

SECOND REGULAR SESSION

HOUSE BILL NO. 1857

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LEARA (Sponsor), CARTER, COLONA, HUMMEL,
MONTECILLO, ATKINS, MEADOWS AND HINSON (Co-sponsors).

5887L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 87.120, 87.170, 87.175, 87.177, 87.220, 87.325, 87.330, 87.335, 87.340, 87.345, and 87.371, RSMo, and to enact in lieu thereof eleven new sections relating to the firemen's retirement system of St. Louis.

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

Section A. Sections 87.120, 87.170, 87.175, 87.177, 87.220, 87.325, 87.330, 87.335, 2 87.340, 87.345, and 87.371, RSMo, are repealed and eleven new sections enacted in lieu thereof, 3 to be known as sections 87.120, 87.170, 87.175, 87.177, 87.220, 87.325, 87.330, 87.335, 87.340, 4 87.345, and 87.371, to read as follows:

87.120. The following words and phrases as used in sections 87.120 to 87.370, unless 2 a different meaning is plainly required by the context, have the following meanings:

- 3 (1) "Accumulated contributions", the sum of all amounts deducted from the 4 compensation of a member and credited to his or her individual account in the members' savings 5 fund together with interest thereon;
- 6 (2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of 7 such mortality tables and interest rate as shall be adopted by the board of trustees;
- 8 (3) "Average final compensation", the average earnable compensation of the member 9 during his or her last two years of service as a firefighter, or if the firefighter has less than two 10 years of service, then the average earnable compensation of his or her entire period of service. 11 **For persons hired on or after August 29, 2012, the average final compensation shall be the** 12 **average earnable compensation of the member during his or her last five years of service**

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 **as a firefighter, or if the firefighter has less than five years of service, then the average**
14 **earnable compensation of his or her entire period of service;**

15 (4) "Beneficiary", any person in receipt of a retirement allowance or other benefit as
16 provided by sections 87.120 to 87.370;

17 (5) "Benefit reserve", the present value of all payments to be made on account of any
18 retirement allowance or benefit in lieu of a retirement allowance upon the basis of such mortality
19 tables and interest rate as shall be adopted by the board of trustees;

20 (6) "Board of trustees", the board provided for in section 87.140 to administer the
21 retirement system;

22 (7) "City", any city not within a county and adopting the retirement system provided by
23 sections 87.120 to 87.370;

24 (8) "Creditable service", prior service plus membership service as provided in section
25 87.135;

26 (9) "DROP", the deferred retirement option plan provided in section 87.182;

27 (10) "Earnable compensation", the regular compensation which a member would earn
28 during one year on the basis of the stated compensation for his or her rank or position;

29 (11) **"Entry age normal funding method", a method under which the actuarial**
30 **present value of each active member's projected pension and death benefit is allocated as**
31 **a level percentage of the earning of the individual between entry age and assumed exit age.**
32 **The portion of the funding requirement allocated to a valuation year is called the normal**
33 **cost. The actuarial accrued liability is the portion of the actuarial present value not**
34 **provided for at a valuation date by the present value of future normal costs;**

35 (12) "Firefighter", any officer or employee of the fire department of the city employed
36 by the city for the duty of fighting fires, but does not include anyone employed in a clerical or
37 other capacity not involving fire-fighting duties. In case of doubt as to whether any person is a
38 firefighter within the meaning of sections 87.120 to 87.370, the decision of the board of trustees
39 shall be final;

40 [(12)] (13) "Medical board", the board of physicians provided for in section 87.160;

41 [(13)] (14) "Member", a member of the retirement system as defined by section 87.130;

42 [(14)] (15) "Membership service", service as a firefighter rendered since last becoming
43 a member;

44 [(15)] (16) "Prior service", all service as a firefighter rendered prior to the date the
45 system becomes operative which is creditable in accordance with the provisions of section
46 87.135;

47 [(16)] (17) "Retirement allowance", annual payments for life which shall be payable in
48 equal monthly installments or any benefits in lieu thereof granted to a member upon retirement
49 or to a beneficiary;

50 [(17)] (18) "Retirement system", the firefighter's retirement system of any city as defined
51 in section 87.125.

