#### FIRST REGULAR SESSION

### HOUSE COMMITTEE SUBSTITUTE FOR

# **HOUSE BILL NO. 947**

## 95TH GENERAL ASSEMBLY

2321L.03C D. ADAM CRUMBLISS, Chief Clerk

## AN ACT

To repeal sections 86.200, 86.237, 86.257, 86.260, 86.263, 86.270, 86.1170, and 86.1240, RSMo, and to enact in lieu thereof eight new sections relating to police retirement, with an emergency clause, for a certain section.

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

Section A. Sections 86.200, 86.237, 86.257, 86.260, 86.263, 86.270, 86.1170, and

- 2 86.1240, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as
- 3 sections 86.200, 86.237, 86.257, 86.260, 86.263, 86.270, 86.1170, and 86.1240, to read as
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- 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:
- 6 (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":
- 9 (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;
- 13 (b) With respect to a member who is not participating in the DROP pursuant to section
- 14 86.251 on October 1, 2001, who did not participate in the DROP at any time before such date,
- 15 and who earns any creditable service on or after October 1, 2001, the average earnable

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.

compensation of the member during the member's last two years of creditable service as a policeman, or if the member has had less than two years of creditable service, then the average earnable compensation of the member's entire period of creditable service;

- (c) With respect to a member who is participating in the DROP pursuant to section 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns to active participation in the system pursuant to section 86.251, and who terminates employment as a police officer for reasons other than death or disability before earning at least two years of creditable service after such return, the portion of the member's benefit attributable to creditable service earned before DROP entry shall be determined using average final compensation as defined in paragraph (a) of this subdivision; and the portion of the member's benefit attributable to creditable service earned after return to active participation in the system shall be determined using average final compensation as defined in paragraph (b) of this subdivision;
- (d) With respect to a member who is participating in the DROP pursuant to section 86.251 on October 1, 2001, or whose participation in the DROP ended before such date, who returns to active participation in the system pursuant to section 86.251, and who terminates employment as a police officer after earning at least two years of creditable service after such return, the member's benefit attributable to all of such member's creditable service shall be determined using the member's average final compensation as defined in paragraph (b) of this subdivision;
- (e) With respect to a member who is participating in the DROP pursuant to section 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns to active participation in the system pursuant to section 86.251, and whose employment as a police officer terminates due to death or disability after such return, the member's benefit attributable to all of such member's creditable service shall be determined using the member's average final compensation as defined in paragraph (b) of this subdivision; and
- (f) With respect to the surviving spouse or surviving dependent child of a member 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 police officer or, if the member has had less than two years of creditable service, the average earnable compensation of the member's entire period of creditable service;
  - (4) "Beneficiary", any person in receipt of a retirement allowance or other benefit;
- (5) "Board of police commissioners", any board of police commissioners, police commissioners and any other officials or boards now or hereafter authorized by law to employ and manage a permanent police force in such cities;
- (6) "Board of trustees", the board provided in sections 86.200 to 86.366 to administer the retirement system;

