

FIRST REGULAR SESSION

[PERFECTED]

HOUSE BILL NO. 261

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DEEKEN.

Read 1st time January 19, 2005 and copies ordered printed.

Read 2nd time January 20, 2005 and referred to the Committee on Retirement January 27, 2005.

Reported from the Committee on Retirement March 10, 2005 with recommendation that the bill Do Pass by Consent. Referred to the Committee on Rules pursuant to Rule 25(26)(f).

Reported from the Committee on Rules March 15, 2005 with recommendation that the bill Do Pass by Consent with no time limit for debate.

Perfectured by Consent March 30, 2005.

STEPHEN S. DAVIS, Chief Clerk

1067L.01P

AN ACT

To repeal section 70.655, RSMo, and to enact in lieu thereof one new section relating to local government employee retirement.

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

Section A. Section 70.655, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 70.655, to read as follows:

70.655. 1. Upon a member's retirement he **or she** shall receive an allowance for life in accordance with the applicable benefit program elected by [his] **the member's** employer, as follows:

(1) Benefit program L-1. A member with credited service covered by benefit program L-1 shall receive an allowance for life equal to one percent of [his] **the member's** final average salary multiplied by [his] **the** number of years of such credited service.

(2) Benefit program L-3. A member with credited service covered by benefit program L-3 shall receive an allowance for life equal to one and one-quarter percent of [his] **the member's** final average salary multiplied by [his] **the** number of years of such credited service.

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.

10 (3) Benefit program LT-4. A member with credited service covered by benefit program
11 LT-4 shall receive an allowance for life equal to one percent of [his] **the member's** final average
12 salary multiplied by [his] **the** number of years of such credited service. In addition, if such
13 member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and if such
14 member's age at retirement is younger than age sixty-two, then such member shall receive a
15 temporary allowance equal to one percent of [his] **the member's** final average salary multiplied
16 by [his] **the** number of years of such credited service. Such temporary allowance shall terminate
17 at the end of the calendar month in which the earlier of the following events occurs: such
18 member's death; or [his] **the member's** attainment of age sixty-two.

19 (4) Benefit program LT-5. A member with credited service covered by benefit program
20 LT-5 shall receive an allowance for life equal to one and one-quarter percent of [his] **the**
21 **member's** final average salary multiplied by [his] **the** number of years of such credited service.
22 In addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
23 70.670, and if such member's age at retirement is younger than age sixty-two, then such member
24 shall receive a temporary allowance equal to three-quarters of one percent of [his] **the member's**
25 final average salary multiplied by [his] **the** number of years of such credited service. Such
26 temporary allowance shall terminate at the end of the calendar month in which the earlier of the
27 following events occurs: such member's death; or [his] **the member's** attainment of age
28 sixty-two.

29 (5) Benefit program L-6. A member with credited service covered by benefit program
30 L-6 shall receive an allowance for life equal to two percent of [his] **the member's** final average
31 salary multiplied by [his] **the** number of years of such credited service.

32 (6) Benefit program L-7. A member with credited service covered by benefit program
33 L-7 shall receive an allowance for life equal to one and one-half percent of [his] **the member's**
34 final average salary multiplied by [his] **the** number of years of such credited service.

35 (7) Benefit program LT-8. A member with credited service covered by benefit program
36 LT-8 shall receive an allowance for life equal to one and one-half percent of [his] **the member's**
37 final average salary multiplied by [his] **the** number of years of such credited service. In addition,
38 if such member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and
39 if such member's age at retirement is younger than age sixty-two, then such member shall receive
40 a temporary allowance equal to one-half of one percent of [his] **the member's** final average
41 salary multiplied by [his] **the** number of years of such credited service. Such temporary
42 allowance shall terminate at the end of the calendar month in which the earlier of the following
43 events occurs: such member's death; or [his] **the member's** attainment of age sixty-two.

44 (8) Benefit program LT-4(65). A member with credited service covered by benefit
45 program LT-4(65) shall receive an allowance for life equal to one percent of [his] **the member's**

46 final average salary multiplied by [his] **the** number of years of such credited service. In addition,
47 if such member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and
48 if such member's age at retirement is younger than age sixty-five, then such member shall receive
49 a temporary allowance equal to one percent of [his] **the member's** final average salary multiplied
50 by [his] **the** number of years of such credited service. Such temporary allowance shall terminate
51 at the end of the calendar month in which the earlier of the following events occurs: such
52 member's death; or [his] **the member's** attainment of age sixty-five.

