

SECOND REGULAR SESSION

HOUSE BILL NO. 2144

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE O'TOOLE.

Read 1st time March 12, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

4967L.011

AN ACT

To repeal sections 86.200, 86.213, 86.251, 86.253, 86.254, 86.255, 86.256, and 86.320, RSMo, and to enact in lieu thereof ten new sections relating to police retirement systems.

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

Section A. Sections 86.200, 86.213, 86.251, 86.253, 86.254, 86.255, 86.256, and 86.320, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 86.200, 86.213, 86.251, 86.253, 86.254, 86.255, 86.256, 86.320, 86.346, and 86.348, to read as follows:

86.200. The following words and phrases as used in sections 86.200 to 86.366, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions", the sum of all mandatory contributions deducted from the compensation of a member and credited to the member's individual account, together with members' interest thereon;

(2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of mortality tables and interest assumptions adopted by the board of trustees;

(3) "Average final compensation":

(a) With respect to a member who earns no creditable service on or after October 1, 2001, the average earnable compensation of the member during the member's last three years of creditable service as a police officer, or if the member has had less than three years of creditable service, the average earnable compensation of the member's entire period of creditable service;

(b) With respect to a member who is not participating in the DROP pursuant to section 86.251 on October 1, 2001, who did not participate in the DROP at any time before such date, and who earns any creditable service on or after October 1, 2001, the average earnable

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

16 compensation of the member during the member's last two years of creditable service as a
17 policeman, or if the member has had less than two years of creditable service, then the average
18 earnable compensation of the member's entire period of creditable service;

19 (c) With respect to a member who is participating in the DROP pursuant to section
20 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns
21 to active participation in the system pursuant to section 86.251, and who terminates employment
22 as a police officer for reasons other than death or disability before earning at least two years of
23 creditable service after such return, the portion of the member's benefit attributable to creditable
24 service earned before DROP entry shall be determined using average final compensation as
25 defined in paragraph (a) of this subdivision; and the portion of the member's benefit attributable
26 to creditable service earned after return to active participation in the system shall be determined
27 using average final compensation as defined in paragraph (b) of this subdivision;

28 (d) With respect to a member who is participating in the DROP pursuant to section
29 86.251 on October 1, 2001, or whose participation in the DROP ended before such date, who
30 returns to active participation in the system pursuant to section 86.251, and who terminates
31 employment as a police officer after earning at least two years of creditable service after such
32 return, the member's benefit attributable to all of such member's creditable service shall be
33 determined using the member's average final compensation as defined in paragraph (b) of this
34 subdivision;

35 (e) With respect to a member who is participating in the DROP pursuant to section
36 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns
37 to active participation in the system pursuant to section 86.251, and whose employment as a
38 police officer terminates due to death or disability after such return, the member's benefit
39 attributable to all of such member's creditable service shall be determined using the member's
40 average final compensation as defined in paragraph (b) of this subdivision; [and]

41 (f) If a member who is described in paragraph (c) or (e) of this subdivision completes
42 less than one full year of creditable service after returning to active participation in the system,
43 the member's earnable compensation for the period immediately prior to DROP entry shall be
44 added to the member's earnable compensation after the member's return to active participation
45 for purposes of determining such member's average final compensation for his or her last year
46 of creditable service; **and**

47 **(g) With respect to the surviving spouse or surviving dependent child of a member**
48 **who earns any creditable service on or after October 1, 2001, the average earnable**
49 **compensation of the member during the member's last two years of creditable service as**
50 **a police officer or, if the member has had less than two years of creditable service, the**
51 **average earnable compensation of the member's entire period of creditable service;**