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- 52 (7) "Creditable service", prior service plus membership service as provided in sections 53 86.200 to 86.366;
  - (8) "DROP", the deferred retirement option plan provided for in section 86.251;
  - (9) "Earnable compensation", the annual salary which a member would earn during one year on the basis of the member's rank or position as specified in the applicable salary matrix in section 84.160, RSMo, plus additional compensation for academic work as provided in subsection 8 of section 84.160, RSMo, plus shift differential as provided in subdivision (4) of subsection 9 of section 84.160, RSMo. Such amount shall include the member's deferrals to a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code or to a cafeteria plan pursuant to Section 125 of the Internal Revenue Code or, effective October 1, 2001, to a transportation fringe benefit program pursuant to Section 132(f)(4) of the Internal Revenue Code. Earnable compensation shall not include a member's additional compensation for overtime, standby time, court time, nonuniform time or unused vacation time. Notwithstanding the foregoing, the earnable compensation taken into account under the plan established pursuant to sections 86.200 to 86.366 with respect to a member who is a noneligible participant, as defined in this subdivision, for any plan year beginning on or after October 1, 1996, shall not exceed the amount of compensation that may be taken into account under Section 401(a)(17) of the Internal Revenue Code, as adjusted for increases in the cost of living, for such plan year. For purposes of this subdivision, a "noneligible participant" is an individual who first becomes a member on or after the first day of the first plan year beginning after the earlier of:
    - (a) The last day of the plan year that includes August 28, 1995; or
    - (b) December 31, 1995;
      - (10) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as amended;
  - (11) "Mandatory contributions", the contributions required to be deducted from the salary of each member who is not participating in DROP in accordance with section 86.320;
    - (12) ["Medical board", the board of physicians provided for in section 86.237;
- 78 (13)] "Member", a member of the retirement system as defined by sections 86.200 to 86.366;
- 80 [(14)] (13) "Members' interest", interest on accumulated contributions at such rate as 81 may be set from time to time by the board of trustees;
  - [(15)] (14) "Membership service", service as a policeman rendered since last becoming a member, except in the case of a member who has served in the armed forces of the United States and has subsequently been reinstated as a policeman, in which case "membership service" means service as a policeman rendered since last becoming a member prior to entering such armed service;

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- [(16)] (15) "Plan year" or "limitation year", the twelve consecutive-month period beginning each October first and ending each September thirtieth;
- [(17)] (16) "Policeman" or "police officer", any member of the police force of such cities who holds a rank in such police force for which the annual salary is listed in section 84.160, RSMo;
  - [(18)] (17) "Prior service", all service as a policeman rendered prior to the date the system becomes operative or prior to membership service which is creditable in accordance with the provisions of sections 86.200 to 86.366;
  - [(19)] (18) "Retirement allowance", annual payments for life as provided by sections 86.200 to 86.366 which shall be payable in equal monthly installments or any benefits in lieu thereof granted to a member upon termination of employment as a police officer and actual retirement;
- 99 [(20)] (19) "Retirement system", the police retirement system of the cities as defined in sections 86.200 to 86.366;
- 101 **[**(21)**] (20)** "Surviving spouse", the surviving spouse of a member who was the 102 member's spouse at the time of the member's death.
  - 86.237. 1. The board of trustees is authorized to use the city counselor of the specified cities as a legal advisor to the board of trustees and may also appoint an attorney-at-law or firm of attorneys-at-law to serve as the legal advisor and consultant to the board of trustees and to represent the system and the board of trustees in all legal proceedings.
  - 5 2. The board of trustees shall designate a medical [board to be composed of three physicians who shall director, who shall appoint physicians, including himself or herself if appropriate, as he or she deems necessary to arrange for and pass upon all medical examinations required under the provisions of sections 86.200 to 86.366[,]. Such physicians shall investigate all essential statements [and certificates] as to physical or mental conditions made by or on behalf of a member in connection with an application for disability retirement and shall report in writing [to the board of trustees its] **their** conclusions and recommendations upon 11 all the matters referred to [it] them. [In addition, the board of trustees may appoint a fourth 12 13 physician to act as an administrator of the medical board who may, with the consent of the board 14 of trustees, select the members of the medical board and coordinate any reports to the board of 15 trustees.] The medical director shall report in writing to the board of trustees conclusions 16 and recommendations concerning all essential statements as to physical or mental 17 conditions made by or on behalf of a member in connection with an application for 18 disability retirement.
    - 86.257. **1.** Upon the application of a member in service or of the board of police commissioners, any member who has [had] **completed** ten or more years of creditable service

