

(Vetoed by the Governor)

The bill affects St. Louis police and firefighters retirement systems, Kansas City police and civilian police employees retirement systems, County Employees' Retirement Fund (CERF), Local Government Employees' Retirement System (LAGERS), and the Missouri State Employees' Retirement System (MOSERS).

ST. LOUIS POLICE

Effective October 1, 1998, ordinary disability retirement allowances will be increased by 15%, rather than the current 10%, of the member's final average compensation for each unmarried dependent child. The combined benefit for disability will not exceed 70%, rather than the current 55%. Members receiving disability retirement benefits October 1, 1998, will receive an additional benefit the greater of \$100 or 5% of the member's average final compensation for each unmarried dependent child, up to 3. For the death of a member in service and for death of a retired member, the widow's pension is increased from 25% to 35% of the member's average final compensation, effective October 1, 1998, and to 40% effective October 1, 2001; plus 15%, rather than the current 10%, for each unmarried dependent child. Such widows and dependent children receiving benefits October 1, 1998, will receive increases as follows: (1) dependent children will receive the greater of \$100 or 5% of average final compensation; and (2) a widow will receive an additional payment that will increase the payment to 35% of the deceased member's average final compensation, effective October 1, 1998, and to 40% effective October 1, 2001. Benefits for dependent children of a member who died in the line of duty are increased from 10% to 15% of average final compensation, and those already receiving benefits October 1, 1998, will receive the greater of \$100 or 5% of the deceased member's average final compensation. Special consultants and surviving spouses who are special consultants currently receiving \$550 per month will get \$650 per month.

New provisions are added to the deferred retirement option plan (DROP) that permit the widow or unmarried dependent children of a member participating in the DROP program who died in the line of duty to elect to have the amount in the DROP account paid as a monthly annuity. Payment to a widow continues for life; payment to a child continues as long as the child is an unmarried dependent.

Currently members' annual benefits are limited to the lesser of (1) the amount specified in the section 415(b) of the Internal Revenue Code on the last day of the plan year; or (2) 100% of average taxable compensation for the member's 3 consecutive highest calendar years. The bill deletes the latter alternative. Currently, the combined plan limitation of section 415(e) must

not be exceeded; the bill makes the limitation effective only for plan years beginning before January 1, 2000.

#### ST. LOUIS FIREFIGHTERS

Any member may elect upon retirement to place in his or her DROP account an amount equivalent to accumulated sick leave hours multiplied by hourly pay rate at the time of retirement. Credit for sick leave for working members will be earned at a rate no less than the rate of June 1, 1998, rather than the rate of August 28, 1989.

#### KANSAS CITY POLICE

Beneficiaries and survivors of members are not currently considered members of the retirement system; the bill specifies that the surviving spouse of a member who is entitled to a pension benefit is considered a member as long as he or she is eligible for the pension. The minimum monthly pension for members retiring after August 28, 1998, with at least 25 years of service or retiring from an accident or illness occurring in the line of duty is set at no less than \$600, including any supplemental retirement benefits and cost-of-living adjustments (COLAs). Members already retired are made special consultants, compensated so that the aggregate, including COLAs and supplemental benefits, received will be no less than \$600. The surviving spouse of a member with 25 years of service or one who retires as a result of accident or illness in the course of duty is entitled to the \$600 minimum, and surviving spouses of such members who died on or before August 28, 1998, are made special consultants under the same terms.

The base pension for the surviving spouse of a member who dies in service is set at 40% of the member's final compensation, subject to subsequent adjustments. If a member retires and dies after benefits commence, the surviving spouse receives 80%, including COLAs but excluding supplemental retirement benefits; the surviving spouse of a member who retires before August 28, 1998, and dies after August 28, 1998, will be a special consultant, with the 80% benefit and COLA but excluding supplemental benefits. Commencement of benefits is defined as the time when all requirements are met entitling the member to payment of benefits, so that a member who dies after completing the requirements but before actually receiving a payment will be considered to have commenced benefits. All benefits for surviving spouses under section 86.447 terminate upon their remarriage.

The retirement board may designate depository banks. Members of the retirement board are prohibited from having an interest in investment transactions and from benefiting directly or indirectly from board investments. Technical requirements for holding and handling securities are specified.

## KANSAS CITY POLICE CIVILIAN EMPLOYEES

A terminated member with 5 or more years of service who retires after August 28, 1998, and allows his or her contributions to remain in the fund is entitled to receive a pension on the normal retirement date or a reduced pension before the normal retirement date. The amount of an early pension must be computed on the basis of the member's final compensation and years of creditable service before leaving employment. Such members who retired before August 28, 1998, and allowed their contributions to remain in the fund are compensated as special consultants, entitled to COLAs. Currently, certain retired members become eligible to be compensated for a supplemental retirement health insurance benefit on August 28, 1996, or at the time of appointment as a special consultant, whichever occurs later. The date is changed from 1996 to 1998.

As in the police system, surviving spouses are considered members of the system as long as they are eligible for pension benefits. The investment fund provisions are modified to be the same as those of the police system.

## CHAPTER 86 (POLICE AND FIRE)

The bill makes a technical amendment regarding the application of the Hancock amendment to the entire chapter.

## COUNTY EMPLOYEES' RETIREMENT FUND

Any county employee employed on January 1, 1989, and not employed on August 28, 1994, who had prior service for at least 8 years may become a special consultant, with compensation that permits the consultant to become a member of the system and purchase prior service. Conditions for the purchase of service are specified.

## LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

Retired members may return to work in a covered position and receive additional service credit after one year. During re-employment, the member receives no monthly benefit and must make contributions. Currently a member who is also eligible for benefits under the prosecuting attorneys retirement system will receive benefits from the prosecuting attorneys system reduced by the amount of the LAGERS benefit. This bill cuts the reduction to one-third of the LAGERS benefit.

## MISSOURI STATE EMPLOYEES' RETIREMENT SYSTEM

Any state employee or official holding employment on August 28, 1998, who has service pursuant to section 104.345, concerning circuit clerks, is entitled to creditable prior service for service as a county employee if satisfactory proof is given to

the board. Any state employee or official holding employment on August 28, 1998, who served as an elected county official is entitled to creditable prior service as an elected county official under specified conditions. Retired employees who are or have been employed by the legislature are not considered as employees unless they elect in advance of such service to have the service considered as creditable service. Legislators will receive a monthly retirement benefit of \$200, rather than the current \$150 times the number of biennial assemblies served. Legislators who serve after the age of 55, rather than the current 65, will receive in addition to their normal annuity an amount equal to the total of all COLAs the members would have received during the years between reaching 55 and the year the legislator terminates employment or dies. Several new categories of special consultants are created, and language on an existing special consultant category is clarified.

The sections of the bill pertaining to St. Louis firefighters and part-time legislative employees have emergency clauses.