- 52 (4) "Beneficiary", any person in receipt of a retirement allowance or other benefit;
- 53 (5) "Board of police commissioners", any board of police commissioners, police
54 commissioners and any other officials or boards now or hereafter authorized by law to employ
55 and manage a permanent police force in such cities;
- 56 (6) "Board of trustees", the board provided in sections 86.200 to 86.366 to administer
57 the retirement system;
- 58 (7) "Creditable service", prior service plus membership service as provided in sections
59 86.200 to 86.366;
- 60 (8) "DROP", the deferred retirement option plan provided for in section 86.251;
- 61 (9) "Earnable compensation", the annual salary which a member would earn during one
62 year on the basis of the member's rank or position as specified in the applicable salary matrix in
63 section 84.160, RSMo, plus additional compensation for academic work as provided in
64 subsection 9 of section 84.160, RSMo, plus shift differential as provided in subdivision (4) of
65 subsection 10 of section 84.160, RSMo. Such amount shall [be determined without regard to]
66 **include** the member's deferrals to a deferred compensation plan pursuant to Section 457 of the
67 Internal Revenue Code or to a cafeteria plan pursuant to Section 125 of the Internal Revenue
68 Code **or, effective October 1, 2001, to a transportation fringe benefit program under**
69 **Section 132(f)(4) of the Internal Revenue Code.** Earnable compensation shall not include a
70 member's additional compensation for overtime, standby time, court time, nonuniform time or
71 unused vacation time. Notwithstanding the foregoing, the earnable compensation taken into
72 account under the plan established pursuant to sections 86.200 to 86.366 with respect to a
73 member who is a noneligible participant, as defined in this subdivision, for any plan year
74 beginning on or after October 1, 1996, shall not exceed the amount of compensation that may
75 be taken into account under Section 401(a)(17) of the Internal Revenue Code, as adjusted for
76 increases in the cost of living, for such plan year. For purposes of this subdivision, a
77 "noneligible participant" is an individual who first becomes a member on or after the first day
78 of the first plan year beginning after the earlier of:
- 79 (a) The last day of the plan year that includes August 28, 1995; or
- 80 (b) December 31, 1995;
- 81 (10) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as amended;
- 82 (11) "Mandatory contributions", the contributions required to be deducted from the
83 salary of each member who is not participating in DROP in accordance with section 86.320;
- 84 (12) "Medical board", the board of physicians provided for in section 86.237;
- 85 (13) "Member", a member of the retirement system as defined by sections 86.200 to
86 86.366;
- 87 (14) "Members' interest", interest on accumulated contributions at such rate as may be

88 set from time to time by the board of trustees;

89 (15) "Membership service", service as a policeman rendered since last becoming a
90 member, except in the case of a member who has served in the armed forces of the United States
91 and has subsequently been reinstated as a policeman, in which case "membership service" means
92 service as a policeman rendered since last becoming a member prior to entering such armed
93 service;

94 (16) "Plan year" or "limitation year", the twelve consecutive-month period beginning
95 each October first and ending each September thirtieth;

96 (17) "Policeman" or "police officer", any member of the police force of such cities who
97 holds a rank in such police force for which the annual salary is listed in section 84.160, RSMo;

98 (18) "Prior service", all service as a policeman rendered prior to the date the system
99 becomes operative or prior to membership service which is creditable in accordance with the
100 provisions of sections 86.200 to 86.366;

101 (19) "Retirement allowance", annual payments for life as provided by sections 86.200
102 to 86.366 which shall be payable in equal monthly installments or any benefits in lieu thereof
103 granted to a member upon termination of employment as a police officer and actual retirement;

104 (20) "Retirement system", the police retirement system of the cities as defined in sections
105 86.200 to 86.366;

106 (21) "Surviving spouse", the surviving spouse of a member who was the member's
107 spouse at the time of the member's death.

86.213. 1. The general administration and the responsibility for the proper operation of
2 the retirement system and for making effective the provisions of sections 86.200 to 86.366 are
3 hereby vested in a board of trustees of ten persons. The board shall be constituted as follows:

4 (1) The president of the board of police commissioners of the city, ex officio. If the
5 president is absent from any meeting of the board of trustees for any cause whatsoever, the
6 president may be represented by any member of the board of police commissioners who in such
7 case shall have full power to act as a member of the board of trustees;

8 (2) The comptroller of the city, ex officio. If the comptroller is absent from any meeting
9 of the board of trustees for any cause whatsoever, the comptroller may be represented by either
10 the deputy comptroller or the first assistant comptroller who in such case shall have full power
11 to act as a member of the said board of trustees;

12 (3) Three members to be appointed by the mayor of the city to serve for a term of two
13 years;

14 (4) Three members to be elected by the members of the retirement system of the city for
15 a term of three years; provided, however, that the term of office of the first three members so
16 elected shall begin immediately upon their election and one such member's term shall expire one

17 year from the date the retirement system becomes operative, another such member's term shall
18 expire two years from the date the retirement system becomes operative and the other such
19 member's term shall expire three years from the date the retirement system becomes operative;
20 provided, further, that such members shall be members of the system and hold office only while
21 members of the system;

22 (5) Two members who shall be retired members of the retirement system to be elected
23 by the retired members of the retirement system for a term of three years; except that, the term
24 of office of the first two members so elected shall begin immediately upon their election and one
25 such member's term shall expire two years from the date of election and the other such member's
26 term shall expire three years from the date of election.

27 2. Any member elected chairman of the board of trustees may serve [a total of four years
28 in that capacity which shall be limited to no more than two consecutive terms] **without term**
29 **limitations.**

30 3. Each commissioned elected trustee shall be granted travel time by the St. Louis
31 metropolitan police department to attend any and all functions that have been authorized by the
32 board of trustees of the police retirement system of St. Louis. Travel time, **with compensation,**
33 for a trustee shall not exceed thirty days in any board fiscal year.

