1 Definitions. Defines terms used in this article.

2 Plan. Creates a health care reimbursement plan for state employees, legislators, constitutional officers, and judges. Requires the plan to meet federal tax qualification rules.

3 Termination. Provides that coverage in the plan ends when the person is no longer in a covered position.

4 Appeals. States that appeals are under the usual MSRS appeal process.

5 Contributions. Requires the employer and employee each to contribute .5 percent of salary to the health care reimbursement fund.

6 State treasurer. Makes the state treasurer (or her successor) the treasurer of the fund.

7 Investment. Requires the state board of investment to invest assets in the fund.

8 Benefits. Provides a schedule of benefits to be paid after separation from state service to an employee who is at least 60 with 15 years of service, or an employee who qualifies for the Rule of 90. The first benefits will be paid in July, 2002. Benefits are phased in, starting at $55 per month for people who retire between July 1, 2000 and June 30, 2002, and increasing to $158 per month by July, 2011. When fully phased in, all eligible employees will receive the same monthly benefit. Payments will be made directly to the retired employee, but only if the employee documents that the money is used to offset health insurance premiums or other qualifying health expenses under the Internal Revenue Code. Benefits terminate upon death of the retiree.

9 Annual increases. Provides a mechanism for providing an annual increase of the medical inflation index or five percent, whichever is less. Permits the MSRS to decrease the adjustment to maintain financial integrity of the plan.

10 Refund. Provides for refund of employee contributions, with five percent interest, to people who leave state service. Specifies conditions for repayment of refunds.

11 Payment upon death. Provides a refund upon death of a person who is not yet collecting monthly benefits.
12 **Payment upon death.** Provides a partial refund upon death of a person who has started collecting monthly benefits.

13 **Current retirees.** Provides a $55 per month benefit increase to current MSRS-covered retirees who have 15 year or more of service and are over age 60 (or who qualified for Rule of 90). Those who have 15 year of service, but are not yet 60 will receive this increase upon turning age 60.

14 **Current retirees.** Provides that current retirees who have 15 year of service, but are not yet 60 will receive a $55 increase upon turning age 60.

15 **First increase.** States that increases for retired employees take effect in January, 2003.

16 **Right to amend.** Provides that the provisions governing the health care reimbursement plan may be amended at any time for any reason. This includes the right to eliminate or reduce any benefits, even for people currently receiving them.

**Article 2: MSRS Correctional Plan Membership**

Adds additional job classifications to the list of state employees who are included in the MSRS correctional pension plan if the employee spends at least 75 percent of working time in direct contact with inmates or patients at state institutions. Permits employees who have retirement coverage transferred to the plan to transfer prior service credit from the general plan to the correctional the plan by making specified payments.

**Article 3: Judge Pensions**

1 **Excess service.** Provides that judges who exceed the statutory service credit limit become participants in the state unclassified employee defined contribution plan with respect to the excess service credit.

2 **Contribution rate.** Provides that for a judge who becomes a member of the unclassified plan, the employee contribution is eight percent of salary, and there is no employer contribution.

3 **Combined service.** Amends the combined service annuity law to increase the benefit accrual percentage maximum for the judges' plan.

4 **Limit.** Provides that judges allowable service is subject to the limit in the next section.

5 **Service credit limit.** For judges, provides that the service credit limit is 24 years. Contains a special provision for judges with service before 1980.

6 **Member contributions.** Provides that a judge no longer makes member contributions to the judges' pension plan after reaching the service credit limit.

7 **Employer contribution.** Provides that the employer contribution to the judges' retirement plan continues even after the judge has exceeded the service credit limit.

8 **Annuity calculation.** Provides that judges' service that exceeds the service credit limit must be excluded in calculating the retirement annuity, but compensation earned during the service must be used in determining a judges' final average compensation for calculating the annuity.

9 **Prior service.** Provides that judges whose service on the effective date of this section exceeds the limit may have money transferred to the unclassified employee plan. The amount transferred is equal to eight percent of the salary the judge earned after reaching the limit.

10 **Effective dates.** Effective July 1, 2000.