

SECOND REGULAR SESSION

# HOUSE BILL NO. 2383

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HINSON.

6190H.011

D. ADAM CRUMBLISS, Chief Clerk

## AN ACT

To repeal sections 70.600 and 86.207, RSMo, and to enact in lieu thereof three new sections relating to the local government retirement systems.

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

Section A. Sections 70.600 and 86.207, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 70.600, 70.631, and 86.207 to read as follows:

70.600. The following words and phrases as used in sections 70.600 to 70.755, unless a different meaning is plainly required by the context, shall mean:

(1) "Accumulated contributions", the total of all amounts deducted from the compensations of a member and standing to the member's credit in his or her individual account in the members deposit fund, together with investment credits thereon;

(2) "Actuarial equivalent", a benefit of equal reserve value;

(3) "Allowance", the total of the annuity and the pension. All allowances shall be paid not later than the tenth day of each calendar month;

(4) "Annuity", a monthly amount derived from the accumulated contributions of a member and payable by the system throughout the life of a person or for a temporary period;

(5) "Beneficiary", any person who is receiving or designated to receive a system benefit, except a retirant;

(6) "Benefit program", a schedule of benefits or benefit formulas from which the amounts of system benefits can be determined;

(7) "Board of trustees" or "board", the board of trustees of the system;

(8) "Compensation", the remuneration paid an employee by a political subdivision or by an elected fee official of the political subdivision for personal services rendered by the employee

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.

18 for the political subdivision or for the elected fee official in the employee's public capacity;  
19 provided, that for an elected fee official, "compensation" means that portion of his or her fees  
20 which is net after deduction of (a) compensation paid by such elected fee official to his or her  
21 office employees, if any, and (b) the ordinary and necessary expenses paid by such elected fee  
22 official and attributable to the operation of his or her office. In cases where an employee's  
23 compensation is not all paid in money, the political subdivision shall fix the reasonable value of  
24 the employee's compensation not paid in money. In determining compensation no consideration  
25 shall be given to:

26 (a) Any nonrecurring single sum payment paid by an employer;

27 (b) Employer contributions to any employee benefit plan or trust;

28 (c) Any other unusual or nonrecurring remuneration; or

29 (d) Compensation in excess of the limitations set forth in Internal Revenue Code Section  
30 401(a)(17). The limitation on compensation for eligible employees shall not be less than the  
31 amount which was allowed to be taken into account under the system as in effect on July 1, 1993.  
32 For purposes of this paragraph, an "eligible employee" is an individual who was a member of the  
33 system before the first plan year beginning after December 31, 1995;

34 (9) "Credited service", the total of a member's prior service and membership service, to  
35 the extent such service is standing to the member's credit as provided in sections 70.600 to  
36 70.755;

37 (10) "Employee", any person regularly employed by a political subdivision who receives  
38 compensation from the political subdivision for personal services rendered the political  
39 subdivision, including any elected official of the political subdivision whose position requires  
40 his or her regular personal services and who is compensated wholly or in part on a fee basis, and  
41 including the employees of such elected fee officials who may be compensated by such elected  
42 fee officials. The term "employee" may include any elected county official. The term  
43 "employee" shall not include any person:

44 (a) Who is not an elected official of the political subdivision and who is included as an  
45 active member in any other plan similar in purpose to this system by reason of his or her  
46 employment with his or her political subdivision, except the federal Social Security Old Age,  
47 Survivors, and Disability Insurance Program, as amended; or

48 (b) Who acts for the political subdivision under contract; or

49 (c) Who is paid wholly on a fee basis, except elected officials and their employees; or

50 (d) Who holds the position of mayor, presiding judge, president or chairman of the  
51 political subdivision or is a member of the governing body of the political subdivision; except  
52 that, such an official of a political subdivision having ten or more other employees may become  
53 a member if the official is covered under the federal Social Security Old Age, Survivors, and

54 Disability Insurance Program, as amended, by reason of such official's employment with his or  
55 her political subdivision, by filing written application for membership with the board after the  
56 date the official qualifies for such position or within thirty days after the date his or her political  
57 subdivision becomes an employer, whichever date is later;

58 (11) "Employer", any political subdivision which has elected to have all its eligible  
59 employees covered by the system;

60 (12) "Final average salary", the monthly average of the compensations paid an employee  
61 during the period of sixty or, if an election has been made in accordance with section 70.656,  
62 thirty-six consecutive months of credited service producing the highest monthly average, which  
63 period is contained within the period of one hundred twenty consecutive months of credited  
64 service immediately preceding his or her termination of membership. Should a member have  
65 less than sixty or, if an election has been made in accordance with section 70.656, thirty-six  
66 months of credited service, "final average salary" means the monthly average of compensation  
67 paid the member during his or her total months of credited service;

68 (13) "Fireman", any regular or permanent employee of the fire department of a political  
69 subdivision, including a probationary fireman. The term "fireman" shall not include:

70 (a) Any volunteer fireman; [or]

71 (b) Any civilian employee of a fire department, **except as provided in section 70.631;**

72 or

73 (c) Any person temporarily employed as a fireman for an emergency;

74 (14) "Member", any employee included in the membership of the system;

75 (15) "Membership service", employment as an employee with the political subdivision  
76 from and after the date such political subdivision becomes an employer, which employment is  
77 creditable as service hereunder;

