

Summary of SC92142, *Theresa Beard, et al. v. Missouri State Employees' Retirement System, et al.*

Appeal from the Cole County circuit court, Judge Jon E. Beetem
Argued and submitted May 23, 2012; opinion issued Aug. 28, 2012

Attorneys: The heirs were represented by Sidney E. Wheelan, Christian L. Faiella and Cassie J. Carpenter of Tatlow, Gump, Faiella & Wheelan LLC in Moberly, (660) 263-3100; MOSERS was represented by Allen D. Allred and Jeffrey R. Fink of Thompson Coburn LLP in St. Louis, (314) 552-6000; and the state was represented by Ronald R. Holliger of the attorney general's office in Jefferson City, (573) 751-3321.

This summary is not part of the opinion of the Court. It has been prepared by the communications counsel for the convenience of the reader. It neither has been reviewed nor approved by the Supreme Court and should not be quoted or cited.

Overview: A state employee's heirs appeal a circuit court's decision that the state employee retirement system properly denied them the deceased employee's retirement benefits. In a unanimous decision written by Judge George W. Draper III, the Supreme Court of Missouri affirms the circuit court's judgment. The circuit court properly applied the relevant statute to deny the heirs' request for payment of the retirement benefits, and the statute is not unconstitutional.

Facts: Laurel Beard worked for more than 26 years for the department of corrections and, as such, was a member of the Missouri State Employees' Retirement System (MOSERS). In June 2009, she filed her retirement application with MOSERS indicating she wished to retire Aug. 1, 2009, which also was the starting date of her annuity. Her employment entitled her to a choice of two plans, a "closed plan" and a "year 2000 plan." On June 30, 2009, Beard elected to change from the closed plan to the year 2000 plan. She died July 29, 2009, leaving no surviving spouse or dependent children who either were younger than 21 years or totally incapacitated. At the time of her death, Beard still was working at the department and had not yet retired. Beard's heirs subsequently asked MOSERS to distribute Beard's retirement benefits to them as Beard's designated beneficiaries. In January 2010, the MOSERS board of trustees determined that the heirs were not entitled to retirement or survivor benefits because Beard died before her annuity starting date and died with no surviving spouse or dependent children. Three months later, the heirs sought review of the MOSERS decision in the circuit court, which ultimately entered judgment in MOSERS' favor, denying the heirs' claim. The heirs appeal.

AFFIRMED.

Court en banc holds: (1) The circuit court properly applied section 104.1030, RSMo 2000, in denying the heirs' request for Beard's retirement benefits. The payment of the annuity for the death of a vested member of MOSERS who has retired under the year 2000 plan is governed by section 104.1030, which provides that, if the member dies before the annuity's start date, the annuity shall be paid to a surviving spouse or dependent children only. The statute contains no provisions allowing a member's annuity to be paid to a designated beneficiary if the member dies before the annuity's start date while the member still was employed. Here, Beard still was an employee when she died, and she did not have a surviving spouse or dependent children.

(2) Section 104.1030 is not unconstitutional. First, the statute does not violate the equal protection provisions of either the United States Constitution or article I, section 2 of the Missouri Constitution. The denial of retirement benefits to a deceased employee who had not yet retired does not fall within a suspect class – such as race, national origin or illegitimacy – nor does it infringe on a fundamental right. As such, the statute must be upheld if it is rationally related to a legitimate state interest. Here, the legislature has a rational basis for limiting retirement benefits for employees who die before they retire, as paying retirement benefits to any designated beneficiary of an employee before the employee actually retired could risk insolvency of the entire state retirement system or lead to an intolerable tax burden on the state. Second, the statute does not deprive Beard of her property without due process of law and, therefore, does not violate article I, section 10 of the Missouri Constitution. Beard was ineligible to receive retirement benefits until she retired. Because she died before she retired, she was not deprived of property, with or without due process of law, and her designated beneficiaries properly were denied benefits. Finally, the heirs failed to demonstrate the statute constitutes an unconstitutional retrospective law in violation of article I, section 13 of the Missouri Constitution.