86.251. 1. The board of trustees may develop and establish a deferred retirement option
2 plan (DROP) in which members who are eligible for retirement but who have not terminated
3 employment as police officers and who have not actually retired may participate. The DROP
4 shall be designed to allow members with at least twenty years of creditable service or who have
5 attained the age of fifty-five who have achieved eligibility for retirement and are entitled to a
6 service retirement allowance and other benefits to postpone actual retirement, continue active
7 employment and accumulate a deferred receipt of the service retirement allowance. No one shall
8 participate in the DROP for a period exceeding five years.

9 2. Any member who has at least twenty years of creditable service or has attained the age
10 of fifty-five may elect in writing before retirement to participate in the DROP. A member
11 electing to participate in the DROP shall postpone actual retirement, shall continue in active
12 employment and shall not receive any direct retirement allowance payments or benefits during
13 the period of participation.

14 3. Upon the start of the participation in the DROP, the member shall cease to make any
15 mandatory contributions to the system. No contribution shall be required by the city into the
16 DROP account. During the period of participation in the DROP, the amount that the member
17 would have received as a service retirement allowance if the member had actually retired instead
18 of entering DROP shall be deposited monthly in the member's DROP account which shall be
19 established in the member's name by the board of trustees. The member's service retirement

allowance shall not be adjusted for any cost-of-living increases for any period prior to the member's termination of employment as a police officer and actual retirement. Cost-of-living increases, if any, for any period following the member's termination of employment as a police officer and actual retirement shall be applied only to monthly service retirement payments made following termination of employment as a police officer and actual retirement. Service earned during the period of participation in the DROP shall not be creditable service and shall not be counted in determination of any service retirement allowance or surviving spouse's or dependents' benefits. Compensation paid during the period of participation in the DROP shall not be earnable compensation and shall not be counted in the determination of any service retirement allowance or surviving spouse's or dependent's benefits. The member's service retirement allowance shall be frozen as of the date the member enters DROP. Except as specifically provided in sections 86.200 to 86.366, the member's frozen service retirement allowance shall not increase while the member is participating in DROP or after the member's participation in DROP ends, and the member shall not share in any benefit improvement that is enacted or that becomes effective while such member is participating in the DROP.

4. A member shall cease participation in the DROP upon the termination of the member's employment as a police officer and actual retirement, or at the end of the five-year period commencing on the first day of the member's participation in the DROP, or as of the effective date, but in no event prior to October 1, 2001, of the member's election to return to active participation in the system, whichever occurs first. A member's election to return to active participation in the system before the end of the five-year period commencing on the first day of participation in the DROP shall be made and shall become effective in accordance with procedures established by the board of trustees, but in no event prior to October 1, 2001. Upon the member's termination of employment as a police officer and actual retirement, the member shall elect to receive the value of the member's DROP account, in one of the following forms of payment:

- (a) A lump sum payment; or
- (b) Equal monthly installments over a ten-year period.

Either form of payment should begin within thirty days after the member's notice to the board of trustees that the member has selected a particular option.

5. If a member who is participating in the DROP elects to return to active participation in the system or if a member who is participating in the DROP does not terminate employment as a police officer in the city for which the retirement system was established pursuant to sections 86.200 to 86.366 and actually retires at the end of the five-year period commencing on the first day of the member's participation in the DROP, the member shall return to active participation

56 in the system and shall resume making mandatory contributions to the system effective as of the
57 day after participation in the DROP ends or, if later, October 1, 2001. The board of trustees shall
58 notify the police commissioners to begin deducting mandatory contributions from the member's
59 salary and the member's employment period shall count as creditable service beginning as of the
60 day the member returns to active participation.

61 6. In no event shall a member whose participation in DROP has ended for any reason be
62 eligible to participate in DROP again.

63 7. Upon the member's termination of employment as a police officer and actual
64 retirement, the member's mandatory contributions to the retirement system shall be paid to the
65 member pursuant to subsection 4 of section 86.253.

66 8. If a member dies prior to termination of employment as a police officer and actual
67 retirement while participating in the DROP or before the member has received full withdrawal
68 of the amount in the member's DROP account under the installment optional payment form, the
69 remaining balance of the member's DROP account shall be payable to the member's surviving
70 spouse; or, if the member is then unmarried, to the member's dependent children in equal shares;
71 or, if none, to the member's dependent mother or father; or, if none, to the member's designated
72 beneficiary or, if no such beneficiary is then living, to the member's estate. Payment shall be
73 made **in a lump sum** within sixty days after [the retirement system is notified of the member's
74 death] **receipt by the board of trustees of evidence and proof of the death of a member**. In
75 addition, the member's mandatory contributions, if any, that were not already paid to the member
76 pursuant to subsection 4 of section 86.253 shall be paid to the member's surviving spouse
77 pursuant to section 86.288.

