402(c)(4). In general, this term includes any single-sum distribution, and any distribution which is one in a series of substantially equal periodic payments made over a period of less than ten (10) years, and is less than the distributee's life expectancy. However, an eligible rollover distribution does not include the portion of any distribution that constitutes a minimum required distribution under Code section 401(a)(9). Such term also does not include a distribution to the participant's beneficiary, unless the beneficiary is the participant's spouse. A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be paid only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of the distribution which is includible in gross income and the portion of such distribution which is not so includible.

(B) "Eligible retirement plan" means:

1. An individual retirement account described in Code section 408(a);

2. An individual retirement annuity described in Code section 408(b);



3. An annuity plan described in Code section 403(a); and

4. An annuity contract described in Code section 403(b);

5. An eligible plan under Code section 457(b) which is maintained by an eligible employer described in Code section 457(e)(1)(A); and

6. A qualified trust described in Code section 401(a), but only if the terms of the plan permit the acceptance of rollover distributions.

The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse.

(C) "Distributee" means a participant or the spouse of a deceased participant.

AUTHORITY: section 50.1032, RSMo 2000. Original rule filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed July 6, 2001, effective Jan. 30, 2002. Amended: Filed Nov. 10, 2005, effective May 30, 2006.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.140 Cost-of-Living Adjustment

PURPOSE: This rule describes the eligibility and amount of any cost-of-living adjustment.

(1) Eligibility for Annual Cost-of-Living Adjustment. To be eligible to receive any cost-of-living adjustment (COLA), adopted by the board pursuant to section 50.1070, RSMo, a retired participant must meet the following criteria:

(A) Is presently receiving an annuity, even if the annuity is payable in accordance with the prior plan, and has been receiving such annuity since at least July 1 of the previous year; and

(B) Has not waived his or her right to receive the COLA increase.

(2) The amount of the COLA increase for a year shall be determined by the board in February of each year, based on the excess of the consumer price index for the preceding calendar year over the consumer price index for the calendar year immediately prior thereto. Notwithstanding the preceding sentence, this automatic increase shall not exceed one percent (1%) per year. The total increase in the amount of benefits received pursuant to the provisions of this section shall not exceed fifty percent (50%) of the participant's accrued benefit determined as of his or her most recent separation from service.

(3) Any COLA approved by the board will be payable to eligible retirees monthly, including

those who retired under the terms of the prior plan, commencing on July 1 of any given year, following the board's determination of the appropriate increase. The application of any COLA with regard to retired and rehired members is shown in Table 1 to 16 CSR 50-2.150.

AUTHORITY: section 50.1032, RSMo Supp. 1999. Original rule filed Sept. 29, 2000, effective March 30, 2001.*

**Original authority: 50.1032, RSMo 1995.*

16 CSR 50-2.150 Transition Rules and Effective Date

PURPOSE: This rule sets forth the effective date of the rules of this chapter and describes the classes of participants to whom the 1999 legislative changes to the plan apply.

(1) Classes of Participants Affected by Amendment. The following matrix, which is shown in Table 1 and incorporated by reference herein, sets forth different classes of participants who are affected by the amendments to sections 50.1000 to 50.1300, RSMo, which became effective January 1, 2000.

(2) USERRA. A participant who incurs a separation from service before January 1, 2000, on account of his or her stint in a uniformed service shall be treated as eligible for benefits determined under the new plan formula that is effective January 1, 2000, if such treatment would be required under the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994.

(3) Consequences of Treatment as a Former Employee. To the extent a participant is treated as a former employee under this section:

(A) Creditable service shall be determined in accordance with the provisions of the prior plan; and

(B) The participant's retirement benefit shall be determined in accordance with the benefit formula set forth in the prior plan.

(4) Continued Application of Forfeiture Rules. Nothing in this section shall reinstate amounts previously forfeited in accordance with section 50.1140, RSMo. Accordingly, a participant who had a separation from service before January 1, 2000, but was not vested in his or her accrued benefit before January 1, 2000, shall be treated as a new employee.

AUTHORITY: section 50.1032, RSMo Supp. 1999. Original rule filed Sept. 29, 2000, effective March 30, 2001.*

**Original authority: 50.1032, RSMo 1995.*



TABLE 1

County Employees' Retirement Fund
Treatment of Service After Rehire, Membership Service, and Prior Service for Purposes of Benefit Determination at Ultimate Retirement Date
Depending Upon Employment Status on June 10, 1999, and When Return to Work