- shall terminate employment as a police officer and] and who has become permanently unable to perform the duties of a police officer as the result of an injury or illness not exclusively caused or induced by the actual performance of his or her official duties or by his or her own negligence, shall be [actually] retired by the board of trustees[, not more than ninety days next following the date of filing such application on an ordinary disability retirement allowance; provided, that] of the police retirement system upon certification by the medical [board after a medical examination of such member shall certify that such] director of the police retirement system and approval by the board of trustees of the police retirement system that the member is mentally or physically [incapacitated for the further performance of duty, that such incapacity] unable to perform the duties of a police officer, that the inability is permanent or likely to [be] become permanent, and that [such] the member should be retired.
  - 2. Once each year during the first five years following such member's retirement, and at least once in every three-year period thereafter, the board of trustees may, and upon the member's application shall, require any nonduty disability beneficiary who has not yet attained sixty years of age, to undergo a medical examination at a place designated by the medical director or such physicians as the medical director appoints. If any nonduty disability beneficiary who has not attained sixty years of age refuses to submit to a medical examination, his or her nonduty disability pension may be discontinued until his or her withdrawal of such refusal, and if his or her refusal continues for one year, all rights in and to such pension may be revoked by the board of trustees.
  - 3. If the medical director certifies to the board of trustees that a nonduty disability beneficiary is able to perform the duties of a police officer, and if the board of trustees concurs on the report, then such beneficiary's nonduty disability pension shall cease.
  - 4. If upon cessation of a disability pension under subsection 3 of this section, the former disability beneficiary is restored to active service, he or she shall again become a member, and he or she shall contribute thereafter at the same rate as other members. Upon his or her subsequent retirement, he or she shall be credited with all of his or her active retirement, but not including any time during which the former disability beneficiary received a disability pension under this section.

86.260. 1. Upon termination of employment as a police officer and actual retirement for [ordinary] **nonduty** disability a member shall receive a service retirement allowance **as calculated under subsection 1 of section 86.253** if the member has attained the age of fifty-five or completed twenty years of creditable service; otherwise the member shall receive [an ordinary] **a nonduty** disability retirement allowance which shall be equal to ninety percent of the member's accrued service retirement in section 86.253, but not less than one-fourth of the member's average final compensation; provided, however, that no such allowance shall exceed ninety

8 percent of the member's accrued service retirement benefit based on continuation of the 9 member's creditable service to the age set out in section 86.250.

- 2. Effective October 1, 1999, the [ordinary] **nonduty** disability retirement allowance will be increased by fifteen percent of the member's average final compensation for each unmarried dependent child of the disabled member who is under the age of eighteen, or who, regardless of age, is totally and permanently mentally or physically disabled and incapacitated from engaging in gainful occupation sufficient to support himself or herself.
- 3. Any member receiving benefits pursuant to the provisions of this section immediately prior to October 1, 1999, shall upon application to the board of trustees be made, constituted, appointed and employed by the board of trustees as a special consultant on the problems of retirement, aging and other matters while the member is receiving such benefits, and upon request of the board of trustees shall give opinions in writing or orally in response to such requests as may be required. Beginning October 1, 1999, for such services as may be required, there shall be payable an additional monthly compensation of one hundred dollars or five percent of the member's average final compensation, whichever is greater, for each unmarried dependent child of the member.
- 4. Any benefit payable to or for the benefit of a child or children under the age of eighteen years pursuant to the provisions of subsections 2 and 3 of this section shall continue to be paid beyond the age of eighteen years through the age of twenty-two years in those cases where the child is a full-time student at a regularly accredited college, business school, nursing school, school for technical or vocational training, or university, but such extended benefit shall cease whenever the child ceases to be a student. A college or university shall be deemed to be regularly accredited which maintains membership in good standing in a national or regional accrediting agency recognized by any state college or university.
- 5. No benefits pursuant to this section shall be paid to a child over eighteen years of age who is totally and permanently disabled if such child is a patient or resident of a public-supported institution, nor shall such benefits be paid unless such disability occurred prior to such child reaching the age of eighteen.

