

HCS HB 418 -- KANSAS CITY POLICE AND CIVILIAN EMPLOYEE RETIREMENT SYSTEMS

This bill changes the laws regarding the Police Retirement System of Kansas City and the Civilian Employees' Retirement System of the Police Department of Kansas City.

POLICE RETIREMENT SYSTEM OF KANSAS CITY

The bill:

(1) Creates a two tier retirement system. A Tier I member is any person who became a member prior to August 28, 2013, and who remains a member on that date. A Tier II member is any person who became a member on or after August 28, 2013;

(2) Specifies that the final average compensation for a Tier I member will be calculated by averaging the highest 24 months of service in which monthly contributions were made whether consecutive or otherwise;

(3) Specifies that the final average compensation for a Tier II member will be calculated by averaging the highest 36 months of service in which monthly contributions were made whether consecutive or otherwise;

(4) Requires the city's contribution rate to meet the annual actuarially required contributions as determined by a qualified professional actuary selected by the retirement board plus \$200 per month for each member entitled to receive a supplemental benefit under specified provisions of law;

(5) Requires a member accruing creditable service to contribute a percentage of his or her compensation to his or her pension fund as determined by the retirement board. The bill repeals the provision requiring the deduction to be at least 6% of the member's compensation;

(6) Prohibits creditable service from being allowed for any period of time when a member was not making contributions unless the member is on leave for military service;

(7) Allows a member in active service on or after August 28, 2013, to accrue up to 32 years of creditable service;

(8) Limits the accumulation of creditable service to five years for a member on leave of absence for military service except for certain situations authorized by federal law;

(9) Repeals the mandatory retirement provision. Currently, a member can retire after 25 years but must retire after 30 years of creditable service;

(10) Specifies that the pension of a Tier I member retiring on or after August 28, 2013, after completing 25 or more years of creditable service will be 2.5% of the member's final compensation times the number of years of his or her total creditable service up to 80% of the member's final average compensation;

(11) Specifies that a Tier II member can retire after 27 or more years of creditable service, and the base pension will be 2.5% of his or her final average compensation times the number of years of total creditable service up to 80% of the member's final average compensation. A Tier II member can also choose a 75% or 100% optional joint and survivor benefit;

(12) Allows a Tier II member who has been terminated and has at least 15 years of creditable service to choose to receive his or her base pension beginning the first day of the month following the month he or she turns 60 years of age;

(13) Prohibits any member convicted of a felony prior to separation from active service from receiving any retirement benefits except for the return of his or her accumulated contributions;

(14) Specifies that any member who has to retire after August 28, 2013, due to a job-related illness or injury will receive 80% of his or her final compensation as a base pension. This amount may be reduced by the amounts paid or payable under any workers' compensation law;

(15) Allows a Tier II member to be eligible for a partial lump sum option plan. The normal pension of any member choosing the partial lump sum option will be reduced as specified in the bill;

(16) Specifies that a Tier II member retiring with at least 32 years of creditable service may receive a cost-of-living adjustment (COLA) of up to 3% of his or her base pension beginning the year after retirement. Any member retiring with less than 32 years of creditable service will be eligible to receive a COLA in the year following the year in which he or she would have reached 32 years of creditable service;

(17) Allows any Tier II member retiring due to disability caused by performance of duty to be eligible to receive a COLA in the year following retirement. Eligibility for a COLA for a non-duty related disability retirement will begin following the fifth year

after retirement or the year following the year in which he or she would have attained 32 years of creditable service, whichever is earlier;

(18) Specifies when the surviving spouse or child of a Tier II member is eligible to receive a COLA;

(19) Allows an eligible Tier II member to receive a supplemental retirement benefit of \$200 per month;

(20) Specifies that a surviving spouse of a retired Tier II member who has not elected an optional annuity allowed under Section 86.1151, RSMo, is entitled to a base pension payable for life equal to 50% of the member's base pension upon receipt of the proper proof of the member's death;

(21) Specifies that a Tier II member will be fully vested after 27 years of creditable service or after turning 60 years of age with 15 years of creditable service; and

(22) Changes from January 10 to October 15 the date that the retirement board must certify to the chief financial officer of the city the amount to be paid by the city under the retirement pension system for the succeeding fiscal year.

CIVILIAN EMPLOYEES' RETIREMENT SYSTEM

The bill:

(1) Creates a two tier retirement system. A Tier I member is any person who became a member prior to August 28, 2013, and who remains a member on that date. A Tier II member is any person who became a member on or after August 28, 2013;

(2) Limits the accumulation of creditable service to five years for a member on leave of absence for military service except for certain situations authorized by federal law;

(3) Specifies that the normal retirement date for a Tier II member will be the later of when he or she reaches the age of 67 or completes 20 years of employment;

(4) Allows a Tier II member to choose early retirement at age 62 if he or she has five years of creditable service. The benefits will be reduced as specified in the bill;

(5) Allows a Tier II member to choose early retirement at any time after the member's age and years of creditable service equals or exceeds 85; and

(6) Specifies that a Tier II member becomes fully vested when he or she reaches 67 years of age or completes 20 years of employment, whichever is later, or when the sum of the person's age and years of creditable service equals or exceeds 85.