78 (16) "Minimum service retirement age", age sixty for a member who is neither a  
79 policeman nor a fireman; "minimum service retirement age", age fifty-five for a member who  
80 is a policeman or a fireman;

81 (17) "Pension", a monthly amount derived from contributions of an employer and  
82 payable by the system throughout the life of a person or for a temporary period;

83 (18) "Policeman", any regular or permanent employee of the police department of a  
84 political subdivision, including a probationary policeman. The term "policeman" shall not  
85 include:

86 (a) Any civilian employee of a police department, **except as provided in section 70.631;**

87 or

88 (b) Any person temporarily employed as a policeman for an emergency;

89 (19) "Political subdivision", any governmental subdivision of this state created pursuant  
90 to the laws of this state, and having the power to tax, except public school districts; a board of  
91 utilities or a board of public works which is required by charter or ordinance to establish the  
92 compensation of employees of the utility separate from the compensation of other employees of  
93 the city may be considered a political subdivision for purposes of sections 70.600 to 70.755; a  
94 joint municipal utility commission may be considered a political subdivision for purposes of  
95 sections 70.600 to 70.755;

96 (20) "Prior service", employment as an employee with the political subdivision prior to  
97 the date such political subdivision becomes an employer, which employment is creditable as  
98 service hereunder;

99 (21) "Regular interest" or "investment credits", such reasonable rate or rates per annum,  
100 compounded annually, as the board shall adopt annually;

101 (22) "Reserve", the present value of all payments to be made on account of any system  
102 benefit based upon such tables of experience and regular interest as the board shall adopt from  
103 time to time;

104 (23) "Retirant", a former member receiving a system allowance by reason of having been  
105 a member;

106 (24) "Retirement system" or "system", the Missouri local government employees'  
107 retirement system.

**70.631. 1. Each political subdivision may, by majority vote of its governing body,  
2 elect to cover jailers as policemen members of the system and emergency medical service  
3 personnel as firemen members of the system. The clerk or secretary of the political  
4 subdivision shall certify an election concerning the coverage of jailers as policemen  
5 members of the system and emergency medical service personnel as firemen members of  
6 the system to the board within ten days after such vote. The date on which the political  
7 subdivision's election becomes effective shall be the first day of the calendar month  
8 specified by such governing body, the first day of the calendar month next following receipt  
9 by the board of the certification of the election, or the effective date of the political  
10 subdivision becoming an employer, whichever is the latest date. Such election shall not be  
11 changed after the effective date. If the election is made, the coverage provisions shall be  
12 applicable to the past and future employment with the employer by present and future  
13 employees.**

**14 2. If an employer elects to cover jailers as policemen members of the system and  
15 emergency medical service personnel as firemen members of the system, the employer  
16 contributions shall be correspondingly changed effective the same date as the effective date  
17 of the political subdivision's election.**

18           **3. The limitation on increases in an employer's contributions under subsection 6**  
19 **of section 70.730 shall not apply to any contribution increase resulting from an employer**  
20 **making an election under the provisions of this section.**

21           86.207. 1. Except as provided herein, all persons who become policemen and all  
22 policemen who enter or reenter the service of any city not within a county after the first day of  
23 October, 1957, become members as a condition of their employment and shall receive no  
24 pensions or retirement allowance from any other pension or retirement system supported wholly  
25 or in part by the city not within a county or the state of Missouri, nor shall they be required to  
26 make contributions under any other pension or retirement system of the city not within a county  
27 or the state of Missouri for the same period of service, anything to the contrary notwithstanding.  
28 Any employee of a city not within a county who is earning creditable service in a retirement plan  
29 established by said city under section 95.540 and subsequently becomes a policeman may elect  
30 to remain a member of said retirement plan and shall not be required to become a member of a  
31 police retirement system established under section 86.200 **to 86.366**. However, an employee of  
32 a city not within a county who is earning creditable service in a retirement plan established by  
33 said city under section 95.540 and who subsequently becomes a policeman may elect to transfer  
34 membership and creditable service to the police retirement system created under section 86.200  
35 **to 86.366**. Such transfers are subject to the conditions and requirements contained in section  
36 105.691 and are also subject to any existing agreements between the said retirement plans;  
37 provided however, transfers completed prior to January 1, [2016] **2017**, shall occur without  
38 regard to the vesting requirements of the receiving plan contained in section 105.691. As part  
39 of the transfer process described herein, the respective retirement plans may require the employee  
40 to acknowledge and agree as a condition of transfer that any election made under this section is  
41 irrevocable, constitutes a waiver of any right to receive retirement and disability benefits except  
42 as provided by the police retirement system, and that plan terms may be modified in the future.

43           2. If any member ceases to be in service for more than one year unless the member has  
44 attained the age of fifty-five or has twenty years or more of creditable service, or if the member  
45 withdraws the member's accumulated contributions or if the member receives benefits under the  
46 retirement system or dies, the member thereupon ceases to be a member; except in the case of  
47 a member who has served in the Armed Forces of the United States and has subsequently been  
48 reinstated as a policeman. A member who has terminated employment as a police officer, has  
49 actually retired and is receiving retirement benefits under the system shall be considered a retired  
50 member.

51           3. A reserve officer shall not be considered a member of the system for the purpose of  
52 determining creditable service, nor shall any contributions be due. A reserve officer shall not  
53 be entitled to any benefits from the system other than those awarded when the reserve officer

54 originally retired under section 86.250, nor shall service as a reserve officer prohibit distribution  
55 of those benefits.

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