

FIRST REGULAR SESSION

[PERFECTED]

# HOUSE BILL NO. 448

## 96TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE LAIR.

1207L.01P

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 70.710, 70.720, and 70.730, RSMo, and to enact in lieu thereof three new sections relating to employer contributions under the Missouri local government employees' retirement system.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 70.710, 70.720, and 70.730, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 70.710, 70.720, and 70.730, to read as follows:

70.710. 1. The "Employer Accumulation Fund" is hereby created. It is the fund in which shall be accumulated the contributions made by employers for benefits, and from which shall be made transfers, as provided in sections 70.600 to 70.755.

2. When paid to the system, the employer contributions provided for in subsections 2 and 3 of section 70.730 shall be credited to the employer accumulation fund account of the employer making the contributions.

3. When an allowance other than a disability allowance **or an allowance that results from a member's death that was the natural and proximate result of a personal injury or disease arising out of and in the course of his or her actual performance of duty as an employee** first becomes due and payable, there shall be transferred to the benefit reserve fund from his employer's account in the employer accumulation fund the difference between the reserve for the allowance and the accumulated contributions standing to his credit in the

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

13 members deposit fund at the time the allowance first becomes due and payable, of the member  
14 or former member to whom or on whose behalf the allowance is payable.

15 4. A separate account shall be maintained in the employer accumulation fund for each  
16 employer. No employer shall be responsible for the employer accumulation fund liabilities of  
17 another employer.

18 5. When a disability allowance **or an allowance that results from a member's death**  
19 **that was the natural and proximate result of a personal injury or disease arising out of and**  
20 **in the course of his or her actual performance of duty as an employee** first becomes due and  
21 payable, the accrued service pension reserve covering the retiring member shall be calculated in  
22 the manner provided for in subsection 3 of section 70.730, as of the effective date of the  
23 disability allowance. Such reserve shall be transferred to the benefit reserve fund from the  
24 employer's account in the employer accumulation fund.

70.720. 1. The "Casualty Reserve Fund" is hereby created. It is the fund in which shall  
2 be accumulated the contributions made by employers for pensions **either** to be paid members  
3 who retire on account of disability **or that result from a member's death that was the natural**  
4 **and proximate result of a personal injury or disease arising out of and in the course of his**  
5 **or her actual performance of duty as an employee**, and from which shall be made transfers  
6 as provided in sections 70.600 to 70.755.

7 2. When paid to the system, the employer contributions provided for in subsection 4 of  
8 section 70.730 shall be credited to the casualty reserve fund.

9 3. When a disability allowance **or an allowance that results from a member's death**  
10 **that was the natural and proximate result of a personal injury or disease arising out of and**  
11 **in the course of his or her actual performance of duty as an employee** first becomes due and  
12 payable, there shall be transferred to the benefit reserve fund from the casualty reserve fund an  
13 amount equal to the reserve for the allowance, minus:

14 (1) The accumulated contributions, standing to the member's credit in the members  
15 deposit fund at the time the allowance first becomes due and payable; and

16 (2) The accrued service pension reserve determined pursuant to subsection 5 of section  
17 70.710.

70.730. 1. Each employer's contributions to the system shall be the total of the  
2 contribution amounts provided for in subsections 2 through 5 of this section; provided, that such  
3 contributions shall be subject to the provisions of subsection 6 of this section.

4 2. An employer's normal cost contributions shall be determined as follows: Using the  
5 financial assumptions adopted by the board from time to time, the actuary shall annually compute  
6 the rate of contributions which, if paid annually by each employer during the total service of its  
7 members, will be sufficient to provide the pension reserves required at the time of their

8 retirements to cover the pensions to which they might be entitled or which might be payable on  
9 their behalf. The board shall annually certify to the governing body of each employer the amount  
10 of membership service contribution so determined, and each employer shall pay such amount to  
11 the system during the employer's next fiscal year which begins six months or more after the date  
12 of such board certification. Such payments shall be made in such manner and form and in such  
13 frequency and shall be accompanied by such supporting data as the board shall from time to time  
14 determine. When received, such payments shall be credited to the employer's account in the  
15 employer accumulation fund.

16 3. An employer's accrued service contributions shall be determined as follows: Using  
17 the financial assumptions adopted by the board from time to time, the actuary shall annually  
18 compute for each employer the portions of pension reserves for pensions which will not be  
19 provided by future normal cost contributions. The accrued service pension reserves so  
20 determined for each employer less the employer's applicable balance in the employer  
21 accumulation fund shall be amortized over a period of years, as determined by the board. Such  
22 period of years shall not extend beyond the latest of (1) forty years from the date the political  
23 subdivision became an employer, or (2) thirty years from the date the employer last elected to  
24 increase its optional benefit program, or (3) fifteen years from the date of the annual actuarial  
25 computation. The board shall annually certify to the governing body of each employer the  
26 amount of accrued service contribution so determined for the employer, and each employer shall  
27 pay such amount to the system during the employer's next fiscal year which begins six months  
28 or more after the date of such board certification. Such payments shall be made in such manner  
29 and form and in such frequency and shall be accompanied by such supporting data as the board  
30 shall from time to time determine. When received, such payments shall be credited to the  
31 employer's account in the employer accumulation fund.

32 4. The employer's contributions for the portions of disability pensions **or pensions that**  
33 **result from a member's death that was the natural and proximate result of a personal**  
34 **injury or disease arising out of and in the course of his or her actual performance of duty**  
35 **as an employee** not covered by accrued service pension reserves shall be determined on a  
36 one-year term basis. The board may determine different rates of contributions for employers  
37 having policeman members or having fireman members or having neither policeman members  
38 nor fireman members. The board shall annually certify to the governing body of each employer  
39 the amount of contribution so ascertained for the employer, and each employer shall pay such  
40 amount to the system during the employer's next fiscal year which begins six months or more  
41 after the date of such board certification. Such payments shall be made in such manner and form  
42 and in such frequency and shall be accompanied by such supporting data as the board shall from

43 time to time ascertain. When received, such payments shall be credited to the casualty reserve  
44 fund.

45           5. Each employer shall provide its share, as determined by the board, of the  
46 administrative expenses of the system and shall pay same to the system to be credited to the  
47 income-expense fund.

48           6. The employer's total contribution to the system, expressed as a percent of active  
49 member compensations, in any employer fiscal year, beginning with the second fiscal year that  
50 the political subdivision is an employer, shall not exceed its total contributions for the  
51 immediately preceding fiscal year, expressed as a percent of active member compensations, by  
52 more than one percent.

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