
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) After implementation in the district, 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 Electronic Monthly Employer Reporting System (EMERS). State agencies reporting non-contributory employees shall report on a modified EMERS format.
- (2) Employers shall use EMERS 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 shall be instituted as provided for in section 169.030, RSMo.
- (7) Prior to and during the transition to the Electronic Monthly Employer Reporting System, employers not yet connected to EMERS shall—
 - (A) Forward to the board of trustees as early in the school year as possible, and not later than fifteen (15) days after the school term begins, on a form provided by the board of trustees or on a form approved by the board of trustees, a list of the names and annual salary rates of members of the system employed to serve during the school year; and employers shall indicate on transmittal forms the names and salary rates of members who assume employment at any later date in the school year;
 - (B) File with the board of trustees not later than the thirtieth day of June a report showing the contributions withheld from salary payments to each employee and transmitted to the board of trustees in the fiscal year and the total amount of all contributions transmitted to the board of trustees in the fiscal year; and
 - (C) Accompany each monthly payment with a transmittal form to be supplied by the board of trustees, showing in the proper order the information called for thereon.
- (8) The board of trustees, on or before the first day of June of each year, shall determine the rate of contribution which shall be in effect for the next fiscal year.
- (9) 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. 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. 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. 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. The payment reported for each member covered by a self-funded medical benefits plan shall be determined by the employer.
- (10) 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.
- (11) 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 (11)(B)):

1. Salary paid under the terms of the basic employment agreement;
2. Wages;
3. Payments for extra duties, whether or not related to the employee's regular position;
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 (9) 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 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. Fringe benefits, except medical benefits as described in section (9) of this rule; and

7. 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.

(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 Nonteacher School Employee Retirement System (NTRS) 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.

(D) The following payments resulting from employment disputes will be included in salary if the award or settlement document designates those payments as salary as defined in this section: back pay awards; payments in settlement of employment contract disputes; and payments in settlement of other employment disputes. The award or settlement may be the result of a court order, an order of an administrative tribunal or a negotiated written settlement. The payments must be allocated to the appropriate school years and corrected contributions made, including interest charges.

(E) In determining "final average salary" as defined in section 169.010, RSMo, the system will disregard any increase in compensation in excess of twenty percent (20%) from one 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.

AUTHORITY: section 169.020, RSMo 2000. 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.*

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

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 institutions(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 institutions(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 institutions(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 credited to members' accounts at the end of the fiscal year.

AUTHORITY: section 169.020, RSMo Supp. 1997. 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.*

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