87.170. Retirement of a member on a service retirement allowance shall be made by the
2 board of trustees as follows:

3 (1) Any member may retire upon the member's written application to the board of
4 trustees setting forth at what time, not less than thirty days nor more than ninety days subsequent
5 to the execution and filing therefor, the member desires to be retired, if the member at the time
6 so specified for such member's retirement has twenty-five years or more of service, **unless the**
7 **member became a member of the retirement system on or after August 29, 2012, such**
8 **member shall have thirty years or more of service**; except that a member who ceases to be a
9 firefighter after twenty years or more of service may retire prior to the twenty-five years of
10 service, **or prior to the thirty years of service for members whose first day of active**
11 **participation in the retirement system is on or after August 29, 2012**, with a retirement
12 allowance based on the member's years of service;

13 (2) Any member in service upon attaining the age of sixty, if qualifying for a service
14 retirement allowance equal to seventy-five percent of the average final compensation **or seventy**
15 **percent of the average final compensation for members whose first day of active**
16 **participation in the retirement system is on or after August 29, 2012**, shall be retired
17 forthwith; except that with respect to any member, the board shall not retire such member when
18 the member attains sixty years of age or more merely because the member has attained that age
19 unless the member so requests or the member has completed thirty or more years of service, even
20 if a portion of such service is not creditable service pursuant to participation in the deferred
21 retirement option plan prescribed by section 87.182;

22 (3) Any member who qualifies for a service retirement allowance of seventy-five percent
23 or over **or seventy percent or over for members whose first day of active participation in**
24 **the retirement system is on or after August 29, 2012**, and has not attained sixty years of age
25 may be retained as a member until sixty years of age, with no increase in retirement allowance.

87.175. 1. Upon retirement for service, a member shall receive a service retirement
2 allowance which shall be equal to fifty percent of the average final compensation, plus an
3 amount equal to five percent of the average final compensation for each additional year of
4 service after twenty-five years, but no service retirement allowance shall exceed an amount equal
5 to seventy-five percent of the average final compensation; **except that any member whose first**
6 **day of active participation in the system is on or after August 29, 2012, shall receive a**

7 **retirement allowance which shall be equal to fifty percent of the average final**
8 **compensation, plus an amount equal to four percent of the average final compensation for**
9 **each additional year of service after twenty-five years, but no service retirement allowance**
10 **shall exceed an amount equal to seventy percent of the average final compensation.**

11 2. In addition to any other annuity or retirement allowance payable under this section and
12 sections 87.195 and 87.205, any member upon retirement application approval shall be repaid
13 the total amount of the member's contribution to the retirement system, without interest; **except**
14 **that any member whose first day of active participation in the system is on or after August**
15 **29, 2012, then in addition to any other annuity or retirement allowance payable under this**
16 **section and sections 87.195 and 87.205, any member upon retirement application approval**
17 **shall be repaid twenty-five percent of the total amount of the member's contribution to the**
18 **retirement system, without interest.** Any beneficiary, upon the receipt of evidence and proof
19 of the death of an active member, shall be repaid the total amount of the member's contribution
20 to the firemen's retirement system, without interest. The board shall pay the beneficiary such
21 total amount of the member's contribution to the retirement system within sixty days after the
22 date of the death of the member.

23 3. Any annuity or retirement allowance repaid to a member under subsection 2 of this
24 section shall be withdrawn from the members' contribution fund of the firemen's retirement
25 system and no moneys shall be withdrawn from the general revenue fund of the city.

87.177. 1. **(1) Except as provided in subdivision (2) of this subsection,** any
2 firefighter who terminates employment with five or more years of service but less than twenty
3 years may apply at age sixty-two for a service retirement allowance. Upon written application
4 to the board of trustees the benefit payable shall be equal to two percent times years of service
5 times the average final compensation, and the member shall also be repaid the total amount of
6 the member's contribution, without interest.

7 **(2) A firefighter who first becomes a firefighter on or after August 29, 2012, and**
8 **who terminates employment, for reasons other than death, ordinary disability, or**
9 **accidental disability, with ten or more years of service but less than twenty years may**
10 **apply at age fifty-five for a service retirement allowance. Upon written application to the**
11 **board of trustees the benefit payable shall be equal to two percent times years of service**
12 **times the average final compensation, and the member shall also be repaid twenty-five**
13 **percent of the total amount of the member's contribution, without interest.**

14 2. The benefits provided in subsection 1 of this section shall be in lieu of any benefits
15 payable pursuant to the provisions of section 87.240.

