

SECOND REGULAR SESSION

# HOUSE BILL NO. 1218

## 92ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES JOHNSON (47) (Sponsor), CURLS, SKAGGS, YOUNG, BISHOP, LeVOTA, BURNETT, BLAND, MEINERS, YATES, MOORE, DUSENBERG, JOLLY, WALKER, WILLOUGHBY AND SAGER (Co-sponsors).

Read 1<sup>st</sup> time January 22, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

3987L.011

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### AN ACT

To repeal section 86.441, RSMo, and to enact in lieu thereof one new section relating to civilian employees retirement system of the police department of Kansas City.

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

Section A. Section 86.441, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 86.441, to read as follows:

86.441. 1. Any member who retires on a pension subsequent to August 13, 1972, may receive each year, beginning January 1, 1972, in addition to such member's base pension, a cost-of-living adjustment in an amount not to exceed three percent of such member's base pension during any one year provided that the retirement pension system shall remain actuarially sound.

2. Any member who was retired on August 13, 1972, may receive each year, beginning January 1, 1986, in addition to such member's base pension, a cost-of-living adjustment in an amount not to exceed three percent of such base pension during any one year, provided that the retirement pension system shall remain actuarially sound.

3. If a member who has been retired and receiving a pension dies after September 28, 1987, the surviving spouse or children of such member entitled to receive a base pension pursuant to section 86.447 shall also receive a percentage cost-of-living adjustment to their respective base pension equal to the total percentage cost-of-living adjustments received during such member's lifetime pursuant to this section.

4. The cost-of-living adjustment **under subsections 1 and 2 of this section** shall be an

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

16 increase or decrease computed on the base pension amount by the retirement board in an amount  
17 that the board, in its discretion, determines to be satisfactory, but in no event shall the adjustment  
18 be more than three percent or reduce the pension to an amount less than the base pension.

19         5. In determining and granting [the] **all** cost-of-living adjustments **under this section**,  
20 the retirement board shall adopt such rules and regulations as may be necessary to effectuate the  
21 purposes of this section including provisions for the manner of computation of such adjustments  
22 and the effective dates thereof. The retirement board shall provide for such adjustments to be  
23 determined once each year and granted on a date or dates to be chosen by the board and may  
24 apply such adjustments in full to members who have retired during the year prior to such  
25 adjustments but who have not been retired for one full year and to the surviving spouse or  
26 children of a member who has died during the year prior to such adjustments.

27         6. [As used in] **For all purposes of this [cost-of-living adjustment] section**, the term  
28 "base pension" shall mean, when used in connection with a member, the pension computed under  
29 the provisions of the law as of the date of retirement of the member without regard to  
30 cost-of-living adjustment **except for adjustments, if any, as provided in subsection 7 of this**  
31 **section** and, when used in connection with a surviving spouse or children of a member, the  
32 pension computed under the provisions of the law as of the date of death of the member without  
33 regard to cost-of-living adjustment except as provided in **subsection 7 of this section and**  
34 **section 86.447**. For the purposes of subsections 1 and 2 of this section, the term "member" shall  
35 include a surviving spouse entitled to pension benefits from this retirement system and any  
36 children of the member who are entitled to receive part or all of the pension which would be  
37 received by a surviving spouse if living.

38         7. **(1) Any member who retired prior to August 28, 2000, and any member whose**  
39 **pension is payable pursuant to section 86.450 or 86.457 and who retired after August 28,**  
40 **2000, but prior to August 28, 2001, may receive in each year beginning August 29, 2004,**  
41 **in addition to the member's base pension and all cost-of-living adjustments under other**  
42 **subsections of this section, an equalizing cost-of-living adjustment not to exceed an**  
43 **aggregate for all years of five percent of the member's base pension.**

44         **(2) The equalizing cost-of-living adjustment provided by this section shall be an**  
45 **increase computed each year on the base pension in an amount, if any, as determined by**  
46 **the retirement board.**

47         **(3) In determining and granting the equalizing cost-of-living adjustments, the**  
48 **retirement board shall base its determination on advice of the plan's actuary, that the**  
49 **increase in the benefit will not cause the present value of anticipated future plan benefits**  
50 **calculated on the actuarial assumptions used for the most recent annual valuation, to**  
51 **exceed the sum of the trust fund assets plus the present value of anticipated future**

52 **contributions to the trust fund.**

53 **(4) Equalizing cost-of-living adjustments pursuant to this section shall increase the**  
54 **base pension of the recipient member, effective with the effective date of each increase**  
55 **pursuant to this section, for all purposes of sections 86.370 to 86.497 except subdivisions**  
56 **(1) and (2) of this subsection.**

57 **(5) For purposes of this subsection, the term "member" shall include a surviving**  
58 **spouse entitled to pension benefits from this retirement system and any children of the**  
59 **member who are entitled to receive part or all of the pension which would be received by**  
60 **a surviving spouse if living. The right to an equalizing cost-of-living adjustment pursuant**  
61 **to this section for a surviving spouse or children shall be determined by the retirement date**  
62 **of the member through whose account the spouse's or children's rights are derived.**

63 **(6) For purposes of subdivisions (1) and (2) of this subsection, the term "base**  
64 **pension", means:**

65 **(a) For a member who retired prior to August 28, 2000, the member's base pension**  
66 **as of August 28, 2000; or**

67 **(b) For a member whose pension is payable pursuant to section 86.450 or 86.457**  
68 **and who retired after August 28, 2000, but prior to August 28, 2001, the member's base**  
69 **pension as of August 28, 2001.**

70 **8.** The determination of whether the retirement pension system will remain actuarially  
71 sound shall be made at the time any cost-of-living adjustment is granted. If at any time the  
72 retirement pension system becomes actuarially unsound, pension payments shall continue as  
73 adjusted by increases theretofore granted. A member of the retirement board shall have no  
74 personal liability for granting increases under this section if that retirement board member in  
75 good faith relied and acted upon advice of a qualified actuary that the retirement pension system  
76 would remain actuarially sound.