

Rules of
Retirement Systems
Division 10–The Public School Retirement
System of Missouri
Chapter 3–Funds of Retirement System

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Title 16—RETIREMENT SYSTEMS

Division 10—The Public School Retirement System of Missouri Chapter 3—Funds of Retirement System

16 CSR 10-3.010 Payment of Funds to the Retirement System

PURPOSE: This rule sets forth the procedures for withholding of contributions by employers, transmittal, reporting and determination of the contribution rate as provided by section 169.030, RSMo.

Editor's Note: The secretary of state has determined that the publication of this rule in its entirety would be unduly cumbersome or expensive. The entire text of the material referenced has been filed with the secretary of state. This material may be found at the Office of the Secretary of State or at the headquarters of the agency and is available to any interested person at a cost established by state law.

- (1) All school districts and other employers of persons included in the retirement system shall withhold from each salary check or warrant issued to these persons during the school year in which the services are rendered an amount which is the percent of salary rate required by the contribution rate then in effect; and shall transmit to the board of trustees not later than ten (10) days after the last day of each calendar month of the school year, twice the amount withheld, except that funds transmitted for the month of June shall be transmitted not later than the thirtieth day of June.
- (2) All deductions of contributions from paychecks or warrants made by employers for the retirement system are declared and shall be considered to be funds belonging to the retirement system; and no employer shall refund or repay any contributions or any part of any contributions so deducted to any employee for any cause but shall transmit all contributions deducted, together with an equal amount, to the board of trustees, which board shall settle all claims against funds so deducted.
- (3) All contributions withheld from salaries paid to members along with an equal contribution of the employer shall be transmitted to the board of trustees by check, bank draft or any negotiable instrument collectible at par through a bank in Missouri, made payable to The Public School Retirement System of Missouri, and shall be accompanied with a transmittal form to be supplied by the board of trustees, showing in the proper order the information called for (see 16 CSR 10-6.020(1) for the nonteacher system).
- (4) Each employer shall file with the board of trustees, not later than the thirtieth day of June, a report showing the contributions withheld from salary payments to each employee and transmitted to the board of trustees in the fiscal year and the total amount of all contributions transmitted to the board of trustees in the fiscal year.
- (5) An employer shall be considered delinquent in the remittance of contributions if s/he fails to transmit contributions to the board of trustees in accordance with these regulations. If remittance of the full amount of both employee's and employer's contributions which are due the retirement system is not received on or before June 30, suit for recovery of the amount shall be instituted as provided for in section 169.030, RSMo (see 16 CSR 10-6.020(2) for the nonteacher system).
- (6) All employers of persons included in the retirement system shall forward to the board of trustees as early in the school year as possible, and not later than fifteen (15) days after the school term begins, on a form provided by the board of trustees or on a form approved by the board of trustees, a list of the names and annual salary rates of members of the system employed to serve during the school year; and employers shall indicate on transmittal forms the names and salary rates of members who assume employment at any later date in the school year.
- (7) The board of trustees, on or before the first day of June of each year, shall determine the rate of contribution which shall be in effect for the next fiscal year.
- (8) For purposes of determining retirement contributions and benefits, salary rate includes medical insurance premiums (including dental and vision) paid by the employer on behalf of the member and payments made by the employer on behalf of the member to a self-funded medical benefits plan. Salary rate also includes payments made by the employer on behalf of the member to purchase an annuity, or fund a deferred compensation plan, in lieu of medical insurance or a self-funded medical benefits plan. The employer shall withhold from the member's salary and remit to the system contributions on any such premiums and payments, along with matching employer contributions. Premiums and payments for prescription drug, life and other ancillary benefits deter-

mined separately from premiums and payments for general medical benefits are not part of salary rate. The payment reported for each member covered by a self-funded medical benefits plan shall be determined by the employer.

(9) Retirement contributions which are withheld from compensation paid to members after June 30, 1989, shall be deemed to have been picked up by the employer within the meaning of section 414(h)(2) of the *Internal Revenue Code*. The contributions shall be withheld and credited to member accounts in accordance with the provisions of sections 169.010-169.140, RSMo but shall be considered to have been picked up by the employer solely for the purpose of sheltering the contributions from federal income tax until paid by the retirement system in the form of a refund or other benefits. The contributions shall be subject to refund or benefit claims by either the member or his/her surviving beneficiary in the same manner as any other contributions in the member's account with the retirement system. In reporting the contributions to the retirement system, every employer included within the retirement system shall certify that—1) the employee contributions were picked up by the employer in lieu of being paid directly to the employees and 2) the employees had no option to receive the contributions directly. The salary reported to the retirement system for each employee shall include the contributions withheld and the total contributions withheld and reported shall equal the percentage of that salary required under the then-prevailing contribution rate. In withholding and reporting federal income tax to taxing authorities, however, the employer shall exclude from taxable compensation the retirement contributions withheld. Nothing in this rule shall be construed in any way as affecting eligibility for, the amount of or the process of paying any refund or benefit payable to either the member or his/her surviving beneficiary.