16 3. Any survivor of a firefighter retiring pursuant to the provisions of subsection 1 of this
17 section shall be entitled to fifty percent of the retirement allowance of the retired member at his
18 or her date of death.

19 4. Any surviving spouse of a firefighter who had five or more years of service but less
20 than twenty years and who dies prior to application for retirement benefits payable pursuant to
21 this section shall be entitled to fifty percent of the retirement allowance of the member at his or
22 her date of death payable at the date the member would have reached age sixty-two, or to the
23 immediate refund of the member's contribution plus interest. If no surviving spouse exists, a
24 benefit shall be payable pursuant to subdivisions (2) and (3) of subsection 1 of section 87.220,
25 or by the immediate refund of the member's contribution plus interest.

26 5. Any firefighter retiring pursuant to the provisions of this section shall be entitled to
27 receive a cost-of-living allowance of five percent per year for a maximum of five years.

 87.220. 1. Upon the receipt of proper proofs of the death of a member who retired while
2 in service, including retirement for service, ordinary disability or accidental disability, prior to
3 September 28, 1983, and provided no other benefits are payable, there shall be paid the following
4 benefits:

5 (1) A retirement allowance to all widows during their widowhood of fifty percent of the
6 deceased member's average final compensation or two hundred dollars per month, whichever is
7 greater, plus ten percent of such compensation to or for the benefit of each unmarried dependent
8 child of the deceased member who is either under age eighteen or who is totally and permanently
9 mentally or physically incapacitated regardless of age, but not in excess of three children,
10 including both classes, and paid as the board of trustees in its discretion shall direct;

11 (2) If no widow benefits are payable pursuant to subdivision (1) of this subsection, such
12 total allowance as would have been paid, had there been a widow, shall be divided among the
13 unmarried dependent children under age eighteen and such unmarried children, regardless of age,
14 who are totally and permanently mentally or physically incapacitated, and paid, to or for the
15 benefit of such children, as the board of trustees in its discretion shall direct;

16 (3) Any benefit payable to, or for the benefit of, a child or children under the age of
17 eighteen years pursuant to subdivisions (1) and (2) of this section shall be paid beyond the age
18 of eighteen years through the age of twenty-five years in such cases where the child is a full-time
19 student at a regularly accredited college, business school, nursing school, school for technical
20 or vocational training or university, but such benefit shall cease whenever the child ceases to be
21 a student. A college or university shall be deemed to be regularly accredited which maintains
22 membership in good standing in a national or regional accrediting agency recognized by any state
23 college or university.

24 2. Upon the receipt of proper proofs of the death of a member in service or who retired
25 while in service, including retirement for service, ordinary disability or accidental disability, after
26 September 28, 1983, and provided no other benefits are payable, there shall be paid the following
27 benefits:

28 (1) A retirement allowance to all widows during their widowhood of twenty-five percent
29 of the deceased member's average final compensation or two hundred dollars per month,
30 whichever is greater, plus ten percent of such compensation to or for the benefit of each
31 unmarried dependent child of the deceased member who is either under age eighteen or who is
32 totally and permanently mentally or physically incapacitated regardless of age, but not in excess
33 of three children, including both classes, and paid as the board of trustees in its discretion shall
34 direct;

35 (2) If no widow's benefits are payable pursuant to subdivision (1) of this subsection, such
36 total allowance as would have been paid, had there been a widow, shall be divided among the
37 unmarried dependent children under age eighteen and such unmarried children, regardless of age,
38 who are totally and permanently mentally or physically incapacitated, and paid to or for the
39 benefit of such children, as the board of trustees in its discretion shall direct;

40 (3) Any benefit payable to, or for the benefit of, a child or children under the age of
41 eighteen years pursuant to subdivisions (1) and (2) of this section shall be paid beyond the age
42 of eighteen years through the age of twenty-five years in such cases where the child is a full-time
43 student at a regularly accredited college, business school, nursing school, school for technical
44 or vocational training or university, but such benefit shall cease whenever the child ceases to be
45 a student. A college or university shall be deemed to be regularly accredited which maintains
46 membership in good standing in a national or regional accrediting agency recognized by any state
47 college or university;