	In County Employment on June 10, 1999						In County Employment on June 10, 1999, Terminates Before December 31, 1999								
	Ultimately Terminates After December 31, 1999						Ultimately Terminates Before January 1, 2000								
	Had Returned to Work <2000		Had Returned to Work >=2000		Previous Membership Service		Had Returned to Work <2000		Had Returned to Work >=2000		Previous Membership Service				
	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service			
Past Retiree	NP	OP	OP Subject to Purchase**	NP	NP	OP**	OP	OP	OP Subject to Purchase	NA	NA	NA			
Vested Termination	NP	NP	NP	NP	NP	NP	OP	OP	OP Subject to Purchase	NA	NA	NA			
Non-vested Termination	NP*	NP*	NP*	NP*	NP*	NP*	OP*	OP*	OP* Subject to Purchase	NA	NA	NA			
Not in County Employment on June 10, 1999															
Ultimately Terminates After December 31, 1999															
Had Returned to Work <2000				Had Returned to Work >=2000				Had Returned to Work <2000				Had Returned to Work >=2000			
	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service	Future Service	Prior Service			
Past Retiree	NP	OP	OP Subject to Purchase**	NP	NP	OP	OP	OP	OP Subject to Purchase	NA	NA	NA			
Vested Termination	NP	OP	OP Subject to Purchase	NP	NP	OP	OP	OP	OP Subject to Purchase	NA	NA	NA			
Non-vested Termination	NP*	NP*	NP* Subject to Purchase	NP*	NP*	NP*	NP*	NP*	NP* Subject to Purchase	NA	NA	NA			

Key to Abbreviations and Terminology
 NP: New Plan formula effective January 1, 2000
 OP: Old Plan formula in effect on December 31, 1999
 Future Service is service on and after January 1, 2000
 Previous Membership Service is service between August 28, 1994, and December 31, 1999
 Prior Service is service before August 28, 1994

*Subject to Completion of 8 Years of Vesting Service
 **With COLAs (cost of living increases) granted since the time of rehire

**16 CSR 50-2.160 Administration of Fund**

PURPOSE: This rule sets forth general rules regarding the administration of the plan.

(1) Plan Administration. The board shall have sole discretionary responsibility for the operation, interpretation, and administration of the plan and for determining eligibility for plan benefits. Any action taken on any matter within the discretion of the board shall be final, conclusive, and binding on all parties. In order to discharge its duties hereunder, the board shall have the power and authority to delegate ministerial duties and to employ such outside professionals as may be required for prudent administration of the plan. The board shall also have authority to enter into agreements as may be necessary to implement this plan. Any individual member of the board who is otherwise eligible may participate in the plan, but shall not be entitled to make decisions solely with respect to his or her own participation and benefits under the plan.

(2) To implement the plan, the board shall enter into a trust agreement, so that plan funds shall be segregated from an employer's own assets and held in trust by the trustee for the exclusive benefit of participants and their beneficiaries. Any or all benefits that may accrue to any participant or beneficiary under this plan shall be subject to the terms and conditions of said trust agreement. Except as provided in section (5), it shall be impossible under any circumstances at any time for any part of the corpus or income of the trust fund to be used for, or diverted to purposes other than the exclusive benefit of participants and their beneficiaries.

(3) Plan Expenses. All expenses of plan administration, including (by way of illustration and not limitation) those incurred by the board and the fees of the trustee shall be paid from the trust fund. Notwithstanding the foregoing, expenses incurred in connection with a distribution of benefits (including without limitation, a refund of contributions) may be allocated to and charged against the participant's interest in the plan.

(4) Claims for Benefits. A claim for a benefit under this plan shall be reviewed by the board (or by its designee) in accordance with the procedure outlined in 16 CSR 50-2.035. An appeal of an adverse claim decision shall be processed in accordance with 16 CSR 50-1.020.

(5) Facility of Payments. If any participant shall be physically, mentally or legally inca-

pable of receiving or acknowledging receipt of any payment under the plan to which he or she is entitled, the board, upon the receipt of satisfactory evidence of his or her incapacity and satisfactory evidence that another person or institution is maintaining him/her and that no guardian or committee has been appointed for him/her, may cause any payment otherwise payable to him/her to be made to such person or institution so maintaining him/her.

(6) In the event that a person required to provide notice under the plan claims to have mailed or otherwise sent such notice, but the notice was not received by the board or other intended recipient, the board may, in its discretion, conduct an investigation into the facts and circumstances to determine whether notice was in fact properly sent. In the event that the board determines that such notice was properly sent, even if not received, the board may, in its sole discretion, deem such notice properly given in accordance with the plan based on the facts and circumstances.

(7) With respect to any individual who becomes a participant on or after January 1, 2006, the county clerk shall provide the board or its designee with a copy of the Form I-9 with respect to such participant, or such other information as the board may designate as appropriate, including, for example, such participant's driver's license, social security card and/or birth certificate, upon such participant's entry date or at such other time and in such manner as may be prescribed by the board or its designee.

*AUTHORITY: section 50.1032, RSMo 2000. * Original rule filed Sept. 29, 2000, effective March 30, 2001. Amended: Filed Nov. 10, 2005, effective May 30, 2006. Amended: Filed Feb. 21, 2006, effective Sept. 30, 2006.*

**Original authority: 50.1032, RSMo 1995.*