78 9. If a member has elected to participate in the DROP and during such participation
79 period applies for and receives benefits for an accidental disability retirement allowance pursuant
80 to the provisions of section 86.263, the member shall forfeit all rights, claims or interest in the
81 member's DROP account and the member's benefits shall be calculated as if the member has
82 continued in employment and had not elected to participate in the DROP. Any portion of a
83 DROP account that has been forfeited as provided in this subsection shall be a general asset of
84 the system.

85 10. A member's DROP account shall earn interest equal to the rate of return earned by
86 the system's investment portfolio on a market value basis, including realized and unrealized gains
87 and losses, net of investment expense, as certified by the system's actuary. As of the [first] **last**
88 day of each **plan** year[,] beginning [with the second fiscal year of] **after DROP** participation
89 **begins**, the member's DROP account balance, determined as of the [first] **last** day of [such] **the**
90 **prior plan** year, shall be credited with interest at the investment rate earned by the assets of the
91 retirement system for [the] **such** prior **plan** year. If distribution of the member's DROP account

balance is [completed during the year] **made in a lump sum pursuant to subsection 4 or subsection 8 of this section**, interest **for the plan year of distribution** shall be credited[, based] on the [beginning] **ending** balance for the **prior plan year at the investment rate earned on the assets of the retirement system for the prior plan year**, in proportion to the part of the year preceding the date of [final distribution. No interest shall be credited on amounts, if any, added to the member's DROP account during the year in which the distribution of the account is completed] **the member's termination of employment or death, whichever is earlier**. If the member's DROP account is paid in equal monthly installments pursuant to subsection [5] **4** of this section, [any] **interest during the installment period shall be credited as of the last day of each plan year ending after installment payment begins on the account balance as of the first or last day of the plan year, whichever is lower, at the investment rate earned by the assets of the system for the prior plan year. Interest for the year in which the final installment is paid shall be credited on the balance remaining after the final installment is paid, at the investment rate earned on the assets of the system for the prior plan year, in proportion to the part of the plan year preceding payment of the final installment. Any** interest credited to the DROP account during the installment period shall be paid as soon as reasonably possible after the final monthly installment. **No interest shall be credited on amounts, if any, added to the member's DROP account during the year in which the distribution of the account is completed.**

11. The board of trustees shall not incur any liability individually or on behalf of other individuals for any act or omission, made in good faith in relation to the DROP or assets credited to DROP accounts established by this section. The provisions of the Internal Revenue Code and regulations promulgated thereunder shall supersede any provision of this section if there is any inconsistency with the Internal Revenue Code or regulation.

12. Upon the receipt by the board of trustees of evidence and proof that the death of a member resulted from an event occurring while the member was in the actual performance of duty, and if the member is participating in the DROP, the member's surviving spouse or, if the member is then unmarried, the member's unmarried dependent children, may elect within thirty days after the member's death to have the amount in the member's DROP account paid in the form of a monthly survivor annuity. Payment of the survivor annuity shall begin within sixty days after the election is received. Payment to the member's surviving spouse shall continue until the surviving spouse's death; payment to the member's unmarried dependent children shall be made while any child qualifies as an unmarried dependent child pursuant to section 86.280. The survivor annuity shall be the actuarial equivalent of the member's DROP account as of the date [payment begins] **of the member's death**. In no event shall the total amount paid pursuant to this subsection be less than the member's DROP account balance as of the date [payment

128 begins] **of the member's death.**

86.253. 1. Upon termination of employment as a police officer and actual retirement for
2 service, a member shall receive a service retirement allowance which shall be an amount equal
3 to two percent of the member's average final compensation multiplied by the number of years
4 of the member's creditable service, up to twenty-five years, plus an amount equal to four percent
5 of the member's average final compensation for each year of creditable service in excess of
6 twenty-five years but not in excess of thirty years; plus an additional five percent of the member's
7 average final compensation for any creditable service in excess of thirty years. Notwithstanding
8 the foregoing, the service retirement allowance of a member who does not earn any creditable
9 service after August 11, 1999, shall not exceed an amount equal to seventy percent of the
10 member's average final compensation, and the service retirement allowance of a member who
11 earns creditable service on or after August 12, 1999, shall not exceed an amount equal to
12 seventy-five percent of the member's average final compensation; provided, however, that the
13 service retirement allowance of a member who is participating in the DROP pursuant to section
14 86.251 on August 12, 1999, who returns to active participation in the system pursuant to section
15 86.251, and who terminates employment as a police officer and actually retires for reasons other
16 than death or disability before earning at least two years of creditable service after such return
17 shall be the sum of (1) the member's service retirement allowance as of the date the member
18 entered DROP and (2) an additional service retirement allowance based solely on the creditable
19 service earned by the member following the member's return to active participation. The
20 member's total years of creditable service shall be taken into account for the purpose of
21 determining whether the additional allowance attributable to such additional creditable service
22 is two percent, four percent or five percent of the member's average final compensation.

