

The **Association** report

from the **Capitol**

January 21, 2010

Major changes in Missouri's retirement systems, including MPERS (MoDOT and Highway Patrol) were discussed Thursday (Jan. 21) by a select committee of house and senate members at the state capitol.

The changes, proposed by Sen. Jason Crowell of Cape Girardeau, would include a minimum retirement age of 62 and a mandatory member contribution rate of 4% to 6% of salary for state workers. The senator specified that these changes would be for "new hires" and not current employees.

The economic recession has left public retirement funds in precariously underfunded positions. On several occasions during the meeting, MPERS was singled out as being especially troubled. It was recently revealed that MPERS had lost 24% (\$420 million) of its investment portfolio in 2009 due to the economic downturn.

Sen. Crowell offered his recommendations at a meeting of the Joint Committee on Public Employee Retirement. He said he has not yet introduced legislation regarding his ideas which may also include a consolidation of "the investment functions" of the four major retirement systems managed by the state. These four, in addition to MPERS, include MOSERS (Missouri State Employees Retirement System), LAGERS (Local Government Retirement System) and PSRS (Public School Retirement System).

Sen. Crowell said he believes structural changes must be made to the retirement systems because "it's not likely we can invest our way out of this deficit. I believe we're in a place where each day we delay it gets worse," he said

The senator explained that it would be a considerable cost savings to have a single investment staff for all of the major retirement systems. He also emphasized that funds from the different systems would not be combined or co-mingled. "Some people are concerned that teachers are going to bail out MPERS. This is not going to happen," Sen. Crowell said.

**From Harry Hill, Lobbyist
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