

HCS HB 2202 -- ST. LOUIS POLICE RETIREMENT SYSTEM

SPONSOR: Plocher

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Pensions by a vote of 10 to 2.

This bill modifies retirement benefits for members of the Police Retirement System of St. Louis who commence employment on or after October 1, 2018 as follows:

(1) Members' final average compensation will be calculated based on the last three years of creditable service as a police officer whether or not they are participating in the Deferred Retirement Option Plan (DROP);

(2) Members participating in the DROP, whose employment as a police officer terminates due to death or disability shall have their average final compensation calculated based on the last three years of creditable service;

(3) Members may terminate employment as a police officer and actually retire after completing at least 10 years of service and attaining age 55;

(4) Members may enter DROP after completing 20 years of creditable service;

(5) Members in DROP shall earn interest at the rate of return earned by the 10-year United States Treasury bill plus 1% not to exceed 6%;

(6) A member's service retirement allowance shall not exceed 70% of the member's average final compensation;

(7) Retired members will receive an annual COLA based on the increase in the consumer price index up to 3% max with total increases capped at 25% total increase;

(8) Members will not be eligible for the return of mandatory contributions upon retirement, but members terminating without being vested will receive the mandatory contributions back without interest;

(9) Members will not be eligible for the additional benefits available under Section 86.254, RSMo; and

(10) Members will not be 100% vested until completing 10 years of creditable service and attaining the age of 55.

Currently, six out of nine trustees of the retirement system constitute a quorum, this bill changes that to a majority of the trustees or five trustees. The board is allowed to use the entry age normal actuarial cost method for determining the annual valuation of the assets and liabilities of the system when St. Louis City adopts an ordinance to allow them. The actuarial valuation method is outlined in the bill.

Members retired due to nonduty disability will be limited in what they can earn if they are gainfully employed, an offset to the allowance will occur if the sum of the member's current salary plus allowance equals an amount in excess of 125% of the member's current salary.

The contribution rate of each member not participating in the DROP will increase from 7% to 8%; however, these deductions will now be deducted prior to taxation.

This bill is similar to HB 1086 (2017).

PROPOSERS: Supporters say that this bill will make needed fixes to the St. Louis Police Retirement System pension. The plan cannot continue the way it is. The police force is smaller so not as much money is flowing into the plan and when it was well funded the City of St. Louis chose not to pay the required actuarial funding for several years which caused the plan to have a decrease in its actuarial funded amount. Making these changes for new hirers will insure that the plan will be around for all retirees. There are also no changes of any benefits for current members or retirees.

Testifying for the bill were Representative Plocher; St. Louis Police Retirement System; Wallace Leopold, Steven Olish Police Retirement System of St. Louis; Paul Payne, City of St. Louis; Lawrence O'Toole, St. Louis Metropolitan Police Department; Michael Sack, Saint Louis Metropolitan Police Department-Police Leadership; Gary Wiegert; Thomas Bottin; Robert Davis; William J. Davidson, St. Louis Metropolitan Police Department; Domenick S. Pizzo, St. Louis Police Veterans Association; Chris Gunter; Byron Harrington; Callahan Hereford; James Long; Jason Love; Wayne Keasling; Francella Krupp; J. W. Loftin; Cheryl Orange; Dino J. Orlando, Police Leadership Organization; Mickey R. Owens, Sean Reape, Michael J. Regan; Jonathan Vanarsdale; Percy L. Waters; James Wurm, James Przada, St. Louis Police Leadership Organization; John Vogt; and St Louis Police Pension.

OPPOSERS: Those who oppose the bill say that this bill is not what was agreed to by the Police Officers Association. We were given one bill that was agreed to but a different bill was filed.

We are willing to negotiate for acceptable changes and want to make sure the police force has enough people to protect the streets of St. Louis and to make sure they have a good retirement plan so that we can recruit good quality officers to patrol our streets.

Testifying against the bill were Jeff Roorda, St. Louis City Police Officers Association.