

# The **Association** report

## from the **Capitol**

March 12, 2015

A bill that would make further changes in state employee retirement systems, including a defined contribution component, was heard Monday (Mar. 9) in a house committee.

Rep. Andrew Koenig presented HB485 which he described as a hybrid retirement plan that would have both a defined contribution feature as well as a defined benefit aspect. The defined contribution portion of HB485 would have the employer (state) contributing 3% of a worker's salary along with the employee paying 1% of his or her salary into the deferred compensation program. The bill would change the current retirement formula multiplier factor from 1.7% to 1% (the defined benefit component.)

"I like a defined contribution plan because it gives me more control over my money (investments,)" Rep. Koenig said.

Not everyone agreed that HB485 is a positive move. One witness said the bill "is a solution looking for a problem."

Jim Kreider, Executive Director of the Missouri Retired Teachers Association, said "the key to a good retirement plan is one that pays you until you die." Kreider continued by saying that a defined contribution plan could be compared to a 401K retirement plan. "I have a 401K and I lost half of it in '02 and half in '09," pointing to the unpredictable nature of investments.

Gary Findlay, Executive Director of MOSERS, said a defined benefit plan is an important tool for attracting and retaining good employees. The committee took no action on the bill.

**From Harry Hill, Lobbyist  
Transportation Employees' Association of Missouri**