86.263. [Upon application by the member or the board of police commissioners] 1. Any member who [has become totally and permanently incapacitated for duty at some definite time and place] is permanently unable to perform the duties of a police officer as the natural [and] , proximate, and exclusive result of an accident occurring [while in] within the actual performance of duty at some definite time and place, through no negligence on the member's part, [and if such accident occurred not more than five years prior to date of application unless the accident was reported and an examination made of the member by the medical staff of the board of police commissioners within five years of the date of the accident with subsequent

- examinations made as requested,] shall, upon application, be retired upon certification by [the board of trustees provided that] the medical [board shall certify that such] director of the police retirement system and approval by the board of trustees of the police retirement system that the member is mentally or physically [incapacitated for further performance of duty, that such incapacity] unable to perform the duties of a police officer and that the inability is **permanent or reasonably** likely to [be] **become** permanent [and that such member should be retired; provided that if the accident occurred prior to the age and year set out in section 86.250, application for benefits must be made before such age and year except that the interval between date of accident and of application may be six months].
  - 2. No member shall be approved for retirement under the provisions of subsection 1 of this section unless the application was made and submitted to the board of trustees of the police retirement system no later than five years following the date of accident, provided, that if the accident was reported within five years of the date of the accident and an examination made of the member within thirty days of the date of accident by a health care provider whose services were provided through the board of police commissioners with subsequent examinations made as requested, then an application made more than five years following the date of the accident shall be considered timely.
  - 3. Once each year during the first five years following a member's retirement, and at least once in every three-year period thereafter, the board of trustees may require any disability beneficiary who has not yet attained sixty years of age to undergo a medical examination or medical examinations at a place designated by the medical director or such physicians as the medical director appoints. If any disability beneficiary who has not attained sixty years of age refuses to submit to a medical examination, his or her disability pension may be discontinued until his or her withdrawal of such refusal, and if his or her refusal continues for one year, all rights in and to such pension may be revoked by the board of trustees.
  - 4. If the medical director certifies to the board of trustees that a disability beneficiary is able to perform the duties of a police officer, and if the board of trustees concurs with the medical director's determination, then such beneficiary's disability pension shall cease.
  - 5. If upon cessation of a disability pension under subsection 4 of this section, the former disability beneficiary is restored to active service, he or she shall again become a member, and he or she shall contribute thereafter at the same rate as other members. Upon his or her subsequent retirement, he or she shall be credited with all of his or her active service time as a member including the service time prior to receiving disability

retirement, but not including any time during which the former disability beneficiary received a disability pension under this section.

6. If upon cessation of a disability pension under subsection 4 of this section, the former disability beneficiary is not restored to active service, such former disability beneficiary shall be entitled to the retirement benefit to which such former disability beneficiary would have been entitled if such former disability beneficiary had terminated service for any reason other than dishonesty or being convicted of a felony at the time of such cessation of such former disability beneficiary's disability pension. For purposes of such retirement benefits, such former disability beneficiary shall be credited with all of the former disability beneficiary's active service time as a member, but not including any time during which the former disability beneficiary received a disability beneficiary pension under this section.

86.270. 1. Any determination of whether a member is disabled under the provisions of section 86.257 or 86.263 shall consist of an investigation of the member's physical and mental condition by the medical director of the police retirement system and all physicians appointed by the medical director under the provisions of section 86.237 and an investigation by the board of trustees of the police retirement system of any other matter relevant to determine whether the member satisfies the applicable requirements of section 86.257 or 86.263. The board of trustees may authorize the use of staff of the police retirement system and other persons not employed by the police retirement system to assist in its investigation. The board of trustees of the police retirement system and the medical director of the police retirement system and any such physicians appointed by the medical director under the provisions of section 86.237 may communicate with each other as to matters relevant to determine whether the member satisfies the applicable requirements of section 86.257 or 86.263.

