

The **Association** report

from the **Capitol**

March 25, 2010

Tools to overhaul Missouri's major public employee retirement systems, including MPERS, were reviewed and discussed this week at the capitol in Jefferson City. This was all part of a collection of meetings held by the state senate searching for ideas to streamline government and save money.

These meetings, called "rebooting state government," were held on Tuesday (Mar. 23) and replaced the usual committee hearings and floor debate. One of the sessions was dedicated entirely to state retirement issues. It was generally understood that the retirement systems are struggling and a fix is needed.

A range of options was weighed including the most radical change, that of a "defined contribution" plan. However the plan that appears most likely to be adopted is a modification of our current "defined benefit" system. Sen. Jason Crowell, who chaired the 4-senator special committee, said he favors raising the minimum retirement age and requiring employees to contribute to the retirement fund while keeping our existing defined benefit plan. Virtually all of the proposals discussed would affect only those employees hired in the future.

Commenting on a defined contribution proposal, SB896, which is now on the senate debate calendar, Sen. Crowell said its biggest drawback is the initial cost because for several years the state would be supporting two retirement systems at the same time.

"There would be an enormous cost at the beginning (for a defined contribution plan) and a tremendous savings at the end," Sen. Crowell said. "The public policy question is; do we want to spend money up front to save money at the end?"

The senator said also that he has discussed a "hybrid" plan that would put legislators, judges and statewide elected officials in a defined contribution plan and other state employees in a "modified" defined benefit plan.

Other persons speaking at the meeting agreed that the minimum age for retirement would be raised to at least 62, which would mean that the "80 and out" option would no longer be available. The "backdrop" benefit also could be on the chopping block. The current legislative session ends on May 14 which means legislators will likely tackle the retirement issue soon or risk going to a special legislative session.

**From Harry Hill, Lobbyist
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