48 **(4) Except that for any member whose first day of active participation in the system**
49 **is on or after August 29, 2012, who terminates employment for reasons other than death,**
50 **ordinary disability, or accidental disability with ten or more years of service but less than**
51 **twenty years of service and that dies prior to reaching age fifty-five, the widow's and**
52 **children's benefit, if any, shall not begin until the date the member would have reached age**
53 **fifty-five but for his or her prior death if as of such date they would have otherwise been**
54 **eligible for benefits.**

 87.325. [Contributions to and payments from the general reserve fund shall be as
2 follows: On account of each member there shall be paid annually into the fund by the city an
3 amount equal to a certain percentage of the earnable compensation of the member to be known
4 as "the normal contribution" and an additional amount equal to a percentage of his earnable
5 compensation to be known as "the accrued liability contribution". The rates percent of the

6 contributions shall be fixed on the basis of the liabilities of the retirement system as shown by
7 actuarial valuations.] **Effective October 1, 2012, based on data from the plan year that ended**
8 **September 30, 2012, the plan's actuary shall calculate the amount that the city shall**
9 **contribute in the following manner: Each year, as of the first day of the system's fiscal**
10 **year, the actuary shall perform an actuarial valuation under the entry age normal funding**
11 **method and utilize such mortality tables and other tables as shall be adopted by the board**
12 **of trustees. On the basis of each valuation, there shall be paid annually into the fund by**
13 **the city an amount equal to the sum of the normal contribution and an additional amount**
14 **to be known as the accrued liability contribution.**

87.330. On the basis of [the interest rate and of such mortality and other tables as shall
2 be adopted by the board of trustees, the actuary shall determine the uniform and constant
3 percentage of the earnable compensation of the average new entrant, which, if contributed
4 throughout his entire period of active service, would be sufficient to provide for the payment of
5 any death benefit or pension payable on his account. The rate percent so determined shall be
6 known as "the normal contribution rate". After the accrued liability contribution has ceased to
7 be payable the normal contribution rate shall be the rate percent of the earnable compensation
8 of all members obtained by deducting from the total liabilities of the fund the amount of the
9 funds in hand to the credit of the fund and dividing the remainder by one percent of the present
10 value of the prospective future compensation of all members as computed on the basis of the
11 interest rate and the mortality and service tables adopted by the board of trustees. The normal
12 rate of contribution shall be determined by the actuary after each valuation.] **each annual**
13 **actuarial valuation, as provided in section 87.325, the normal contribution shall be**
14 **determined as the normal cost under the entry age normal funding method.**

87.335. [At the first valuation after the effective date of these amendments (in 1959) the
2 actuary engaged by the board of trustees shall compute the rate percent of the total earnable
3 compensation of all members which is equivalent to three and one-half percent of the amount
4 of the total unfunded benefit liability on account of all members and beneficiaries which is not
5 dischargeable by the aforesaid normal contribution made on account of such members during the
6 remainder of their active service. The rate percent originally so determined shall be known as
7 "the accrued liability contribution rate".] **Effective on October 1, 2012, based on data from the**
8 **plan year ended September 30, 2012, the actuary engaged by the board of trustees shall**
9 **compute an accrued liability contribution, the level rate percentage of the total earnable**
10 **compensation of current and future earnings of current active members that will be**
11 **required to amortize the unfunded actuarial accrued liability as determined under the**
12 **entry age normal funding method over a thirty-year period commencing October 1, 2012,**
13 **based on data from the plan year ended September 30, 2012. Any future increase or**

14 **decrease in the unfunded actuarial accrued liability resulting from statutory changes shall**
15 **be amortized by an increment in the accrued liability contribution determined, as a level**
16 **percentage of earnable compensation over the thirty-year period commencing with the**
17 **beginning of the fiscal year coincident with or next following the effective date of the**
18 **statutory changes. All other changes in the unfunded actuarial accrued liability**
19 **subsequent to October 1, 2012, including from experience gains and losses and from**
20 **changes in actuarial assumptions and methods shall be aggregated at each actuarial**
21 **valuation subsequent to October 1, 2012, and shall be amortized as a level percentage of**
22 **earnable compensation over the thirty-year period commencing at the valuation date. The**
23 **thirty-year amortization period for the aggregated, unfunded liability changes from**
24 **experience gains and losses and from assumptions and method changes shall be**
25 **reestablished at each valuation date. The accrued liability contribution at each valuation**
26 **at and after October 1, 2012, shall be increased by the level percentage determined as**
27 **provided in this section for the amortization of the aggregated unfunded liability changes**
28 **from experience gains and losses and from assumption and method changes.**

