

HCS HB 1480 -- POLICE OFFICERS ANNUITY FUND

SPONSOR: Smith, 118 (Rupp)

COMMITTEE ACTION: Voted "do pass" by the Committee on Retirement by a vote of 9 to 3.

This substitute creates the Police Chiefs' and Officers' Annuity Fund. The annuity will be funded by member contributions of \$20 per month and a \$7 surcharge in all criminal cases, including infractions and ordinances. This surcharge will not be assessed when the costs are waived or are paid by the state, county, or municipality. A six-member board of police officers and police chiefs will oversee the fund; hire an executive director; and contract for the services of an actuary, investment counsel, and certified public accountant.

The fund will make monthly payments, in an amount of \$500 per month for five years to eligible members. The substitute specifies the terms of eligibility and how creditable service is determined. Eligible members can start drawing the annuity five years after its creation.

The substitute also allows an eligible member's estate or designated beneficiary to receive a death benefit of \$10,000 upon the death of the eligible member.

FISCAL NOTE: No impact on General Revenue Fund in FY 2005, FY 2006, and FY 2007. Estimated Income on Other State Funds of \$7,439,577 to Unknown in FY 2005, \$8,927,492 to Unknown in FY 2006, and \$8,927,492 to Unknown in FY 2007.

PROPOSERS: Supporters say that the bill does not create a new retirement system, but provides eligible officers with a monthly annuity payment which can be used to offset the cost of rising health insurance premiums. Compounding the issue of rising health insurance costs, smaller municipalities often struggle or do not have the resources to provide health insurance benefits to law enforcement officers. The bill will allow eligible law enforcement officials to use the annuity payment to obtain health insurance at a reduced cost.

Testifying for the bill were Representative Rupp; Missouri Insurance Coalition; MetLife Resources; Missouri Municipal League; City of Pacific; City of Hazelwood; Lake St. Louis Police Department; City of Warrenton; City of Wright City; Manchester Police Department; and Missouri Police Chiefs' Association.

OPPOSERS: There was no opposition voiced to the committee.

Joseph Deering, Legislative Analyst