

House _____ Amendment NO. _____

Offered By _____

1 AMEND Senate Committee Substitute for Senate Bill No. 224, Page 1, In the title, Line 3, by deleting the
2 words, "the Kansas City Police Department" and inserting in lieu thereof the words, "public employees"; and
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4 Further amend said bill, Page 4, Section 84.510, Line 66, by inserting after all of said line the following:

5 "169.270. Unless a different meaning is clearly required by the context, the following words and
6 phrases as used in sections 169.270 to 169.400 shall have the following meanings:

7 (1) "Accumulated contributions", the sum of all amounts deducted from the compensation of a
8 member or paid on behalf of the member by the employer and credited to the member's individual account
9 together with interest thereon in the employees' contribution fund. The board of trustees shall determine the
10 rate of interest allowed thereon as provided for in section 169.295;

11 (2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of formulas and/or
12 tables which have been approved by the board of trustees. The formulas and tables in effect at any time shall
13 be set forth in a written document which shall be maintained at the offices of the retirement system and treated
14 for all purposes as part of the documents governing the retirement system established by section 169.280. The
15 formulas and tables may be changed from time to time if recommended by the retirement system's actuary and
16 approved by the board of trustees;

17 (3) "Average final compensation", the highest average annual compensation received for any four
18 consecutive years of service. In determining whether years of service are "consecutive", only periods for
19 which creditable service is earned shall be considered, and all other periods shall be disregarded;

20 (4) "Beneficiary", any person designated by a member for a retirement allowance or other benefit as
21 provided by sections 169.270 to 169.400;

22 (5) "Board of education", the board of directors or corresponding board, by whatever name, having
23 charge of the public schools of the school district in which the retirement system is established;

24 (6) "Board of trustees", the board provided for in section 169.291 to administer the retirement system;

25 (7) "Break in service", an occurrence when a regular employee ceases to be a regular employee for
26 any reason other than retirement (including termination of employment, resignation, or furlough but not
27 including vacation, sick leave, excused absence or leave of absence granted by an employer) and such person
28 does not again become a regular employee until after sixty consecutive calendar days have elapsed, or after
29 fifteen consecutive school or work days have elapsed, whichever occurs later. A break in service also occurs
30 when a regular employee retires under the retirement system established by section 169.280 and does not
31 again become a regular employee until after fifteen consecutive school or work days have elapsed. A "school
32 or work day" is a day on which the employee's employer requires (or if the position no longer exists, would
33 require, based on past practice) employees having the former employee's last job description to report to their
34 place of employment for any reason;

35 (8) "Charter school", any charter school established pursuant to sections 160.400 to 160.420 and
36 located, at the time it is established, within the school district;

37 (9) "Compensation", the regular compensation as shown on the salary and wage schedules of the
38 employer, including any amounts paid by the employer on a member's behalf pursuant to subdivision (5) of
39 subsection 1 of section 169.350, but such term is not to include extra pay, overtime pay, consideration for
40 entering into early retirement, or any other payments not included on salary and wage schedules. For any year
41 beginning after December 31, 1988, the annual compensation of each member taken into account under the
42 retirement system shall not exceed the limitation set forth in Section 401(a)(17) of the Internal Revenue Code

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1 of 1986, as amended;

2 (10) "Creditable service", the amount of time that a regular employee is a member of the retirement
3 system and makes contributions thereto in accordance with the provisions of sections 169.270 to 169.400;

4 (11) "Employee", any person who is classified by the school district, a charter school, the library
5 district or the retirement system established by section 169.280 as an employee of such employer and is
6 reported contemporaneously for federal and state tax purposes as an employee of such employer. A person is
7 not considered to be an employee for purposes of such retirement system with respect to any service for which
8 the person was not reported contemporaneously for federal and state tax purposes as an employee of such
9 employer, regardless of whether the person is or may later be determined to be or to have been a common law
10 employee of such employer, including but not limited to a person classified by the employer as independent
11 contractors and persons employed by other entities which contract to provide staff and services to the
12 employer. In no event shall a person reported for federal tax purposes as an employee of a private, for-profit
13 entity be deemed to be an employee eligible to participate in the retirement system established by section
14 169.280 with respect to such employment;

