

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 214

95TH GENERAL ASSEMBLY

0857L.03P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 70.655, 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Section A. Sections 70.655, 70.695, 70.710, 70.720, and 70.730, RSMo, are repealed and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 70.655, 70.695, 70.710,
3 70.720, and 70.730, to read as follows:

70.655. 1. Upon a member's retirement he or she shall receive an allowance for life in
2 accordance with the applicable benefit program elected by the member's employer, as follows:

3 (1) Benefit program L-1. A member with credited service covered by benefit program
4 L-1 shall receive an allowance for life equal to one percent of the member's final average salary
5 multiplied by the number of years of such credited service;

6 (2) Benefit program L-3. A member with credited service covered by benefit program
7 L-3 shall receive an allowance for life equal to one and one-quarter percent of the member's final
8 average salary multiplied by the number of years of such credited service;

9 (3) Benefit program LT-4. A member with credited service covered by benefit program
10 LT-4 shall receive an allowance for life equal to one percent of the member's final average salary
11 multiplied by the number of years of such credited service. In addition, if such member is
12 retiring as provided in section 70.645 or section 70.650 or section 70.670, and if such member's
13 age at retirement is younger than age sixty-two, then such member shall receive a temporary
14 allowance equal to one percent of the member's final average salary multiplied by the number
15 of years of such credited service. Such temporary allowance shall terminate at the end of 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.

16 calendar month in which the earlier of the following events occurs: such member's death; or the
17 member's attainment of age sixty-two;

18 (4) Benefit program LT-5. A member with credited service covered by benefit program
19 LT-5 shall receive an allowance for life equal to one and one-quarter percent of the member's
20 final average salary multiplied by the number of years of such credited service. In addition, if
21 such member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and
22 if such member's age at retirement is younger than age sixty-two, then such member shall receive
23 a temporary allowance equal to three-quarters of one percent of the member's final average salary
24 multiplied by the number of years of such credited service. Such temporary allowance shall
25 terminate at the end of the calendar month in which the earlier of the following events occurs:
26 such member's death; or the member's attainment of age sixty-two;

27 (5) Benefit program L-6. A member with credited service covered by benefit program
28 L-6 shall receive an allowance for life equal to two percent of the member's final average salary
29 multiplied by the number of years of such credited service;

30 (6) Benefit program L-7. A member with credited service covered by benefit program
31 L-7 shall receive an allowance for life equal to one and one-half percent of the member's final
32 average salary multiplied by the number of years of such credited service;

33 (7) Benefit program LT-8. A member with credited service covered by benefit program
34 LT-8 shall receive an allowance for life equal to one and one-half percent of the member's final
35 average salary multiplied by the number of years of such credited service. In addition, if such
36 member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and if such
37 member's age at retirement is younger than age sixty-two, then such member shall receive a
38 temporary allowance equal to one-half of one percent of the member's final average salary
39 multiplied by the number of years of such credited service. Such temporary allowance shall
40 terminate at the end of the calendar month in which the earlier of the following events occurs:
41 such member's death; or the member's attainment of age sixty-two;

42 (8) Benefit program LT-4(65). A member with credited service covered by benefit
43 program LT-4(65) shall receive an allowance for life equal to one percent of the member's final
44 average salary multiplied by the number of years of such credited service. In addition, if such
45 member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and if such
46 member's age at retirement is younger than age sixty-five, then such member shall receive a
47 temporary allowance equal to one percent of the member's final average salary multiplied by the
48 number of years of such credited service. Such temporary allowance shall terminate at the end
49 of the calendar month in which the earlier of the following events occurs: such member's death;
50 or the member's attainment of age sixty-five;

51 (9) Benefit program LT-5(65). A member with credited service covered by benefit
52 program LT-5(65) shall receive an allowance for life equal to one and one-quarter percent of the
53 member's final average salary multiplied by the number of years of such credited service. In
54 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
55 70.670, and if such member's age at retirement is younger than age sixty-five, then such member
56 shall receive a temporary allowance equal to three-quarters of one percent of the member's final
57 average salary multiplied by the number of years of such credited service. Such temporary
58 allowance shall terminate at the end of the calendar month in which the earlier of the following
59 events occurs: such member's death; or the member's attainment of age sixty-five;