53 (9) Benefit program LT-5(65). A member with credited service covered by benefit
54 program LT-5(65) shall receive an allowance for life equal to one and one-quarter percent of
55 [his] **the member's** final average salary multiplied by [his] **the** number of years of such credited
56 service. In addition, if such member is retiring as provided in section 70.645 or section 70.650
57 or section 70.670, and if such member's age at retirement is younger than age sixty-five, then
58 such member shall receive a temporary allowance equal to three-quarters of one percent of [his]
59 **the member's** final average salary multiplied by [his] **the** number of years of such credited
60 service. Such temporary allowance shall terminate at the end of the calendar month in which the
61 earlier of the following events occurs: such member's death; or [his] **the member's** attainment
62 of age sixty-five.

63 (10) Benefit program LT-8(65). A member with credited service covered by benefit
64 program LT-8(65) shall receive an allowance for life equal to one and one-half percent of [his]
65 **the member's** final average salary multiplied by [his] **the** number of years of such credited
66 service. In addition, if such member is retiring as provided in section 70.645 or section 70.650
67 or section 70.670, and if such member's age at retirement is younger than age sixty-five, then
68 such member shall receive a temporary allowance equal to one-half of one percent of [his] **the**
69 **member's** final average salary multiplied by [his] **the** number of years of such credited service.
70 Such temporary allowance shall terminate at the end of the calendar month in which the earlier
71 of the following events occurs: such member's death; or [his] **the member's** attainment of age
72 sixty-five.

73 (11) Benefit program L-9. A member with credited service covered by benefit program
74 L-9 shall receive an allowance for life equal to one and six-tenths percent of [his] **the member's**
75 final average salary multiplied by [his] **the** number of years of such credited service.

76 (12) Benefit program LT-10(65). A member with credited service covered by benefit
77 program LT-10(65) shall receive an allowance for life equal to one and six-tenths percent of [his]
78 **the members'** final average salary multiplied by [his] **the** number of years of such credited
79 service. In addition, if such member is retiring as provided in section 70.645 or section 70.650
80 or section 70.670, and if such member's age at retirement is younger than age sixty-five, then
81 such member shall receive a temporary allowance equal to four-tenths of one percent of [his] **the**

82 **member's** final average salary multiplied by [his] **the** number of years of such credited service.
83 Such temporary allowance shall terminate at the end of the calendar month in which the earlier
84 of the following events occurs: such member's death; or [his] **the member's** attainment of age
85 sixty-five.

86 (13) Benefit program L-11. Benefit program L-11 may cover employment in a position
87 only if such position is not concurrently covered by federal Social Security; in addition, if such
88 position was previously covered by federal Social Security, benefit program L-11 may cover only
89 employment rendered after cessation of federal Social Security coverage. A member with
90 credited service covered by benefit program L-11 shall receive an allowance for life equal to two
91 and one-half percent of [his] **the member's** final average salary multiplied by [his] **the** number
92 of years of such credited service.

93 (14) **Benefit program L-12. A member with credited service covered by benefit**
94 **program L-12 shall receive an allowance for life equal to one and three-quarter percent of**
95 **the member's final average salary multiplied by the number of years of such credited**
96 **service.**

97 (15) **Benefit program LT-14(65). A member with credited service covered by**
98 **benefit program LT-14(65) shall receive an allowance for life equal to one and three-**
99 **quarter percent of the member's final average salary multiplied by the number of years of**
100 **such credited service. In addition, if such member is retiring as provided in section 70.645,**
101 **70.650, or 70.670, then such member shall receive a temporary allowance equal to one-**
102 **quarter of one percent of the member's final average salary multiplied by the number of**
103 **years of such credited service. Such temporary allowance shall terminate at the end of the**
104 **calendar month in which the earlier of the following events occurs: such member's death**
105 **or the member's attainment of age sixty-five.**

106 2. If each portion of a member's credited service is not covered by the same benefit
107 program, then [his] **the member's** total allowance for life shall be the total of the allowance for
108 life determined under each applicable benefit program.

109 3. Each employer shall have the credited service of each of its members covered by
110 benefit program L-1 provided for in this section unless such employer shall have elected another
111 benefit program provided for in this section.