2. The board of trustees shall require each member who applies for disability benefits and any disability beneficiary to be reexamined under the provisions of section 86.257 or 86.263 to undergo [a] medical [examination] examinations at [a place] places designated by the medical [board] director and any physicians appointed by the medical director under the provisions of section 86.237. The examination shall be made by the medical [board] director or by [a physician or] any physicians [designated] appointed by [such board] the medical director under the provisions of section 86.237. [Once each year during the first five years following the retirement of a member on a disability retirement allowance and once in every three-year period after that, the board of trustees may require any disabled member to undergo a medical examination. Should any disabled member refuse to submit to such medical examination, such member's disability allowance may be discontinued until the withdrawal of

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such refusal and should the refusal continue for one year all rights in and to the member's disability allowance may be revoked by the board of trustees.]

86.1170. 1. Any member who retires after August 28, 2000, who is entitled to a pension benefit under the provisions of sections 86.900 to 86.1280 and who either has at least twenty-five 2 years of creditable service or is retired as a result of an injury or illness occurring in the line of duty or course of employment under section 86.1180, shall receive a pension benefit which, without including any supplemental retirement benefits paid such member by the retirement system, shall be [not less than] six hundred dollars monthly. Any member who retired on or before August 28, 2000, who is entitled to a pension benefit under the provisions of sections 8 86.900 to 86.1280 and who either had at least twenty-five years of creditable service or was retired as a result of an injury or illness occurring in the line of duty or course of employment 9 under section 86.1180, shall upon application to the retirement board be appointed by the 10 11 retirement board as a consultant and shall, beginning the later of August 28, 2000, or the time 12 of such appointment under this [section] subsection or a previously applicable statute, be 13 compensated in an amount which, without including any supplemental retirement benefits 14 provided by this system, shall be not less than six hundred dollars monthly. A pension benefit 15 under this [section] subsection shall be paid in lieu of such member's base pension as increased by cost-of-living adjustments granted under section 86.1220. The benefit under this [section] 16 17 subsection shall not be subject to cost-of-living adjustments, but shall be terminated and 18 replaced by the member's base pension and cost-of-living adjustments at such time as the total 19 base pension and such adjustments exceed six hundred dollars monthly.

2. Any member who retired on or before August 28, 2009, who is entitled to a pension benefit under the provisions of sections 86.900 to 86.1280 and was retired under section 86.1200 shall, upon application to the retirement board, be appointed by the retirement board as a consultant and shall, beginning August 28, 2009, or the time of such appointment under this subsection, whichever is later, be compensated in an amount which, without including any supplemental retirement benefits provided by sections 86.900 to 86.1280, shall be six hundred dollars monthly. A pension benefit under this subsection shall be paid in lieu of such member's base pension as increased by cost-of-living adjustments granted under section 86.1220. The benefit under this subsection shall not be subject to cost-of-living adjustments, but shall be terminated and replaced by the member's base pension and cost-of-living adjustments at such time as the total base pension and adjustments exceed six hundred dollars monthly.

86.1240. 1. Upon receipt of the proper proofs of death of a member in service for any reason whatsoever, there shall be paid to such member's surviving spouse, if any, in addition to all other benefits but subject to subsection [6] 7 of this section, a base pension equal to forty

4 percent of the final compensation of such member, subject to adjustments, if any, as provided 5 in section 86.1220.