23 2. If, at any time since first becoming a member of the retirement system, the member
24 has served in the armed forces of the United States, and has subsequently been reinstated as a
25 policeman within ninety days after the member's discharge, the member shall be granted credit
26 for such service as if the member's service in the police department of such city had not been
27 interrupted by the member's induction into the armed forces of the United States. If earnable
28 compensation is needed for such period in computation of benefits it shall be calculated on the
29 basis of the compensation payable to the officers of the member's rank during the period of the
30 member's absence. Notwithstanding any provision of sections 86.200 to 86.366 to the contrary,
31 the retirement system governed by sections 86.200 to 86.366 shall be operated and administered
32 in accordance with the applicable provisions of the Uniformed Services Employment and
33 Reemployment Rights Act of 1994, as amended.

34 3. The service retirement allowance of each present and future retired member who
35 terminated employment as a police officer and actually retired from service after attaining age

36 fifty-five or after completing twenty years of creditable service **and the death benefit payable**
37 **to each surviving spouse pursuant to subdivision 8 of section 86.280** shall be increased
38 annually at a rate [not to exceed three percent as] approved by the board of trustees beginning
39 with the first increase in the **first month of the second [October following] plan year beginning**
40 **after** the member's retirement **or death, if applicable**, and subsequent increases in each October
41 thereafter[, provided that each]. **The cost-of-living adjustment for each plan year beginning**
42 **before a present or future retired member's or surviving spouse's cumulative increases**
43 **total thirty percent shall be limited to three percent. Effective October 1, 2002, the cost-of-**
44 **living adjustment for each plan year beginning after a present or future retired member's**
45 **or surviving spouse's cumulative increases total thirty percent shall be limited as follows:**

- 46 (1) One percent with respect to a retired or deceased member who has less than
47 twenty-five years of creditable service;
48 (2) Two percent with respect to a retired or deceased member who has at least
49 twenty-five but less than thirty years of creditable service; and
50 (3) Three percent with respect to a retired or deceased member who has at least
51 thirty years of creditable service.

52

53 Prior to October 1, 2002, or, if later, the first day of the plan year in which a present or
54 future retired member or surviving spouse attains age sixty-two, the cumulative increases
55 granted with respect to the present or future retired member or surviving spouse shall in
56 no event exceed a total percentage increase of thirty percent. If the present or future
57 retired member or surviving spouse is younger than age sixty-two in the first plan year in
58 which the cumulative increases total thirty percent, no additional increase shall be applied
59 until the plan year beginning after the attainment of age sixty-two or, if later, the plan year
60 beginning on October 1, 2002. Effective October 1, 2002, if a present or future retired
61 member dies after the cumulative increases total thirty percent and after attainment of age
62 sixty-two but before the surviving spouse attains age sixty-two, the cumulative increases
63 applicable to the surviving spouse's benefit shall be thirty percent and no additional
64 increase shall be applied until the plan year beginning after the surviving spouse's
65 attainment of age sixty-two. If a present or future retired member dies after the
66 cumulative increases total thirty percent and before attainment of age sixty-two but after
67 the surviving spouse attains age sixty-two, the surviving spouse's benefit shall be adjusted
68 to reflect any annual increases in plan years beginning after the surviving spouse attained
69 age sixty-two and before the retired member's death. Each annual increase is subject to a
70 determination by the board of trustees that the consumer price index (United States City Average
71 Index) as published by the United States Department of Labor shows an increase of not less than

72 the approved rate during the latest twelve-month period for which the index is available at the
73 date of determination[; and provided further, that]. If the increase **in the consumer price index**
74 **for any plan year ending before October 1, 2002, or, if later, the first day of the plan year**
75 **in which a present or future retired member or surviving spouse attains age sixty-two**, is
76 in excess of the approved rate for [any] **such plan** year, such excess shall be accumulated as to
77 any retired member **or surviving spouse** and increases may be granted in subsequent years
78 **ending before October 1, 2002, or, if later, the first day of the plan year in which a present**
79 **or future retired member or surviving spouse attains age sixty-two**, subject to a maximum
80 of three percent for each [full] **such plan** year [from October following the member's retirement
81 but not to exceed a total percentage increase of thirty percent]. In no event shall the increase
82 described under this subsection be applied to the amount, if any, paid to a member or surviving
83 spouse of a deceased member for services as a special consultant under subsection 5 of this
84 section [or, if applicable, subsection 6 of this section]. If the board of trustees determines that
85 the index has decreased for any year, the benefits of any retired member that have been increased
86 shall be decreased but not below the member's initial benefit. No annual increase shall be made
87 of less than one percent and no decrease of less than three percent except that any decrease may
88 be limited in amount by the initial benefit.