15 (12) "Employer", the school district, any charter school, the library district, or the retirement system
16 established by section 169.280, or any combination thereof, as required by the context to identify the
17 employer of any member, or, for purposes only of subsection 2 of section 169.324, of any retiree;

18 (13) "Employer's board", the board of education, the governing board of any charter school, the board
19 of trustees of the library district, the board of trustees, or any combination thereof, as required by the context
20 to identify the governing body of an employer;

21 (14) "Library district", any urban public library district created from or within a school district under
22 the provisions of section 182.703;

23 (15) "Medical board", the board of physicians provided for in section 169.291;

24 (16) "Member", any person who is a regular employee after the retirement system has been
25 established hereunder ("active member"), and any person who (i) was an active member, (ii) has vested
26 retirement benefits hereunder, and (iii) is not receiving a retirement allowance hereunder ("inactive member").
27 A person shall cease to be a member if the person has a break in service before earning any vested retirement
28 benefits or if the person withdraws his or her accumulated contributions from the retirement system;

29 (17) "Minimum normal retirement age", for any member who retires before January 1, 2014, or who
30 is a member of the retirement system on December 31, 2013, and remains a member continuously to
31 retirement, the earlier of the date the member attains the age of sixty or the date the member has a total of at
32 least seventy-five credits, with each year of creditable service and each year of age equal to one credit[.] and
33 with both years of creditable service and years of age prorated for fractional years; for any person who
34 becomes a member of the retirement system on or after January 1, 2014, including any person who was
35 previously a member of the retirement system before January 1, 2014, but ceased to be a member for any
36 reason other than retirement, the earlier of the date the member attains the age of sixty-two or the date the
37 member has a total of at least eighty credits, with each year of creditable service and each year of age equal to
38 one credit and with both years of creditable service and years of age prorated for fractional years;

39 (18) "Prior service", service prior to the date the system becomes operative which is creditable in
40 accordance with the provisions of section 169.311. Prior service in excess of thirty-eight years shall be
41 considered thirty-eight years;

42 (19) "Regular employee", any employee who is assigned to an established position which requires
43 service of not less than twenty-five hours per week, and not less than nine calendar months a year. Any
44 regular employee who is subsequently assigned without break in service to a position demanding less service
45 than is required of a regular employee shall continue the employee's status as a regular employee. Except as
46 stated in the preceding sentence, a temporary, part-time, or furloughed employee is not a regular employee;

47 (20) "Retiree", a former member receiving a retirement allowance hereunder;

48 (21) "Retirement allowance", annuity payments to a retiree or to such beneficiary as is entitled to
49 same;

50 (22) "School district", any school district in which a retirement system shall be established under
51 section 169.280.

52 169.291. 1. The general administration and the responsibility for the proper operation of the
53 retirement system are hereby vested in a board of trustees of twelve persons who shall be resident taxpayers of
54 the school district, as follows:

1 (1) Four trustees to be appointed for terms of four years by the board of education; provided,
2 however, that the terms of office of the first four trustees so appointed shall begin immediately upon their
3 appointment and shall expire one, two, three and four years from the date the retirement system becomes
4 operative, respectively;

5 (2) Four trustees to be elected for terms of four years by and from the members of the retirement
6 system; provided, however, that the terms of office of the first four trustees so elected shall begin immediately
7 upon their election and shall expire one, two, three and four years from the date the retirement system
8 becomes operative, respectively;

9 (3) The ninth trustee shall be the superintendent of schools of the school district;

10 (4) The tenth trustee shall be one retirant of the retirement system elected for a term of four years
11 beginning the first day of January immediately following August 13, 1986, by the retirants of the retirement
12 system;

13 (5) The eleventh trustee shall be appointed for a term of four years beginning the first day of January
14 immediately following August 13, 1990, by the board of trustees described in subdivision (3) of section
15 182.701;

16 (6) The twelfth trustee shall be a retirant of the retirement system elected for a term of four years
17 beginning the first day of January immediately following August 28, 1992, by the retirants of the retirement
18 system.

19 2. If a vacancy occurs in the office of a trustee, the vacancy shall be filled for the unexpired term in
20 the same manner as the office was previously filled, except that the board of trustees may appoint a qualified
21 person to fill the vacancy in the office of an elected member until the next regular election at which time a
22 member shall be elected for the unexpired term. No vacancy or vacancies on the board of trustees shall impair
23 the power of the remaining trustees to administer the retirement system pending the filling of such vacancy or
24 vacancies.

