

Board Rule – Buyout

3-7 (Closed Plan) and 4-7 (Year 2000 Plan) Vested-Former Member Buyout Program

The purpose of this board rule is to establish the Vested-Former Member Buyout Program (buyout program) in accordance with Sections 104.1063 and 104.1092, RSMo.

Eligibility

- 1) Except as otherwise provided under this board rule, a member of the Closed Plan or Year 2000 Plan, shall be eligible to elect to participate in the buyout program based on service rendered in the retirement plans administered by MPERS under Chapter 104 covering the member at the time of the most recent termination of employment if such member:
 - a. terminated from MPERS- and MOSERS-covered employment for the applicable retirement plan prior to July 1, 2017;
 - b. is eligible for a deferred retirement annuity from the applicable retirement plan on and after July 1, 2017;
 - c. will not be eligible to receive a normal retirement annuity from the applicable retirement plan prior to January 1, 2018; and
 - d. files an application with the system to participate in the buyout program for service rendered in the applicable retirement plan (including any information necessary to complete the application) by no later than November 30, 2017. This means the application and any other necessary information must either be postmarked by or physically received at the system by the close of business November 30, 2017.
- 2) A member may rescind an election made under paragraph 1 above at any time prior to the system issuing a buyout payment to such member by mail or electronically.
- 3) A member shall not be eligible to elect to participate in the buyout program if, prior to the system issuing a buyout payment, such member:
 - a. is subject to a Division of Benefit Order (DBO) issued by a court under Section 104.312 or 104.1051, RSMo., and the system receives timely notice of such DBO;
 - b. is married at the time of such election, unless such member's spouse consents in writing to such election;
 - c. dies and the system receives timely notice of such death; or
 - d. becomes an "employee" (as defined in Section 104.010 or 104.1003, RSMo.), covered by MPERS or MOSERS, and the system receives timely notice of such employment status.

Payment Calculation

- 4) The buyout payment made under the buyout program shall be equal to fifty percent (50%) of the present value of the member's deferred normal retirement annuity, based on a straight life annuity and the actuarial assumptions from the most recent valuation, due any eligible member as provided in this board rule. The system shall determine the present value with assistance from the system's actuary. For those members covered by the Closed Plan and eligible to elect coverage under the Year 2000 Plan, the present value shall be based on whichever plan provides the highest present value. The system shall communicate to eligible members a description of the actuarial assumptions used in the calculation of the present value.
- 5) The present value of such deferred annuity under paragraph 4 above of this board rule shall be determined as of October 1, 2017, regardless of when a member makes an election to participate in the buyout program or the system issues a buyout payment under such program.
- 6) The system shall provide each eligible vested-former member that meets the definitions noted in paragraph 1 above, with an estimate comparing the amount of the estimated buyout payment with the projected monthly benefit payment payable on the date of eligibility for a normal annuity.
- 7) The system shall identify eligible members and send out such estimates and other communications related to the buyout program by October 2, 2017. These communications shall clearly state that each member is subject to the requirements under subsection 3 of Section 104.1092 upon making such election and receiving such buyout payment.

- 8) The member may choose to take the buyout payment either as an eligible rollover distribution (i.e., roll over to a 401(a) account) or as a taxable direct payment. Payments will be made by the system beginning in January 2018, as soon as practically possible, but no later than May 31, 2018.
- 9) The system will make reasonable efforts to locate vested-former members who have not maintained a current address. All members are subject to the limited window provided herein, even if they were not located prior to the window closing.
- 10) All other administrative decisions not contemplated or specifically contained in this rule shall be subject to final approval by the executive director.