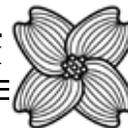




RULES OF
Retirement Systems
Division 10—The Public School Retirement
System of Missouri
Chapter 3—Funds of Retirement System

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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.

(1) Each employer reporting to The Public School Retirement System of Missouri shall report required data on employees and all contributions to the retirement system using the Online Automated System Integrated Solution (OASIS).

(2) Employers shall use OASIS to report salary payments made to all employees, contributions withheld from employees included in the retirement system, and supporting information required by the board of trustees. Transmission of data must be sent to the board of trustees no later than ten (10) working days after the last day of each calendar month of the school year in which salaries are paid.

(3) Employers of persons included in the retirement system shall withhold from each salary payment issued to such 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 employers 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 during the month.

(4) All deductions of contributions from salary payments 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.

(5) 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, electronic funds transfer, or any negotiable instrument collectible at par through a bank in the state of Missouri, made payable to The Public School Retirement System of Missouri.

(6) If remittance of the full amount of both employee's and employer's contributions which are due the retirement system is not received in accordance with these regulations, it shall be considered a failure or refusal by the employer to transmit such amount and suit for recovery of the amount may be instituted as provided for in section 169.030, RSMo.

(7) 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. 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. The

payment reported for each member covered by a self-funded medical benefits plan shall be determined by the employer.

(A) 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.

(B) Premiums and payments for prescription drug, life, and other ancillary benefits determined separately from premiums and payments for general medical benefits are not part of salary rate.

(C) Beginning July 1, 2017, premiums 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 for prescription drug coverage shall be included in salary rate as defined in section 169.010, RSMo, whether or not such premiums or payments for prescription drug coverage were determined separately from premiums and payments for general medical benefits. Contributions transmitted to the retirement system before July 1, 2017, based on salary rates which either included or excluded employer-paid premiums or payments to a self-funded medical benefits plan for prescription drug coverage for members shall be deemed to have been in compliance with this section. The retirement system shall not refund or adjust contributions or adjust benefit determinations with respect to any period before July 1, 2017, solely because of the treatment of employer-paid premiums or payments to a self-funded medical benefits plan for prescription drug coverage for members.

(D) Beginning July 1, 2020, certain payments made by the employer on behalf of a member to a Health Savings Account (HSA) shall be included in salary rate as defined in section 169.010, RSMo, whether or not such payments were determined separately from premiums and payments for general medical benefits. Payments made by an employer to a member's HSA shall be included in salary rate up to the amount that is offered to all employer's employees and not to exceed the applicable annual HSA contribution limit set by Internal Revenue Code for single coverage. If a member elects family medical coverage premium for the member and for other members employed by the same employer, the other members covered under this premium waive his or her insurance coverage, and the employer pays HSA payments for the member only, the employer shall report and remit to the system contributions up to the amount of the HSA contribution offered to all employer's employees to the member paying the family medical coverage and remaining amount for the other members covered under the family medical coverage premium. The annual contribution limit used will be the one in effect for the calendar year in which a plan year begins. Contributions transmitted to the retirement system before July 1, 2020, based on salary rates which either included or excluded employer payments to a member HSA shall be deemed to have been in compliance with this section. The retirement system shall not refund or adjust contributions or adjust benefit determinations with respect to any period before July 1, 2020, solely because of the treatment of employer-paid HSA contributions.

(E) Salary, salary rate, or compensation as defined in section 169.010, RSMo, shall not be reduced due to premium rebates or refunds received by the employer as a result of the implementation of the "Patient Protection and Affordable Care Act," Public Law 111-148.

(F) If a member elects family medical coverage premium for the member and for other members employed by the same employer, the other members covered under this premium waive his or her insurance coverage, and the employer pays more than the individual medical premium rate when a



member elects the family medical coverage premium, the employer shall report and remit to the system contributions for the individual employee medical coverage premium for the member paying the family medical coverage premium and remaining amount for the other members covered under the family medical coverage premium.

(8) 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.

(9) 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.