89 4. In addition to any other retirement allowance payable under this section and section
90 86.250, a member, upon termination of employment as police officer and actual service
91 retirement, shall be repaid the total amount of the member's mandatory contributions to the
92 retirement system without interest. The board shall pay the retired member such total amount
93 of the member's mandatory contributions to the retirement system to be paid pursuant to this
94 subsection within sixty days after such retired member's date of termination of employment as
95 a police officer and actual retirement.

96 5. Any person who is receiving retirement benefits from the retirement system, upon
97 application to the board of trustees, shall be made, constituted, appointed and employed by the
98 board of trustees as a special consultant on the problems of retirement, aging and other matters,
99 for the remainder of the person's life or, in the case of a deceased member's surviving spouse,
100 until the earlier of the person's death or remarriage, and upon request of the board of trustees
101 shall give opinions and be available to give opinions in writing or orally, in response to such
102 requests, as may be required. For such services the special consultant shall be compensated
103 monthly, in an amount which, when added to any monthly retirement benefits being received
104 from the retirement system, including any cost-of-living increases under subsection 3 of this
105 section, shall total six hundred fifty dollars a month. This employment shall in no way affect any
106 person's eligibility for retirement benefits under this chapter, or in any way have the effect of
107 reducing retirement benefits, notwithstanding any provisions of law to the contrary.

86.254. 1. Beginning July 1, 1994, in addition to any other annuity, benefits, or retirement allowance provided pursuant to sections 86.200 to 86.366, each present and future retired member after attaining the age of sixty years shall, upon application to the board of trustees, be made, constituted, appointed and employed by the board of trustees as an advisor on the problems of retirement, aging and other matters, for the remainder of the retired member's life, and upon request of the board of trustees shall give opinions in writing or orally in response to such requests as may be required.

2. For the performance of duties required in subsection 1 of this section, each retired member employed as an advisor by the board of trustees shall be compensated monthly in an amount of ten dollars per month multiplied by the number of years the retired member is past the age of sixty years. The compensation provided by this subsection shall be adjusted annually. No funding shall be required prior to the effective date of this benefit.

3. Beginning October 1, 1999, in addition to any other benefit provided to any surviving spouse pursuant to sections 86.200 to 86.366, each present and future surviving spouse of a member after attaining the age of sixty years shall upon application to the board of trustees, be made, constituted, appointed and employed by the board of trustees as an advisor on the problems of retirement, aging and other matters for the remainder of the surviving spouse's life or until the surviving spouse remarries, whichever is earlier, and upon request of the board of trustees shall give opinions in writing or orally in response to such requests as may be required.

4. For the performance of duties required in subsection 3 of this section, each surviving spouse of a member employed as an advisor by the board of trustees shall be compensated monthly in an amount of ten dollars per month multiplied by the number of years the surviving spouse is past the age of sixty years. The compensation provided by this subsection shall be adjusted annually.

5. Notwithstanding any provision in this section to the contrary, effective October 1, 2002, for each year in which the cumulative amount of the cost-of-living adjustment increases payable to a present or future retired member or surviving spouse pursuant to subsection 3 of section 86.253 exceeds thirty percent, the amount of the increase, if any, in the advisor's benefit payable pursuant to this section to such retired member or surviving spouse for such year shall be compared to the amount of the cost-of-living adjustment increases, if any, for such year. If the cost-of-living adjustment increases for such year is less than ten dollars per month, the increase in the advisor's benefit for such year shall be equal to the amount by which ten dollars per month exceeds the cost-of-living adjustment increases for such year. If the cost-of-living adjustment increases for such year is greater than or equal to ten dollars per month, the increase in the advisor's benefit for such year shall be equal to zero. In no event shall the advisor's benefit payable pursuant to this

37 **section be less than the amount of such benefit accrued at the latest of October 1, 2002, the**
38 **date the advisor attains age sixty-two, or the date the advisor's cumulative cost-of-living**
39 **adjustment increases first total thirty percent.**

86.255. 1. Notwithstanding any other provision of the plan established in sections
2 86.200 to 86.366, if an eligible rollover distribution becomes payable to a distributee, the
3 distributee may elect, at the time and in the manner prescribed by the board of trustees, to have
4 any of the eligible rollover distribution paid directly to an eligible retirement plan specified by
5 the distributee in a direct rollover.

