

FIRST REGULAR SESSION

HOUSE BILL NO. 214

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DEEKEN.

0857L.02I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 70.660, 70.695, 70.710, 70.720, and 70.730, RSMo, and to enact in lieu thereof five new sections relating to the Missouri local government employees' retirement system.

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

Section A. Sections 70.660, 70.695, 70.710, 70.720, and 70.730, RSMo, are repealed and
2 five new sections enacted in lieu thereof, to be known as sections 70.660, 70.695, 70.710,
3 70.720, and 70.730, to read as follows:

70.660. 1. Except as otherwise provided herein, before the date the first payment of a
2 person's allowance becomes due but not thereafter, a person about to become a retirant may elect
3 to receive his or her allowance for life with or without a partial lump-sum distribution, as
4 provided in this subsection. A person about to become a retirant may elect to receive a partial
5 lump-sum distribution equal to twenty-four times the amount of his or her monthly allowance
6 for life, not including any monthly temporary allowance which may be payable. Such lump sum
7 shall be paid to the retirant, upon written application to the board, not fewer than ninety days nor
8 more than one hundred fifty days after the date the first payment of his or her monthly allowance
9 becomes due. The retirant's monthly life allowance shall be reduced to eighty-four percent if the
10 retirant's age at the time of retirement is sixty, which percent shall be decreased by four-tenths
11 of one percent for each year the retirant's age at the time of retirement is greater than sixty, or
12 which percent shall be increased by four-tenths of one percent for each year the retirant's age at
13 the time of retirement is less than sixty, **up to a maximum of ninety percent**. The reductions
14 in monthly life allowance in this subsection shall be calculated and applied before any reductions
15 under subsection 2 of this section are calculated and applied.

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.

16 2. Before the date the first payment of a person's allowance becomes due but not
17 thereafter, a person about to become a retirant may elect to have his or her allowance for life
18 reduced but not any temporary allowance which may be payable, and nominate a beneficiary, as
19 provided by option A, B, C, [or] D, **or E** set forth below:

20 (1) Option A. Under option A, a retirant's allowance payable to the retirant shall be
21 reduced to a certain percent of the allowance otherwise payable to the retirant. If such first
22 payment due date is on or after October 1, 1998, such percent shall be eighty-five percent if the
23 retirant's age and the retirant's beneficiary's age are the same on such first due date, which shall
24 be decreased by three-quarters of one percent for each year that the beneficiary's age is less than
25 the retirant's age, or which shall be increased by three-quarters of one percent, up to a maximum
26 of ninety percent, for each year that the beneficiary's age is more than the retirant's age. Upon
27 the retirant's death three-quarters of the retirant's reduced allowance to which the retirant would
28 have been entitled had the retirant lived shall be paid to his or her surviving beneficiary,
29 nominated before such first payment due date but not thereafter, who was the retirant's spouse
30 for not less than the two years immediately preceding such first payment due date, or another
31 person aged forty years or older **who is a lineal descendant or other kinship of the retirant**
32 **up to the third degree and who is** receiving more than one-half support from the retirant for
33 not less than the two years immediately preceding such first payment due date. **Such other**
34 **person's kinship shall be computed by counting upward from the decedent to the nearest**
35 **common ancestor and then downward to the relative where the degree of kinship is the**
36 **sum of these two counts, so that brothers are related in the second degree.**

37 (2) Option B. Under option B, a retirant's allowance payable to the retirant shall be
38 reduced to a certain percent of the allowance otherwise payable to the retirant. If such first
39 payment due date is on or after October 1, 1998, such percent shall be ninety percent if the
40 retirant's age and the retirant's beneficiary's age are the same on such first payment due date,
41 which shall be decreased by one-half of one percent for each year that the beneficiary's age is less
42 than the retirant's age, or which shall be increased by one-half of one percent, up to a maximum
43 of ninety-five percent for each year that the beneficiary's age is more than the retirant's age.
44 Upon the retirant's death one-half of his or her reduced allowance to which the retirant would
45 have been entitled had the retirant lived shall be paid to the retirant's surviving beneficiary,
46 nominated before such first payment due date but not thereafter, who was either the retirant's
47 spouse for not less than the two years immediately preceding such first payment due date, or
48 another person aged forty years or older **who is a lineal descendant or other kinship of the**
49 **retirant up to the third degree and who is** receiving more than one-half support from the
50 retirant for not less than the two years immediately preceding such first payment due date. **Such**
51 **other person's kinship shall be computed by counting upward from the decedent to the**