(10) The terms "salary," "salary rate" and "compensation" are synonymous when used in regulations promulgated by the board, unless the context plainly requires a different meaning.

(A) For purposes of calculating contributions and benefits, those terms mean the regular remuneration earned by a member as an employee of any covered district during a school year, including (unless excluded by subsection (10)(B)):

1. Salary paid under the terms of the basic employment agreement;
2. Wages;

3. Payments for extra duties, whether or not related to the employee's regular position;

4. Overtime payments;

5. Career ladder payments made pursuant to sections 168.500 to 168.515, RSMo;

6. Supplemental salary paid in addition to workers compensation;

7. Medical benefits as specified in section (8) of this rule;

8. Payment for annual leave, sick leave or similar paid leave actually used by the member;

9. Payment for leaves of absence if at least one hundred percent (100%) of previous contract rate;

10. Compensation on which taxation is deferred under *Internal Revenue Code* (IRC) section 401(k), 403(b), 457, 414(h)(2) or similar plans established by the employer under the IRC;

11. Salary reductions for purposes of a plan established by the employer under IRC section 125; and

12. Other similar payments that are earned by a member as an employee of any covered district during a school year.

(B) Salary, salary rate and compensation do not include:

1. Payments for services as an independent contractor, or any other payment that must be reported on IRS form 1099-MISC;

2. Payments made by an entity that is not a covered employer, and reported to the IRS under that entity's tax identification number;

3. Payments made for unused annual, sick or similar leave time, except as provided by section 104.601, RSMo;

4. Payment for leaves of absence if less than one hundred percent (100%) of previous contract rate, except as provided in section 169.055 or 169.595, RSMo;

5. Extraordinary payments such as bonuses, awards and retirement incentives;

6. Fringe benefits, except medical benefits as described in section (8) of this rule; and

7. Any other payment that is not part of the regular remuneration earned by a member as an employee of a covered district during a school year.

(C) While an individual is employed in a position covered by the system, compensation received from all employers participating in the system will be used to determine contributions and benefits. Compensation includes payments for services rendered during the regular school session, summer school or interim periods. Individuals may not have compensation covered by both Public School Retirement System (PSRS) and Nonteacher School Employee Retirement System (NTRS) for the same period; provided, individuals who contributed to both systems on compen-

sation for the same period during the 1996-97 school year may elect in writing to continue that status. The election is irrevocable and must be made before September 30, 1997.

(D) The following payments resulting from employment disputes will be included in salary if the award or settlement document designates those payments as salary as defined in this section: back pay awards; payments in settlement of employment contract disputes; and payments in settlement of other employment disputes. The award or settlement may be the result of a court order, an order of an administrative tribunal or a negotiated written settlement. The payments must be allocated to the appropriate school years and corrected contributions made, including interest charges.

(E) In determining "final average salary" as defined in section 169.010, RSMo, the system will disregard any increase in compensation in excess of twenty percent (20%) from one year to the next in the final average salary period. This limit will not apply to increases due to bona fide changes in position or employer or increases required by state statute.

*AUTHORITY: section 169.020, RSMo (Cum. Supp. 1996). * Original rule filed Dec. 19, 1975, effective Jan. 1, 1976. Amended: Filed Feb. 16, 1988, effective July 1, 1988. Amended: Filed April 18, 1989, effective July 1, 1989. Amended: Filed April 24, 1996, effective Nov. 30, 1996. Amended: Filed Feb. 13, 1997, effective July 1, 1997. Amended: Filed July 8, 1997, effective Jan. 30, 1998.*

**Original authority 1945, amended 1951, 1953, 1967, 1973, 1983, 1990, 1995, 1996.*



THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI

PSR 5

EMPLOYEES FOR THE SCHOOL YEAR 19 _____ 19 _____

Name and Number of School District	County
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INSTRUCTIONS FOR COMPLETING THIS REPORT
(See Page 1 on Reverse Side)