25 3. In the event of a lapse of the school district's corporate organization as described in subsections 1
26 and 4 of section 162.081, the general administration and responsibility for the proper operation of the
27 retirement system shall continue to be vested in a twelve-person board of trustees, all of whom shall be
28 resident taxpayers of a city, other than a city not within a county, of four hundred thousand or more. In such
29 event, if vacancies occur in the offices of the four trustees appointed, prior to the lapse, by the board of
30 education, or in the offices of the four trustees elected, prior to the lapse, by the members of the retirement
31 system, or in the office of trustee held, prior to the lapse, by the superintendent of schools in the school
32 district, as provided in subdivisions (1), (2) and (3) of subsection 1 of this section, the board of trustees shall
33 appoint a qualified person to fill each vacancy and subsequent vacancies in the office of trustee for terms of up
34 to four years, as determined by the board of trustees.

35 4. Each trustee shall, before assuming the duties of a trustee, take the oath of office before the court of
36 the judicial circuit or one of the courts of the judicial circuit in which the school district is located that so far
37 as it devolves upon the trustee, such trustee shall diligently and honestly administer the affairs of the board of
38 trustees and that the trustee will not knowingly violate or willingly permit to be violated any of the provisions
39 of the law applicable to the retirement system. Such oath shall be subscribed to by the trustee making it and
40 filed in the office of the clerk of the circuit court.

41 5. Each trustee shall be entitled to one vote in the board of trustees. Seven trustees shall constitute a
42 quorum at any meeting of the board of trustees. At any meeting of the board of trustees where a quorum is
43 present, the vote of at least seven of the trustees in support of a motion, resolution or other matter is necessary
44 to be the decision of the board; provided, however, that in the event of a lapse in the school district's corporate
45 organization as described in subsections 1 and 4 of section 162.081, a majority of the trustees then in office
46 shall constitute a quorum at any meeting of the board of trustees, and the vote of a majority of the trustees then
47 in office in support of a motion, resolution or other matter shall be necessary to be the decision of the board.

48 6. The board of trustees shall have exclusive original jurisdiction in all matters relating to or affecting
49 the funds herein provided for, including, in addition to all other matters, all claims for benefits or refunds, and
50 its action, decision or determination in any matter shall be reviewable in accordance with chapter 536 or
51 chapter 621. Subject to the limitations of sections 169.270 to 169.400, the board of trustees shall, from time
52 to time, establish rules and regulations for the administration of funds of the retirement system, for the
53 transaction of its business, and for the limitation of the time within which claims may be filed.

54 7. The trustees shall serve without compensation. The board of trustees shall elect from its

1 membership a chairman and a vice chairman. The board of trustees shall appoint an executive director who
 2 shall serve as the administrative officer of the retirement system and as secretary to the board of trustees. It
 3 shall employ one or more persons, firms or corporations experienced in the investment of moneys to serve as
 4 investment counsel to the board of trustees. The compensation of all persons engaged by the board of trustees
 5 and all other expenses of the board necessary for the operation of the retirement system shall be paid at such
 6 rates and in such amounts as the board of trustees shall approve, and shall be paid from the investment
 7 income.

8 8. The board of trustees shall keep in convenient form such data as shall be necessary for actuarial
 9 valuations of the various funds of the retirement system and for checking the experience of the system.

10 9. The board of trustees shall keep a record of all its proceedings which shall be open to public
 11 inspection. It shall prepare annually and furnish to the board of education and to each member of the
 12 retirement system who so requests a report showing the fiscal transactions of the retirement system for the
 13 preceding fiscal year, the amount of accumulated cash and securities of the system, and the last balance sheet
 14 showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of
 15 the retirement system.

16 10. The board of trustees shall have, in its own name, power to sue and to be sued, to enter into
 17 contracts, to own property, real and personal, and to convey the same; but the members of such board of
 18 trustees shall not be personally liable for obligations or liabilities of the board of trustees or of the retirement
 19 system.

20 11. The board of trustees shall arrange for necessary legal advice for the operation of the retirement
 21 system.