52 **nearest common ancestor and then downward to the relative where the degree of kinship**
53 **is the sum of these two counts, so that brothers are related in the second degree.**

54 (3) Option C. Under option C, a retirant's allowance payable to the retirant shall be
55 reduced to ninety-five percent of the allowance otherwise payable to the retirant if such first
56 payment due date is on or after October 1, 1998. If the retirant dies before having received one
57 hundred twenty monthly payments of his or her reduced allowance, his or her reduced allowance
58 to which the retirant would have been entitled had the retirant lived shall be paid for the
59 remainder of the one hundred twenty months' period to such person as the retirant shall have
60 nominated by written designation duly executed and filed with the board. If there is no such
61 beneficiary surviving the retirant, the reserve for such allowance for the remainder of such one
62 hundred twenty months' period shall be paid to the retirant's estate.

63 (4) Option D. **Under option D, a retirant's allowance payable to the retirant shall**
64 **be reduced to a certain percent of the allowance otherwise payable to the retirant. If such**
65 **first payment due date is on or after October 1, 2009, such percent shall be eighty percent**
66 **if the retirant's age and the retirant's beneficiary's age are the same on such first payment**
67 **due date, which shall be decreased by three-quarters of one percent for each year the**
68 **beneficiary's age is less than the retirant's age or shall be increased by three-quarters of**
69 **one percent, up to a maximum of eighty-seven and one-half percent for each year the**
70 **beneficiary's age is more than the retirant's age. Upon the retirant's death, the retirant's**
71 **reduced allowance to which the retirant would have been entitled had the retirant lived**
72 **shall be paid to his or her surviving beneficiary, nominated before such first payment due**
73 **date but not thereafter, who was the retirant's spouse for not less than the two years**
74 **immediately preceding such first payment due date or another person aged forty years or**
75 **older who is a lineal descendant or other kinship of the retirant up to the third degree and**
76 **who is receiving more than one-half support from the retirant for not less than the two**
77 **years immediately preceding such first payment due date. Such other person's kinship**
78 **shall be computed by counting upward from the decedent to the nearest common ancestor**
79 **and then downward to the relative where the degree of kinship is the sum of these two**
80 **counts, so that brothers are related in the second degree.**

81 (5) Option E. Some other option approved by the board which shall be the actuarial
82 equivalent of the allowance to which the member is entitled under this system.

83 3. The death of the beneficiary designated under option A [or] , B, or D of subsection
84 2 of this section before the death of the retirant after retirement shall, upon written notification
85 to the system of the death of the beneficiary, cancel any optional plan elected at retirement to
86 provide continuing lifetime benefits to the beneficiary and shall return the retirant to his or her

87 single lifetime benefit equivalent, to be effective the month following receipt of the written
88 notification of the death of the beneficiary by the system.

89 4. If a member fails to elect a benefit option under subsection 2 of this section, his or her
90 allowance for life shall be paid to the member as a single lifetime benefit.

70.695. The right of a person to an allowance, to the return of accumulated contributions,
2 the allowance itself, any allowance option, and any other right accrued or accruing under the
3 provisions of sections 70.600 to 70.755, and all moneys belonging to the system shall not be
4 subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws,
5 or to any other process of law whatsoever, and shall be unassignable, except as is specifically
6 provided in sections 70.600 to 70.755; except that:

7 (1) Any political subdivision shall have the right of setoff for any claim arising from
8 embezzlement by or fraud of a member, retirant, or beneficiary; and

9 (2) Such rights shall not be exempt from attachment or execution in a proceeding
10 instituted for the support and maintenance of children. In all such actions described in this
11 subdivision, the system shall be entitled to collect a fee of up to twenty dollars chargeable against
12 the person for each delinquent attachment, execution, sequestration or garnishment payment;

13 (3) **A retirant may authorize the board to have deducted from his or her allowance**
14 **the payments required of him or her to provide for health insurance or long-term care**
15 **insurance premiums in accordance with Section 402 of the Internal Revenue Code of 1986,**
16 **as amended.**

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

4 2. When paid to the system, the employer contributions provided for in subsections 2 and
5 3 of section 70.730 shall be credited to the employer accumulation fund account of the employer
6 making the contributions.

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