1. Prepare this report in duplicate. If a computer printout is used, it must be double spaced and formatted as on Page 1. Do not send a reduced copy.
2. List on the reverse side, and on continuation sheets if required, the names of all full-time certificated employees hired to serve the entire period required of the position. (For example, list an employee who is expected to serve all 12 months of a 12-month position, or 9 months of a 9-month position, but do not list one who is to serve, say, 11 remaining months of a 12-month position or 8 remaining months of a 9-month position. Instead, report such late employment on the appropriate PSR 6M - Monthly Transmittal of Contributions.) A full-time employee is one hired for a specific period to serve for at least the same number of hours each day of the month as other certificated employees, or to serve commensurate with the services required of other district employees in like positions. Do not list those employed for less than full time.
3. Complete columns (1) through (7) as follows:
 - Column (1) — List the employee's membership number. If the employee does not have current membership, leave the column blank and send a completed membership record with this report. Do not write "applied" or "enclosed" in the column.
 - Column (2) — List in alphabetical order the employees' full names. If a married woman, list the employee's maiden name as the middle name.
 - Column (3) — Indicate the number of months the employee was hired to serve—not the number of monthly salary payments.
 - Column (4) — Show the total annual salary rate—the contract salary plus any employer-paid fringe benefits, such as medical insurance, combined on one line.
 - Column (5) — List the monthly salary rate—determined by dividing the amount in Column (4) by the number of monthly salary payments.
 - Column (6) — Enter 10% of the amount in Column (5), computed to the nearest cent.
 - Column (7) — Show the social security number if the employee did not serve in your district in the previous school year.
4. Complete the certification below, and obtain the signature of the Secretary or the Clerk of the Board of Education.
5. Send the original copy of this report (or of the computer printout) within 15 days after the start of the school term to: The Public School Retirement System of Missouri, P. O. Box 268, Jefferson City, Missouri 65102.

CERTIFICATION OF SECRETARY OR CLERK OF BOARD OF EDUCATION

I certify that all full-time certificated employees are listed on this report; that the information given is complete and correct; and that the person whose name appears in the space at the right has been designated by the Board of Education to be responsible for the preparation and signing of monthly Transmittal of Contributions reports and for making proper remittances of contributions to the Retirement System.

Name of Person Designated by Board (Type or Print)
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Secretary or Clerk of Board of Education				
Name (Type or Print)	Signature	Address		
School Address	Month	Day	Year	Number of Employees Listed on Report
				Total No. of Pages

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THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
MONTHLY TRANSMITTAL OF CONTRIBUTIONS

(Read Instructions on Reverse Side Before Completing)

NEW EMPLOYEES (See Instruction 2a)

Membership No.*	Name	Date Services Began	Days to Serve	Days of Pos.	No. Mos. Pay	Salary			Social Security No.
						1st Month	Subsequent Months	Annual Base of Pos.	

*Include membership record if employee does not have a current membership.

TERMINATIONS PRIOR TO END OF SCHOOL YEAR (See Instruction 2b)

Membership No.	Name	Date of Termination	No. of Days Served	Total Salary Including Fringe Benefits for Contribution Purposes	Total Member Cont. Withheld and Remitted

SALARY REDUCTIONS BECAUSE OF ABSENCE (See Instruction 2c)

Membership No.	Name	No. of Days Docked	Rate Used in Docking	Total Amount of Reduction

CONTRACT SALARY CHANGES (See Instruction 2d)

Membership No.	Name	Effective Date of Change	Salary			Specific Reason For Change
			Prev. Monthly	New Monthly	Expected Annual	

NAME CHANGES (See Instruction 2e)

Membership No.	Present Name*	Previous Name

*Include "Affidavit - Change of Name" if not previously filed

CERTIFICATION

I hereby certify that contributions were withheld in accordance with the law, and are transmitted herewith. I further certify that all changes in employment and salary rates in the month are entered on this form.

Signature of Designated School Officer	Date
School Address	

REMITTANCE DATA

Check Number	Members' Contributions \$	Total Remittance \$
Check Number	Employer's Contribution \$	

For the Month of	Year	Name and Number of District	County
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THE PUBLIC SCHOOL RETIREMENT SYSTEM OF MISSOURI
MONTHLY TRANSMITTAL OF CONTRIBUTIONS