60 (10) Benefit program LT-8(65). A member with credited service covered by benefit
61 program LT-8(65) shall receive an allowance for life equal to one and one-half percent of the
62 member's final average salary multiplied by the number of years of such credited service. In
63 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
64 70.670, and if such member's age at retirement is younger than age sixty-five, then such member
65 shall receive a temporary allowance equal to one-half of one percent of the member's final
66 average salary multiplied by the number of years of such credited service. Such temporary
67 allowance shall terminate at the end of the calendar month in which the earlier of the following
68 events occurs: such member's death; or the member's attainment of age sixty-five;

69 (11) Benefit program L-9. A member with credited service covered by benefit program
70 L-9 shall receive an allowance for life equal to one and six-tenths percent of the member's final
71 average salary multiplied by the number of years of such credited service;

72 (12) Benefit program LT-10(65). A member with credited service covered by benefit
73 program LT-10(65) shall receive an allowance for life equal to one and six-tenths percent of the
74 members' final average salary multiplied by the number of years of such credited service. In
75 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
76 70.670, and if such member's age at retirement is younger than age sixty-five, then such member
77 shall receive a temporary allowance equal to four-tenths of one percent of the member's final
78 average salary multiplied by the number of years of such credited service. Such temporary
79 allowance shall terminate at the end of the calendar month in which the earlier of the following
80 events occurs: such member's death; or the member's attainment of age sixty-five;

81 (13) Benefit program L-11. Benefit program L-11 may cover employment in a position
82 only if such position is not concurrently covered by federal Social Security; in addition, if such
83 position was previously covered by federal Social Security, benefit program L-11 may cover only
84 employment rendered after cessation of federal Social Security coverage. A member with
85 credited service covered by benefit program L-11 shall receive an allowance for life equal to two

86 and one-half percent of the member's final average salary multiplied by the number of years of
87 such credited service;

88 (14) Benefit program L-12. A member with credited service covered by benefit program
89 L-12 shall receive an allowance for life equal to one and three-quarter percent of the member's
90 final average salary multiplied by the number of years of such credited service;

91 (15) Benefit program LT-14(65). A member with credited service covered by benefit
92 program LT-14(65) shall receive an allowance for life equal to one and three-quarter percent of
93 the member's final average salary multiplied by the number of years of such credited service.
94 In addition, if such member is retiring as provided in section 70.645, 70.650, or 70.670, then
95 such member shall receive a temporary allowance equal to one-quarter of one percent of the
96 member's final average salary multiplied by the number of years of such credited service. Such
97 temporary allowance shall terminate at the end of the calendar month in which the earlier of the
98 following events occurs: such member's death or the member's attainment of age sixty-five.

99 2. If each portion of a member's credited service is not covered by the same benefit
100 program, then the member's total allowance for life shall be the total of the allowance for life
101 determined under each applicable benefit program.

102 3. Each employer shall have the credited service of each of its members covered by
103 benefit program L-1 provided for in this section unless such employer shall have elected another
104 benefit program provided for in this section.

105 4. Except as otherwise provided in this subsection, each political subdivision, by
106 majority vote of its governing body, may elect from time to time to cover its members, whose
107 political subdivision employment is concurrently covered by federal Social Security, under one
108 of the benefit programs provided for in this section. Each political subdivision, by majority vote
109 of its governing body, may elect from time to time to cover its members, whose political
110 subdivision employment is not concurrently covered by federal Social Security, under one of the
111 benefit programs provided for in this section. The clerk or secretary of the political subdivision
112 shall certify the election of the benefit program to the board within ten days after such vote. The
113 effective date of the political subdivision's benefit program is the first day of the calendar month
114 specified by such governing body, or the first day of the calendar month next following receipt
115 by the board of the certification of election of benefit program, or the effective date of the
116 political subdivision becoming an employer, whichever is the latest. Such election of benefit
117 program may be changed from time to time by such vote, but not more often than biennially. If
118 such changed benefit program provides larger allowances than the benefit program previously
119 in effect, then such larger benefit program shall be applicable to the past and future employment
120 with the employer by present and future employees. If such changed benefit program provides
121 smaller allowances than the benefit program previously in effect, then such changed benefit

122 program shall be applicable only to credited service for employment rendered from and after the
123 effective date of such change. After August 28, 1994, political subdivisions shall not elect
124 coverage under benefit program LT-4, benefit program LT-5, or benefit program LT-8. After
125 August 28, 2005, political subdivisions shall not elect coverage under benefit program L-9 or
126 benefit program LT-10(65).