6 2. For purposes of this section, the following terms mean:

7 (1) "Direct rollover", a payment by the board of trustees from the fund to the eligible
8 retirement plan specified by the distributee;

9 (2) "Distributee", a member, a surviving spouse or a spouse;

10 (3) "Eligible retirement plan", an individual retirement account described in Section
11 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section
12 408(b) of the Internal Revenue Code, or a qualified trust described in Section 401(a) of the
13 Internal Revenue Code that accepts the distributee's eligible rollover distribution **or, effective**
14 **for eligible rollover distributions made on or after January 1, 2002, an annuity contract**
15 **described in Section 403(b) of the Internal Revenue Code of 1986, as amended, or an**
16 **eligible plan under Section 457(b) of the Internal Revenue Code of 1986, as amended,**
17 **which is maintained by a state, political subdivision of a state, or any agency or**
18 **instrumentality of a state or political subdivision of a state and which agrees to separately**
19 **account for amounts transferred into such plan from this plan; and shall include, for**
20 **eligible rollover distributions made on or after January 1, 2002, a distribution to a**
21 **surviving spouse or to a spouse or former spouse who is the alternate payee under a**
22 **qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue**
23 **Code of 1986, as amended;**

24 (4) "Eligible rollover distribution", any distribution of all or any portion of a member's
25 benefit, other than:

26 (a) A distribution that is one of a series of substantially equal periodic payments, made
27 not less frequently than annually, for the life or life expectancy of the distributee or for the joint
28 lives or joint life expectancies of the distributee and the distributee's designated beneficiary, or
29 for a specified period of ten years or more;

30 (b) The portion of a distribution that is required under Section 401(a)(9) of the Internal
31 Revenue Code; or

32 (c) [The] **Effective for distributions made on or after January 1, 2002, a portion of**
33 **[any] a distribution [that is not] shall not fail to be an eligible rollover distribution merely**

34 **because the portion consists of after-tax employee contributions which are not includable**
35 **in gross income; provided, however, such portion may be transferred only to an individual**
36 **retirement account or annuity described in Section 408(a) or (b) of the Internal Revenue**
37 **Code of 1986, as amended, or to a specified defined contribution plan described in Section**
38 **401(a) or 403(a) of the Internal Revenue Code of 1986, as amended, that agrees to**
39 **separately account for the amount so transferred, including to separately account for the**
40 **portion of such distribution which is includable in gross income and the portion that is not**
41 **includable.**

42 3. The board of trustees shall, at least thirty days, but not more than ninety days, before
43 making an eligible rollover distribution, provide a written explanation to the distributee in
44 accordance with the requirements of Section 402(f) of the Internal Revenue Code.

45 4. If the eligible rollover distribution is not subject to Sections 401(a) and 417 of the
46 Internal Revenue Code, such eligible rollover distribution may be made less than thirty days after
47 the distributee has received the notice described in subsection 3 of this section, provided that:

48 (1) The board of trustees clearly informs the distributee of the distributee's right to
49 consider whether to elect a direct rollover, and if applicable, a particular distribution option, for
50 at least thirty days after the distributee receives the notice; and

51 (2) The distributee, after receiving the notice, affirmatively elects a distribution.

86.256. 1. In no event shall a member's annual benefit paid under the plan established
2 pursuant to sections 86.200 to 86.366 exceed the amount specified in Section [415(b)]
3 **415(b)(1)(A)** of the Internal Revenue Code, as adjusted for any applicable increases in the cost
4 of living, as in effect on the last day of the plan year, including any increases after the member's
5 termination of employment.

6 2. **Effective for limitation years beginning after December 31, 2001**, in no event shall
7 the annual additions to the plan established pursuant to sections 86.200 to 86.366, on behalf of
8 the member, including the member's own mandatory contributions, exceed the lesser of:

9 (1) [Twenty-five] **One hundred** percent of the member's compensation, as defined for
10 purposes of Section [415(c)] **415(c)(3)** of the Internal Revenue Code **for the limitation year**;
11 or

12 (2) [Thirty] **Forty** thousand dollars, as adjusted for increases in the cost of living **under**
13 **Section 415(d) of the Internal Revenue Code of 1986, as amended.**

14 3. Effective for limitation years beginning prior to January 1, 2000, in no event shall the
15 combined plan limitation of Section 415(e) of the Internal Revenue Code be exceeded; provided
16 that, if necessary to avoid exceeding such limitation, the member's annual benefit under the plan
17 established pursuant to sections 86.200 to 86.366 shall be reduced to the extent necessary to
18 satisfy such limitations.

19 4. For purposes of this section, Section 415 of the Internal Revenue Code, including the
20 special rules under Section 415(b) applicable to governmental plans and qualified participants
21 [in] **employed by a police [and] or fire department [plans]**, is incorporated in this section by
22 reference.

 86.320. 1. The board of trustees shall certify to the board of police commissioners and
2 the board of police commissioners shall cause to be deducted from the salary of each member
3 on each and every payroll for each and every pay period, seven percent of the compensation of
4 each member **or, effective October 1, 2002, eight percent of the compensation of each**
5 **member**, who is not participating in the DROP, including each member whose participation in
6 the DROP has ended and who has returned to active participation in the system pursuant to
7 section 86.251, and zero percent of the compensation of each member who is participating in the
8 DROP or whose participation in the DROP has ended but who has not returned to active
9 participation in the system pursuant to section 86.251.