PSR 6M

INSTRUCTIONS FOR WITHHOLDING AND REMITTING CONTRIBUTIONS

1. Contributions must be withheld from salary payments to full-time certificated employees. A full-time employee is one hired for a specific period to serve for at least the same number of hours each day of the month as other certificated employees, or to serve commensurate with the services required of other employees in like positions.
2. Contributions in the amount of 10% of the employee's compensation must be withheld for each month in which any salary or sick leave payment is made. Compensation for contribution purposes must include any employer-paid fringe benefits, such as medical insurance. No contributions are to be withheld from pay for additional services which are not a part of the contract of employment.
3. If an error occurs in the monthly withholding, it should be corrected in the withholding for the next month.
4. The amount withheld in the final month of the fiscal year should be the amount needed to make the total withholding for the fiscal year equal to 10% of the employee's total compensation.
5. The monthly remittance should include the total contributions withheld from employees' salaries and the matching contribution of the employer. Remittances should be made payable to The Public School Retirement System of Missouri, and must be collectible without charge. Magnetically-encoded bank routing symbols **MUST** appear on all remittances.

INSTRUCTIONS FOR COMPLETING AND FILING THIS REPORT

1. Prepare this report in duplicate.
2. Complete each section as follows:
 - (a) **NEW EMPLOYEES** - Report any new full-time employees hired during the month. List the membership number (if new member, send completed membership record), the name, the date services began, the number of days the employee is expected to serve, the total number of days required of the position, the number of salary payments to be made for the year, the salary for the first month of employment, the regular monthly salary for subsequent months, the annual base salary of the position, and the employee's social security number.
 - (b) **TERMINATIONS PRIOR TO END OF SCHOOL YEAR** - Enter requested information for any terminations during the month which were before the close of the school year. Do not report as terminated any employee on leave of absence, with or without pay, until that employee has resigned.
 - (c) **SALARY REDUCTIONS BECAUSE OF ABSENCE** - Report any salary reduction for the month because of an employee's absence. Enter the number of days docked, the rate used to determine the reduction, and the total amount of reduction.
 - (d) **CONTRACT SALARY CHANGES** - Report any change in an employee's contract salary, indicating the effective date of the change, the previous monthly salary, the new monthly salary, the expected annual salary, and the specific reason for the change--for example, if "added duty," indicate the type of added duty.
 - (e) **NAME CHANGES** - Enter any change in an employee's name, and send a completed **AFFIDAVIT -CHANGE OF NAME** if not previously filed.
3. Complete the certification with the information requested, and with the signature of the person designated by the Board of Education to be responsible for the remittance of contributions.
4. Send the original copy of this report with remittance to The Public School Retirement System of Missouri, P.O. Box 268, Jefferson City, Missouri 65102, within 10 days after the end of each month in which any salaries are paid. For the month of June, send the transmittal and remittance by June 30, including all contributions withheld but not previously remitted for services in the school year.

Rev 6/88

16 CSR 10-3.020 Management of Funds

PURPOSE: This rule provides for the orderly management of deposits, all funds and their investment in accordance with the provisions of sections 169.020, 169.040 and 169.045, RSMo.

(1) The system shall name a depository financial institutions(s) in which all moneys received by the retirement office must be deposited and from which all disbursements of system funds must be made.

(2) All system funds held by this financial institutions(s) must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by collateral held by a third party in the name of the system as provided by section 169.045, RSMo which shall be available to the system in the event of default by the financial institutions(s).

(3) The executive director or his/her designated employee(s) shall determine and maintain an appropriate balance of funds to be held in the financial institution(s) to satisfy the current obligations of the system.

(4) The portion of the balance held in the financial institution(s) but not needed for immediate settlement of system payments may be invested in collateralized investments.

(5) The system shall name a custodial bank to facilitate the investment of funds and safekeeping of securities.

(6) Funds held by the depository financial institution(s) in excess of the appropriate balance shall be transferred to the system's custodial bank and shall be distributed to the system's investment managers to be invested in accordance with the asset allocation policy of the board of trustees.

(7) The board of trustees shall determine annually, on or before June 30, the rate of interest which shall be credited to members' accounts at the end of the fiscal year.

*AUTHORITY: section 169.020, RSMo (Cum. Supp. 1997). * Original rule filed Dec. 19, 1975, effective Jan. 1, 1976. Amended: Filed Jan. 17, 1986, effective June 12, 1986. Emergency amendment filed June 20, 1990, effective July 1, 1990, expired Oct. 28, 1990. Amended: Filed June 20, 1990, effective Nov. 30, 1990. Amended: Filed July 31, 1995, effective Feb. 25, 1996. Amended: Filed Aug. 29, 1997, effective Feb. 28, 1998.*

**Original authority 1945, amended 1951, 1953, 1967, 1973, 1983, 1990, 1995, 1996.*