- 2. (1) Upon receipt of the proper proofs of death of a member who was retired or terminated service after August 28, 1999, and died after commencement of benefits to such member from this retirement system, there shall be paid to such member's surviving spouse, if any, in addition to all other benefits but subject to subsection [6] 7 of this section, a base pension equal to eighty percent of the pension being received by such member, including cost-of-living adjustments to such pension but excluding supplemental retirement benefits, at the time of such member's death, subject to subsequent adjustments, if any, as provided in section 86.1220. The pension provided by this subdivision shall terminate upon remarriage by the surviving spouse prior to August 28, 2000.
- (2) (a) Upon receipt of the proper proof of death of a member who retired or terminated service on or before August 28, 1999, and who died after August 28, 1999, and after commencement of benefits to such member from this retirement system, such member's surviving spouse, if any, shall be entitled to a base pension equal to forty percent of the final compensation of such member.
- (b) Such a surviving spouse shall, upon application to the retirement board, be appointed by the retirement board as a consultant and be compensated in an amount equal to the benefits such spouse would receive under subdivision (1) of this subsection if the member had retired or terminated service after August 28, 1999.
- (c) The benefits provided by this subdivision shall terminate upon remarriage by the surviving spouse prior to August 28, 2000.
- 3. In the case of any member who, prior to August 28, 2000, died in service or retired, the surviving spouse who would qualify for benefits under subsection 1 or 2 of this section but for remarriage, and who has not remarried prior to August 28, 2000, but remarries thereafter, shall upon application be appointed by the retirement board as a consultant. For services as such consultant, such surviving spouse shall be compensated in an amount equal to the benefits such spouse would have received under sections 86.900 to 86.1280 in the absence of such remarriage.
- 4. For purposes of this section, commencement of benefits shall begin, for any benefit, at such time as all requirements of sections 86.900 to 86.1280 have been met entitling the member to a payment of such benefit at the next following payment date with the amount thereof established, regardless of whether the member has received the initial payment of such benefit.
- 5. Upon the death of any member who is in service after August 28, 2000, and who either had at least twenty-five years of creditable service or was retired or died as a result of an injury or illness occurring in the line of duty or course of employment under section 86.1180, the surviving spouse's benefit provided under this section, without including any supplemental

retirement benefits paid such surviving spouse by this retirement system, shall [not] be [less than] six hundred dollars per month. For any member who died, retired or terminated service on or before August 28, 2000, and who either had at least twenty-five years of creditable service or was retired or died as a result of an injury or illness occurring in the line of duty or course of employment under section 86.1180, the surviving spouse shall upon application to the retirement board be appointed by the retirement board as a consultant. For services as such consultant, the surviving spouse shall, beginning the later of August 28, 2000, or the time the appointment is made under this subsection, be compensated in an amount which without including supplemental retirement benefits provided by this system shall be [not less than] six hundred dollars monthly. A pension benefit under this subsection shall be paid in lieu of any base pension as increased by cost-of-living adjustments granted under section 86.1220. The benefit under this subsection shall not be subject to cost-of-living adjustments, but shall be terminated and replaced by the base pension and cost-of-living adjustments to which such spouse would otherwise be entitled at such time as the total base pension and such adjustments exceed six hundred dollars monthly.

- 6. A surviving spouse who is entitled to benefits under the provisions of subsection 1 of this section as a result of the death on or before August 28, 2009, of a member in service who is receiving benefits under sections 86.900 to 86.1280 and who does not qualify under the provisions of subsection 5 of this section shall, upon application to the retirement board, be appointed as a consultant, and for such services such surviving spouse shall be compensated in an amount which, without including any supplemental retirement benefits provided by sections 86.900 to 86.1280, shall be six hundred dollars monthly. A pension benefit under this subsection shall be paid in lieu of any base pension as increased by cost-of-living adjustments granted under section 86.1220. The benefit under this subsection shall not be subject to cost-of-living adjustments, but shall be terminated and replaced by the base pension and cost-of-living adjustments to which such surviving spouse would otherwise be entitled at such time as the total base pension and such adjustments exceed six hundred dollars monthly. As used in this subsection, "surviving spouse" shall not include any children of the member who would be entitled to receive part or all of the pension that would be received by a surviving spouse, if living.
- **7.** Any beneficiary of benefits under sections 86.900 to 86.1280 who becomes the surviving spouse of more than one member shall be paid all benefits due a surviving spouse of that member whose entitlements produce the largest surviving spouse benefits for such beneficiary but shall not be paid surviving spouse benefits as the surviving spouse of more than one member.

Section B. Because immediate action is necessary for the immediate preservation of the public health, welfare, peace, and safety, the repeal and reenactment of section 86.1240 of

- 3 section A of this act is hereby declared to be an emergency act within the meaning of the
- 4 constitution, and the repeal and reenactment of section 86.1240 of section A of this act shall be
- 5 in full force and effect upon its passage and approval.

