

FIRST REGULAR SESSION

HOUSE BILL NO. 602

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE WAGNER.

Read 1st time February 22, 2005 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1345L.011

AN ACT

To repeal section 86.200, RSMo, and to enact in lieu thereof one new section relating to police relief and pension systems.

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

Section A. Section 86.200, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 86.200, to read as follows: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 compensation of the member during the member's last two years of creditable service as a

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

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 not participating in the DROP under section**
20 **86.251 on October 1, 2005, who did not participate in the DROP at any time before such**
21 **date, and who earns any creditable service on or after October 1, 2005, the earned**
22 **compensation of the member during the member's last year of creditable service as a**
23 **policeman, or if the member has had less than one year of creditable service, then the**
24 **average earnable compensation of the member's entire period of creditable service;**

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

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

41 **[(e)] (f)** With respect to a member who is participating in the DROP pursuant to section
42 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns
43 to active participation in the system pursuant to section 86.251, and whose employment as a
44 police officer terminates due to death or disability after such return, the member's benefit
45 attributable to all of such member's creditable service shall be determined using the member's
46 average final compensation as defined in paragraph (b) of this subdivision; [and]

47 **(g) With respect to a member who is participating in the DROP under section**
48 **86.251 on October 1, 2005, or whose participation in the DROP ended before such date,**
49 **who returns to active participation in the system under section 86.251, and who terminates**
50 **employment as a police officer for reasons other than death or disability before earning at**
51 **least one year of creditable service after such return, the portion of the member's benefit**
52 **attributable to creditable service earned before the DROP shall be determined using**

53 **average final compensation as defined in paragraph (b) of this subdivision; and the portion**
54 **of the member's benefit attributable to creditable service earned after return to active**
55 **participation in the system shall be determined using average final compensation as**
56 **defined in paragraph (c) of this subdivision;**

57 **(h) With respect to a member who is participating in the DROP under section**
58 **86.251 on October 1, 2005, or whose participation in the DROP ended before such date,**
59 **who returns to active participation in the system under section 86.251, and who terminates**
60 **employment as a police officer after earning at least one year of creditable service after**
61 **such return, the member's benefit attributable to all of such member's creditable service**
62 **shall be determined using the member's average final compensation as defined in**
63 **paragraph (c) of this subdivision; and**

64 **[(f)] (i) With respect to the surviving spouse or surviving dependent child of a member**
65 **who earns any creditable service on or after October 1, 2001, the average earnable compensation**
66 **of the member during the member's last [two years] year of creditable service as a police officer**
67 **or, if the member has had less than [two years] one year of creditable service, the average**
68 **earnable compensation of the member's entire period of creditable service;**

69 **(4) "Beneficiary", any person in receipt of a retirement allowance or other benefit;**

70 **(5) "Board of police commissioners", any board of police commissioners, police**
71 **commissioners and any other officials or boards now or hereafter authorized by law to employ**
72 **and manage a permanent police force in such cities;**

73 **(6) "Board of trustees", the board provided in sections 86.200 to 86.366 to administer**
74 **the retirement system;**

75 **(7) "Creditable service", prior service plus membership service as provided in sections**
76 **86.200 to 86.366;**

77 **(8) "DROP", the deferred retirement option plan provided for in section 86.251;**

78 **(9) "Earnable compensation", the annual salary which a member would earn during one**
79 **year on the basis of the member's rank or position as specified in the applicable salary matrix in**
80 **section 84.160, RSMo, plus additional compensation for academic work as provided in**
81 **subsection 8 of section 84.160, RSMo, plus shift differential as provided in subdivision (4) of**
82 **subsection 9 of section 84.160, RSMo. Such amount shall include the member's deferrals to a**
83 **deferred compensation plan pursuant to Section 457 of the Internal Revenue Code or to a**
84 **cafeteria plan pursuant to Section 125 of the Internal Revenue Code or, effective October 1,**
85 **2001, to a transportation fringe benefit program pursuant to Section 132(f)(4) of the Internal**
86 **Revenue Code. Earnable compensation shall not include a member's additional compensation**
87 **for overtime, standby time, court time, nonuniform time or unused vacation time.**
88 **Notwithstanding the foregoing, the earnable compensation taken into account under the plan**

89 established pursuant to sections 86.200 to 86.366 with respect to a member who is a noneligible
90 participant, as defined in this subdivision, for any plan year beginning on or after October 1,
91 1996, shall not exceed the amount of compensation that may be taken into account under Section
92 401(a)(17) of the Internal Revenue Code, as adjusted for increases in the cost of living, for such
93 plan year. For purposes of this subdivision, a "noneligible participant" is an individual who first
94 becomes a member on or after the first day of the first plan year beginning after the earlier of:

- 95 (a) The last day of the plan year that includes August 28, 1995; or
- 96 (b) December 31, 1995;

97 (10) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as amended;

98 (11) "Mandatory contributions", the contributions required to be deducted from the
99 salary of each member who is not participating in DROP in accordance with section 86.320;

100 (12) "Medical board", the board of physicians provided for in section 86.237;

101 (13) "Member", a member of the retirement system as defined by sections 86.200 to
102 86.366;

103 (14) "Members' interest", interest on accumulated contributions at such rate as may be
104 set from time to time by the board of trustees;

105 (15) "Membership service", service as a policeman rendered since last becoming a
106 member, except in the case of a member who has served in the armed forces of the United States
107 and has subsequently been reinstated as a policeman, in which case "membership service" means
108 service as a policeman rendered since last becoming a member prior to entering such armed
109 service;

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

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

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

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

120 (20) "Retirement system", the police retirement system of the cities as defined in sections
121 86.200 to 86.366;

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