22 12. The board of trustees shall designate a medical board to be composed of three or more physicians
 23 who shall not be eligible for membership in the system and who shall pass upon all medical examinations
 24 required under the provisions of sections 169.270 to 169.400, shall investigate all essential statements and
 25 certificates made by or on behalf of a member in connection with an application for disability retirement and
 26 shall report in writing to the board of trustees its conclusions and recommendations upon all matters referred
 27 to it.

28 13. The board of trustees shall designate an actuary who shall be the technical advisor of the board of
 29 trustees on matters regarding the operation of the retirement system and shall perform such other duties as are
 30 required in connection therewith. Such person shall be qualified as an actuary by membership as a Fellow of
 31 the Society of Actuaries or by similar objective standards.

32 14. At least once in each five-year period the actuary shall make an investigation into the actuarial
 33 experience of the members, retirants and beneficiaries of the retirement system and, taking into account the
 34 results of such investigation, the board of trustees shall adopt for the retirement system such actuarial
 35 assumptions as the board of trustees deems necessary for the financial soundness of the retirement system.

36 15. On the basis of such actuarial assumptions as the board of trustees adopts, the actuary shall make
 37 annual valuations of the assets and liabilities of the funds of the retirement system.

38 16. The rate of contribution payable by the [employer] employers shall equal one and ninety-nine
 39 one-hundredths percent, effective July 1, 1993; three and ninety-nine one-hundredths percent, effective July 1,
 40 1995; five and ninety-nine one-hundredths percent, effective July 1, 1996; seven and one-half percent
 41 effective January 1, 1999, and for [all] subsequent calendar years through 2013. For calendar year 2014 and
 42 each subsequent year, the rate of contribution payable by the employers for each year shall be determined by
 43 the actuary for the retirement system in the manner provided in subsection 4 of section 169.350 and shall be
 44 certified by the board of trustees to the employers at least six months prior to the date such rate is to be
 45 effective.

46 17. In the event of a lapse of a school district's corporate organization as described in subsections 1
 47 and 4 of section 162.081, no retirement system, nor any of the assets of any retirement system, shall be
 48 transferred to or merged with another retirement system without prior approval of such transfer or merge by
 49 the board of trustees of the retirement system.

50 169.301. 1. Any active member who has completed five or more years of actual (not purchased)
 51 creditable service shall be entitled to a vested retirement benefit equal to the annual service retirement
 52 allowance provided in sections 169.270 to 169.400 payable after attaining the minimum normal retirement age
 53 and calculated in accordance with the law in effect on the last date such person was a regular employee;
 54 provided, that such member does not withdraw such person's accumulated contributions pursuant to section

169.328 prior to attaining the minimum normal retirement age.

2. Any member who elected on October 13, 1961, or within thirty days thereafter, to continue to contribute and to receive benefits under sections 169.270 to 169.400 may continue to be a member of the retirement system under the terms and conditions of the plan in effect immediately prior to October 13, 1961, or may, upon written request to the board of trustees, transfer to the present plan, provided that the member pays into the system any additional contributions with interest the member would have credited to the member's account if such person had been a member of the current plan since its inception or, if the person's contributions and interest are in excess of what the person would have paid, such person will receive a refund of such excess. The board of trustees shall adopt appropriate rules and regulations governing the operation of the plan in effect immediately prior to October 13, 1961.

3. Should a retirant again become an active member, such person's retirement allowance payments shall cease during such membership and shall be recalculated upon subsequent retirement to include any creditable service earned during the person's latest period of active membership in accordance with subsection 2 of section 169.324.

4. In the event of the complete termination of the retirement system established by section 169.280 or the complete discontinuance of contributions to such retirement system, the rights of all members to benefits accrued to the date of such termination or discontinuance, to the extent then funded, shall be fully vested and nonforfeitable.

5. If a member leaves employment with an employer to perform qualified military service, as defined in Section 414(u) of the Internal Revenue Code of 1986, as amended, and dies while in such service, the member's survivors shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided had the member resumed employment with the employer and then terminated on account of death in accordance with the requirements of Sections [407(a)(37)] 401(a)(37) and 414(u) of the Internal Revenue Code of 1986, as amended. In such event, the member's period of qualified military [services] service shall be counted as creditable service for purposes of vesting but not for purposes of determining the amount of the member's retirement allowance.