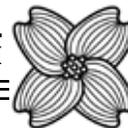
(A) For purposes of calculating contributions and benefits, those terms mean the regular remuneration earned by a member as an employee of any covered district during a school year, including (unless excluded by subsection (9)(B)) –

1. Salary paid under the terms of the basic employment agreement;
2. Wages, except as excluded in paragraphs (9)(B)6. and 9.;
3. Payments for extra duties, whether or not related to the employee's regular position. An activity is considered an extra duty if it is set and approved by a school district's Board of Education except for any activity including but not limited to fringe benefits, as defined under 16 CSR 10-3.010(9)(B);
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 (7) 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 other 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. Consideration for agreeing to terminate employment, including retirement incentives, retirement or separation notice incentives, or any other payment(s) received by an employee in exchange for agreeing to terminate employment, regardless of if the employee is required to also perform extra duties as a condition of receiving the payment(s);
 7. Fringe benefits, except medical benefits as described in section (7) of this rule;
 8. 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;
 9. Payments resulting from employment disputes including severance pay, back pay awards, payments in settlement of employment contract disputes, payments in consideration for agreeing to terminate employment, and payments in settlement of other employment disputes; and
 10. Any salary, wages, payments, benefits, or compensation not included in subsection (9)(A).
- (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 Public Education Employee Retirement System (PEERS) for the same period, provided individuals who contributed to both systems on compensation 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. If an individual is employed in a position covered by PEERS and concurrently takes a position with a public community college under section 169.140, RSMo, both positions including any non-certificated work shall automatically be covered under PSRS unless the PEERS member elects to remain with PEERS.
- (D) In determining “final average salary” as defined in section 169.010, RSMo, the system will disregard any increase in compensation in excess of ten percent (10%) from one (1) 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, increases required by state statute, or district wide salary schedule adjustments for previously unrecognized education related service. A bona fide change in position, for purposes of applying the final average salary cap occurs in the following situations: 1) the essential duties of the position held change, or 2) there is a permanent change in hours mandated



by the employer. A mere title change without any of these factors does not constitute a bona fide change in position, nor does the addition of extra duties as set forth in subsection (9) (A).

AUTHORITY: section 169.020, RSMo Supp. 2024. 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. Amended: Filed June 14, 1999, effective Dec. 30, 1999. Amended: Filed April 12, 2001, effective Oct. 30, 2001. Amended: Filed Sept. 1, 2005, effective Feb. 28, 2006. Amended: Filed Oct. 31, 2012, effective April 30, 2013. Amended: Filed June 24, 2013, effective Jan. 30, 2014. Amended: Filed Jan. 15, 2014, effective July 30, 2014. Amended: Filed Feb. 17, 2015, effective Aug. 30, 2015. Amended: Filed April 21, 2016, effective Nov. 30, 2016. Amended: Filed Jan. 29, 2020, effective July 30, 2020. Amended: Filed Oct. 2, 2024, effective April 30, 2025.*

**Original authority: 169.020, RSMo 1945, amended 1951, 1953, 1967, 1973, 1983, 1990, 1995, 1996, 1998, 2005, 2009, 2013, 2020.*

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 institution(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 institution(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 institution(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 in effect on July 1 of the following fiscal year and which shall be used to credit interest to members' accumulated contribution accounts at the end of the following fiscal year.

(8) Section 169.040, RSMo, provides the board authority to invest the assets of the system established by sections 169.010 to 169.141, RSMo. Pursuant to such authority, assets of such system may be invested in any collective investment fund, including common and group trust funds that consist exclusively of assets of exempt pension and profit sharing trusts and individual retirement accounts, custodial accounts, retirement income accounts, governmental plans, and tax-exempt trusts under the *Internal Revenue Code* of 1986 and Rev. Rule 81-100, as modified by Rev. Rules 2004-67, 2008-40, and 2011-1. The assets so invested shall be subject to all the provisions of the instruments establishing and governing such funds. Those instruments of group trusts, including any subsequent amendments, are hereby incorporated by reference and made a part of the system established by sections 169.010 to 169.141, RSMo, to the extent of the system's investment therein.

AUTHORITY: section 169.020, RSMo 2016. 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. Amended: Filed April 17, 2012, effective Oct. 30, 2012. Amended: Filed Jan. 4, 2019, effective July 30, 2019.*

**Original authority: 169.020, RSMo 1945, amended 1951, 1953, 1967, 1973, 1983, 1990, 1995, 1996, 1998, 2005, 2009, 2013.*