87.340. The total amount payable in each year to the general reserve fund shall be not
2 less than the sum of the [rates percent known as the] normal contribution [rate] and the accrued
3 liability contribution [rate of the total compensation earnable by all members during the year],
4 and the aggregate payment by the city shall be sufficient when combined with the amount in the
5 fund to provide the retirement allowances and other benefits payable out of the fund during the
6 then current year. The city may contribute at any time from bond issue or other available funds
7 an amount equal to the unfunded accrued liability as certified by the actuary in which event no
8 further accrued liability contribution [will] **shall** be required [or] , **except as determined at**
9 **subsequent actuarial valuations under section 87.335. The city may also** contribute any
10 lesser amount **from a bond issue or other available funds** which [will] **shall** be used to
11 proportionately reduce future accrued liability contributions.

87.345. The accrued liability contribution [should be discontinued as soon as the
2 accumulated reserve in the general reserve fund shall equal the present value as actuarially
3 computed and approved by the board of trustees, of the total liability of the fund, less the present
4 value computed on the basis of the normal contribution rate then in force of the prospective
5 normal contributions to be received on account of persons who are at that time members. The
6 accrued liability contribution rate may be decreased by the board of trustees provided the reduced
7 level rate does not require an amortization period extending beyond the year 2010 for any
8 accrued liability as of August 31, 1980. Subsequent to that date, any changes in the accrued
9 liability by reason of changes in the benefits payable under the retirement system, changes in the
10 actuarial assumptions, or changes in the actuarial funding method are to be amortized over a

11 period not exceeding thirty years from the date in which the additional accrued liabilities are
12 recognized in the annual actuarial valuation of the system.] **will not need to be paid for years**
13 **in which the accumulated reserve in the general reserve fund equals or exceeds the**
14 **actuarial accrued liability as determined by an actuarial valuation provided under section**
15 **87.325. For each year in which the accumulated reserve is equal to or greater than the**
16 **actuarial accrued liability, as determined under the entry age normal funding method, the**
17 **city shall contribute the normal contribution as calculated by the plan actuary, and the city**
18 **shall not reduce its payment with respect to the normal contribution.**

87.371. 1. Any member retiring pursuant to the provisions of sections 87.120 to 87.370,
2 after working continuously for an entity covered by sections 87.120 to 87.370, until reaching
3 retirement age, but not including retirement for service-connected disability, shall be credited
4 with all of the member's unused sick leave as certified by the member's employing entity.

5 2. No member working on or after July 1, 2000, shall be credited with sick leave at a rate
6 less than or more than the rate being earned on July 1, 2000, nor shall any cap or limit applied
7 to accumulated sick leave after July 1, 2000, be construed as a limit on the number of sick days
8 actually earned without reference to the cap or limit which may be credited pursuant to the
9 provisions of this section. When calculating years of service, each member shall be entitled to
10 one day of creditable service for each day of unused accumulated sick leave earned by the
11 member.

12 3. Accumulated sick leave shall allow a member to vest in the retirement system by
13 using such credited sick leave to reach the time of vesting and shall also allow a member to
14 exceed a seventy-five percent service retirement allowance by adding accumulated sick leave to
15 no more than thirty years of creditable service or a member who is participating in the DROP
16 program established in section 87.182 may elect upon retirement to have placed in his or her
17 DROP account a dollar amount equal to his or her accumulated number of sick leave hours
18 multiplied by his or her hourly rate of pay at the time of retirement, or to place one-half of this
19 dollar amount in the member's DROP account, to have one-fourth of this dollar amount added
20 to the member's average final compensation, and to have the remaining one-fourth of this dollar
21 amount remain as time and added to the member's creditable service. **Any member whose first**
22 **day of active participation in the system is on or after August 29, 2012, unused sick leave**
23 **shall only apply to the person's credible service.**

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