127 5. Should an employer change its election of benefit program as provided in this section,
128 the employer contributions shall be correspondingly changed effective the same date as the
129 benefit program change.

130 6. The limitation on increases in an employer's contribution provided by subsection 6 of
131 section 70.730 shall not apply to any contribution increase resulting from an employer electing
132 a benefit program which provides larger allowances.

133 7. Subject to the provisions of subsections 9 and 10 of this section, for an allowance
134 becoming effective on September 28, 1975, or later, and beginning with the October first which
135 is at least twelve full months after the effective date of the allowance, the amount of the
136 allowance shall be redetermined effective each October first and such redetermined amount shall
137 be payable for the ensuing year. Subject to the limitations stated in the next sentence, such
138 redetermined amount shall be the amount of the allowance otherwise payable multiplied by the
139 following percent: one hundred percent, plus two percent for each full year (excluding any
140 fraction of a year) in the period from the effective date of the allowance to the current October
141 first. ~~[In no event shall]~~ Such redetermined amount ~~[(1) be less than the amount of the allowance~~
142 ~~otherwise payable nor (2)]~~ **shall not** be more than the amount of the allowance otherwise payable
143 multiplied by the following fraction: the numerator shall be the Consumer Price Index for the
144 month of June immediately preceding such October first (but in no event an amount less than the
145 denominator below) and the denominator shall be the Consumer Price Index for the month of
146 June immediately preceding the effective date of the allowance, **provided that in no event shall**
147 **such redetermination result in a reduction to the allowance payable.** As used herein,
148 "Consumer Price Index" means the Consumer Price Index for Urban Wage Earners and Clerical
149 Workers, as determined by the United States Department of Labor and in effect January 1, 1975;
150 provided, should such Consumer Price Index be restructured subsequent to 1974 in a manner
151 materially changing its character, the board shall change the application of the Consumer Price
152 Index so that as far as is practicable the 1975 intent of the use of the Consumer Price Index shall
153 be continued. As used herein "the amount of the allowance otherwise payable" means the
154 amount of the allowance which would be payable without regard to these provisions
155 redetermining allowance amounts after retirement.

156 8. Subject to the provisions of subsections 9 and 10 of this section, for an allowance
157 becoming effective on September 28, 1975, or later, the maximum allowance payable under the

158 provisions of section 70.685 shall be redetermined each October first in the same manner as an
159 allowance is redetermined under the provisions of subsection 7 of this section.

160 9. (1) The system establishes reserves for the payment of future allowances to retirants
161 and beneficiaries. Should the board determine, after consulting with the actuary, that the
162 established reserves are more than sufficient to provide such allowances, the board may increase
163 the annual increase rate provided for in subsections 7 and 8 of this section, as it applies to any
164 allowance payable, but in no event shall the total of all redetermined amounts as of October first
165 of any year be greater than one hundred four percent of the allowances which would have been
166 payable that October first without such redeterminations; provided, as of any redetermination
167 date the same annual increase rate shall be applied to all allowances with effective dates in the
168 range of November first to October first of the following year. The board may extend the
169 provisions of subsections 7 and 8 of this section to allowances which became effective before
170 September 28, 1975; provided such an action by the board shall not increase an employer
171 contribution rate then in effect;

172 (2) After August 28, 1993, the annual increase rate established by this subsection shall
173 be a compound rate, compounded annually, and the four percent annual maximum rate shall also
174 be a compound rate, compounded annually; provided, the use of such compounding shall not
175 begin until October 1, 1993, and shall not affect redeterminations made prior to that date.

176 10. Should the board determine that the provisions of subsections 7, 8 and 9 of this
177 section are jeopardizing the financial solvency of the system, the board shall suspend these
178 provisions redetermining allowance amounts after retirement for such periods of time as the
179 board deems appropriate.

 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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