112 4. Except as otherwise provided in this subsection, each political subdivision, by
113 majority vote of its governing body, may elect from time to time to cover its members, whose
114 political subdivision employment is concurrently covered by federal Social Security, under one
115 of the benefit programs provided for in this section. Each political subdivision, by majority vote
116 of its governing body, may elect from time to time to cover its members, whose political
117 subdivision employment is not concurrently covered by federal Social Security, under one of the

118 benefit programs provided for in this section. The clerk or secretary of the political subdivision
119 shall certify the election of the benefit program to the board within ten days after such vote. The
120 effective date of the political subdivision's benefit program is the first day of the calendar month
121 specified by such governing body, or the first day of the calendar month next following receipt
122 by the board of the certification of election of benefit program, or the effective date of the
123 political subdivision becoming an employer, whichever is the latest. Such election of benefit
124 program may be changed from time to time by such vote, but not more often than biennially. If
125 such changed benefit program provides larger allowances than the benefit program previously
126 in effect, then such larger benefit program shall be applicable to the past and future employment
127 with the employer by present and future employees. If such changed benefit program provides
128 smaller allowances than the benefit program previously in effect, then such changed benefit
129 program shall be applicable only to credited service for employment rendered from and after the
130 effective date of such change. After August 28, 1994, political subdivisions shall not elect
131 coverage under benefit program LT-4, benefit program LT-5, or benefit program LT-8. **After**
132 **August 28, 2005, political subdivisions shall not elect coverage under benefit program L-9**
133 **or benefit program LT-10(65).**

134 5. Should an employer change its election of benefit program as provided in this section,
135 the employer contributions shall be correspondingly changed effective the same date as the
136 benefit program change.

137 6. The limitation on increases in an employer's contribution provided by subsection 6 of
138 section 70.730 shall not apply to any contribution increase resulting from an employer electing
139 a benefit program which provides larger allowances.

140 7. Subject to the provisions of subsections 9 and 10 of this section, for an allowance
141 becoming effective on September 28, 1975, or later, and beginning with the October first which
142 is at least twelve full months after the effective date of the allowance, the amount of the
143 allowance shall be redetermined effective each October first and such redetermined amount shall
144 be payable for the ensuing year. Subject to the limitations stated in the next sentence, such
145 redetermined amount shall be the amount of the allowance otherwise payable multiplied by the
146 following percent: one hundred percent, plus two percent for each full year (excluding any
147 fraction of a year) in the period from the effective date of the allowance to the current October
148 first. In no event shall such redetermined amount (1) be less than the amount of the allowance
149 otherwise payable nor (2) be more than the amount of the allowance otherwise payable
150 multiplied by the following fraction: the numerator shall be the Consumer Price Index for the
151 month of June immediately preceding such October first (but in no event an amount less than the
152 denominator below) and the denominator shall be the Consumer Price Index for the month of
153 June immediately preceding the effective date of the allowance. As used herein, "Consumer

154 Price Index" means the Consumer Price Index for Urban Wage Earners and Clerical Workers,
155 as determined by the United States Department of Labor and in effect January 1, 1975; provided,
156 should such Consumer Price Index be restructured subsequent to 1974 in a manner materially
157 changing its character, the board shall change the application of the Consumer Price Index so that
158 as far as is practicable the 1975 intent of the use of the Consumer Price Index shall be continued.
159 As used herein "the amount of the allowance otherwise payable" means the amount of the
160 allowance which would be payable without regard to these provisions redetermining allowance
161 amounts after retirement.

162 8. Subject to the provisions of subsections 9 and 10 of this section, for an allowance
163 becoming effective on September 28, 1975, or later, the maximum allowance payable under the
164 provisions of section 70.685 shall be redetermined each October first in the same manner as an
165 allowance is redetermined under the provisions of subsection 7 of this section.

166 9. (1) The system establishes reserves for the payment of future allowances to retirants
167 and beneficiaries. Should the board determine, after consulting with the actuary, that the
168 established reserves are more than sufficient to provide such allowances, the board may increase
169 the annual increase rate provided for in subsections 7 and 8 of this section, as it applies to any
170 allowance payable, but in no event shall the total of all redetermined amounts as of October first
171 of any year be greater than one hundred four percent of the allowances which would have been
172 payable that October first without such redeterminations; provided, as of any redetermination
173 date the same annual increase rate shall be applied to all allowances with effective dates in the
174 range of November first to October first of the following year. The board may extend the
175 provisions of subsections 7 and 8 of this section to allowances which became effective before
176 September 28, 1975; provided such an action by the board shall not increase an employer
177 contribution rate then in effect;

178 (2) After August 28, 1993, the annual increase rate established by this subsection shall
179 be a compound rate, compounded annually, and the four percent annual maximum rate shall also
180 be a compound rate, compounded annually; provided, the use of such compounding shall not
181 begin until October 1, 1993, and shall not affect redeterminations made prior to that date.

182 10. Should the board determine that the provisions of subsections 7, 8 and 9 of this
183 section are jeopardizing the financial solvency of the system, the board shall suspend these
184 provisions redetermining allowance amounts after retirement for such periods of time as the
185 board deems appropriate.