10 2. The deductions provided for in this section shall be made notwithstanding that the
11 minimum compensation provided by law for any member shall be reduced thereby. Every
12 member shall be deemed to consent to the deductions made and provided for in this section, and
13 shall receipt for the member's full salary or compensation and payment of salary or compensation
14 less such deduction shall be a full and complete discharge and acquittance of all claims and
15 demands whatsoever for services rendered during the period covered by the payment except as
16 to benefits provided by sections 86.200 to 86.366. The board of police commissioners shall
17 certify to the board of trustees on each and every payroll or in such other manner as the board
18 of trustees shall prescribe the amount deducted, and such amounts shall be paid into the system
19 and shall be credited together with members' interest thereon to the individual account of the
20 member from whose compensation such deduction was made.

21 3. The board of trustees is authorized to grant additional benefits for such parts of
22 contributions as were made prior to the adoption of the seven-percent rate for all members which
23 were in excess of the compulsory contributions required of each member.

86.346. 1. Notwithstanding any other provision of the plan established in sections
2 **86.200 to 86.366, and subject to the provisions of subsections 2, 3, and 4 of this section,**
3 **effective January 1, 2002, the plan shall accept a member's rollover contribution or direct**
4 **rollover of an eligible rollover distribution made on or after January 1, 2002, from a**
5 **qualified plan described in Section 401(a) or 403(a) of the Internal Revenue Code of 1986,**
6 **as amended, or an annuity contract described in Section 403(b) of the Internal Revenue**
7 **Code of 1986, as amended, or an eligible plan under Section 457(b) of the Internal Revenue**
8 **Code of 1986, as amended, which is maintained by a state, political subdivision of a state,**
9 **or any agency or instrumentality of a state or political subdivision of a state. The plan**

10 shall also accept a member's rollover distribution of the portion of a distribution from an
11 individual retirement account or annuity described in Section 408(a) or (b) of the Internal
12 Revenue Code of 1986, as amended, that is eligible to be rolled over and would otherwise
13 be includable in gross income.

14 2. The amount of such rollover contribution or direct rollover of an eligible rollover
15 distribution shall not exceed the amount required either:

16 (1) To repay the member's accumulated contributions plus the applicable member's
17 interest thereon from the date of withdrawal to the date of repayment in order to receive
18 credit for such prior service in accordance with section 86.210, to the extent that Section
19 415 of the Internal Revenue Code of 1986, as amended, does not apply to such repayment
20 by reason of subsection (k)(3) of such section; or

21 (2) To purchase permissive service credit, as defined in Section 415(n)(3)(A) of the
22 Internal Revenue Code of 1986, as amended, for the member under the plan in accordance
23 with the provisions of section 105.691, RSMo.

24 3. Acceptance of any rollover contribution or direct rollover of eligible rollover
25 distribution pursuant to this section shall be subject to the approval of the board of
26 trustees and shall be made in accordance with procedures established by the board of
27 trustees.

28 4. In no event shall the plan accept any rollover contribution or direct rollover
29 distribution to the extent that such contribution or distribution consists of after-tax
30 employee contributions which are not includable in gross income.

 86.348. 1. Notwithstanding any other provision of the plan established in sections
2 86.200 to 86.366, and subject to the provisions of subsections 2 and 3 of this section,
3 effective January 1, 2002, the plan shall accept a direct trustee-to-trustee transfer on behalf
4 of a member from an annuity contract described in Section 403(b) of the Internal Revenue
5 Code of 1986, as amended, or an eligible plan under Section 457(b) of the Internal Revenue
6 Code of 1986, as amended, which is maintained by a state, political subdivision of a state,
7 or any agency or instrumentality of a state or political subdivision.

8 2. A trustee-to-trustee transfer may be accepted by the plan only if the transfer is
9 used:

10 (1) To repay the member's accumulated contributions plus the applicable member's
11 interest thereon from the date of withdrawal to the date of repayment in order to receive
12 credit for such prior service in accordance with section 86.210, to the extent that Section
13 415 of the Internal Revenue Code of 1986, as amended, does not apply to such repayment
14 by reason of subsection (k)(3) of such section; or

15 (2) To purchase permissive service credit, as defined in Section 415(n)(3)(A) of the

16 **Internal Revenue Code of 1986, as amended, for the member under the plan in accordance**
17 **with the provisions of section 105.691, RSMo.**

18 **3. Acceptance of any trustee-to-trustee transfer pursuant to this section shall be**
19 **subject to the approval of the board of trustees and shall be made in accordance with**
20 **procedures established by the board of trustees.**