

FIRST REGULAR SESSION

HOUSE BILL NO. 735

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES BRUNS, WILDBERGER, CARNAHAN, BIVINS, MUCKLER, LEMBKE, ICET (Co-sponsors), WALSH, LIESE, SPRENG, VOGT, ZWEIFEL, DARROUGH, ADAMS, PAGE, CORCORAN, VILLA, DAUS, GREEN (15) AND JACKSON.

Read 1st time April 8, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1713L.011

AN ACT

To repeal section 87.182, RSMo, and to enact in lieu thereof one new section relating to firemen's retirement systems, with an emergency clause.

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

Section A. Section 87.182, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 87.182, to read as follows:

87.182. 1. The board may develop and establish a deferred retirement plan program (DROP) **which may include a self-directed program**, in which members eligible for retirement may participate. The DROP program shall be designed to allow members with at least twenty years of creditable service who have achieved eligibility for retirement and receipt of a service retirement allowance to continue active employment and defer receipt of the retirement allowance for a period not to exceed five years. Any member who has at least twenty years of creditable service may elect in writing before retirement to participate in the DROP program. A member electing to participate in the DROP program shall continue in active employment and shall not receive any direct retirement allowance payments during the time of participation. Upon the start of participation in the DROP program, the member shall make the contributions as provided in section 87.295. No contribution shall be required by the city. During the period of participation in the DROP program, the amount that the member would have received as a service retirement allowance shall be deposited monthly in the member's DROP account which shall be established in his or her name by the board. Service earned during the period of participation in the DROP program shall not be creditable service and shall not be counted in determination of any service retirement allowance.

2. If a member who has elected to participate in the DROP program chooses to stop

18 participation in the DROP program, he or she shall notify the board in writing. Upon receipt of
19 notice of a member's desire to end participation in the DROP program, the board shall return the
20 member to non-DROP participation status and both the member and the city shall make the
21 contributions required by sections 87.120 to 87.370. Service rendered after restoration of the
22 member to non-DROP participation status shall be counted as creditable service. No member
23 ending participation in the DROP program and returning to non-DROP participation status shall
24 make any withdrawal from his or her DROP account until after termination of employment. If
25 after return to non-DROP participation status, a member retires, the member's retirement
26 allowance shall be computed on the combination of the member's pre-DROP service retirement
27 allowance plus an additional allowance earned by a member after returning to non-DROP
28 participation status. Post-DROP participation years of service will be the only years used in
29 computing the additional allowance; however total years of creditable service will be used to
30 determine the appropriate level of additional allowance, two percent or five percent, for each year
31 of post-DROP participation service. Upon retirement the member shall receive additional
32 benefits as provided under the provisions of sections 87.120 to 87.371 plus the amount which
33 has accumulated in his or her DROP account. The amount in the member's DROP account shall
34 be payable, at the member's option, either as a lump sum payment or as a periodic payment
35 calculated according to a deferred payment plan established by the board.

36 3. A member who terminates employment after participation in the DROP program may
37 withdraw any amount in his or her DROP account in a lump sum or according to a deferred
38 payment plan established by the board at his option. If the member is eligible to receive a service
39 retirement allowance, benefit payment shall begin at the time specified in sections 87.120 to
40 87.370.

41 4. If a member dies prior to termination of employment while participating in the DROP
42 program, the funds in his or her DROP account shall be payable to the member's designated
43 beneficiary under either of the following options:

44 (1) A lump sum payment equal to the amount in the member's DROP account shall be
45 paid to the beneficiary or the member's estate. The benefits for a beneficiary provided under the
46 provisions of sections 87.120 to 87.370 shall be based on the member's compensation and
47 creditable service prior to the member's election to participate in the DROP program; or

48 (2) The beneficiary shall waive any right, claim or interest in the member's DROP
49 account and any benefits payable to the beneficiary under the provisions of sections 87.120 to
50 87.370 shall be calculated as if the member had continued as an employee and had not elected
51 to participate in the DROP program. Any funds in a DROP account which has been waived as
52 provided in this subdivision shall become funds of the system.

53 5. If a member who has elected to participate in the DROP program subsequently applies

54 for and receives benefits for an accidental disability retirement allowance under the provisions
55 of section 87.205, the member shall forfeit all rights, claims or interest in his or her DROP
56 account and the member's benefits shall be calculated as if the member had continued in
57 employment and had not elected to participate in the DROP program. Any funds in a DROP
58 account which has been forfeited as provided in this subsection shall become funds of the
59 system.

60 **6. Except in the case of any self-directed program,** a member's DROP account shall
61 earn interest equal to the percentage rate of return of the system's investment portfolio as certified
62 annually by the system's actuary in the yearly evaluation report. **Except in the case of any self-**
63 **directed program,** the interest shall be credited annually to the member's account beginning
64 with the start of the second fiscal year of participation.

65 7. No member may elect to participate in the DROP program more than once.

Section B. Because immediate action is necessary to provide equitable treatment and
2 timely application of certain pension benefits and compensation, section A of this act is deemed
3 necessary for the immediate preservation of the public health, welfare, peace, and safety, and is
4 hereby declared to be an emergency act within the meaning of the constitution, and section A of
5 this act shall be in full force and effect upon its passage and approval.