169.324. 1. The annual service retirement allowance payable pursuant to section 169.320 [in equal monthly installments for life shall be the retirant's number of years of creditable service multiplied by one and three-fourths percent of the person's average final compensation, subject to a maximum of sixty percent of the person's average final compensation. For any member who retires as an active member on or after June 30, 1999, the annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life shall be the retirant's number of years of creditable service multiplied by two percent of the person's average final compensation, subject to a maximum of sixty percent of the person's average final compensation. Any member whose number of years of creditable service is greater than thirty-four and one-quarter on August 28, 1993, shall receive an annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number of years of creditable service as of August 28, 1993, multiplied by one and three-fourths percent of the person's average final compensation but shall not receive a greater annual service retirement allowance based on additional years of creditable service after August 28, 1993. Provided, however, that,] shall be the retirant's number of years of creditable service multiplied by a percentage of the retirant's average final compensation, determined as follows:

(1) A retirant whose last employment as a regular employee ended prior to June 30, 1999, shall receive an annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number of years of creditable service multiplied by one and three-fourths percent of the person's average final compensation, subject to a maximum of sixty percent of the person's average final compensation;

(2) A retirant whose number of years of creditable service is greater than thirty-four and one-quarter on August 28, 1993, shall receive an annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number of years of creditable service as of August 28, 1993, multiplied by one and three-fourths percent of the person's average final compensation but shall not receive a greater annual service retirement allowance based on additional years of creditable service after August 28, 1993;

(3) A retirant who was an active member of the retirement system at any time on or after June 30, 1999, and who either retires before January 1, 2014, or is a member of the retirement system on December 31,

2013, and remains a member continuously to retirement shall receive an annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number of years of creditable service multiplied by two percent of the person's average final compensation, subject to a maximum of sixty percent of the person's final compensation;

(4) A retirant who becomes a member of the retirement system on or after January 1, 2014, including any retirant who was a member of the retirement system before January 1, 2014, but ceased to be a member for any reason other than retirement, shall receive an annual service retirement allowance payable pursuant to section 169.320 in equal monthly installments for life equal to the retirant's number of years of creditable service multiplied by one and three-fourths percent of the person's average final compensation, subject to a maximum of sixty percent of the person's average final compensation;

(5) Notwithstanding the provisions of subdivisions (1) to (4) of this subsection, effective January 1, 1996, any [retiree] retirant who retired on, before or after January 1, 1996, with at least twenty years of creditable service shall receive at least three hundred dollars each month as a retirement allowance, or the actuarial equivalent thereof if the [retiree] retirant elected any of the options available under section 169.326. [Provided, further, any retiree] Any retirant who retired with at least ten years of creditable service shall receive at least one hundred fifty dollars each month as a retirement allowance, plus fifteen dollars for each additional full year of creditable service greater than ten years but less than twenty years (or the actuarial equivalent thereof if the [retiree] retirant elected any of the options available under section 169.326). Any beneficiary of a deceased [retiree] retirant who retired with at least ten years of creditable service and elected one of the options available under section 169.326 shall also be entitled to the actuarial equivalent of the minimum benefit provided by this subsection, determined from the option chosen.

2. Except as otherwise provided in sections 169.331, 169.580 and 169.585, payment of a retirant's retirement allowance will be suspended for any month for which such person receives remuneration from the person's employer or from any other employer in the retirement system established by section 169.280 for the performance of services except any such person other than a person receiving a disability retirement allowance under section 169.322 may serve as a nonregular substitute, part-time or temporary employee for not more than six hundred hours in any school year without becoming a member and without having the person's retirement allowance discontinued, provided that through such substitute, part-time, or temporary employment, the person may earn no more than fifty percent of the annual salary or wages the person was last paid by the employer before the person retired and commenced receiving a retirement allowance, adjusted for inflation. If a person exceeds such hours limit or such compensation limit, payment of the person's retirement allowance shall be suspended for the month in which such limit was exceeded and each subsequent month in the school year for which the person receives remuneration from any employer in the retirement system. If a retirant is reemployed by any employer in any capacity, whether pursuant to this section, or section 169.331, 169.580, or 169.585, or as a regular employee, the amount of such person's retirement allowance attributable to service prior to the person's first retirement date shall not be changed by the reemployment. If the person again becomes an active member and earns additional creditable service, upon the person's second retirement the person's retirement allowance shall be the sum of:

(1) The retirement allowance the person was receiving at the time the person's retirement allowance was suspended, pursuant to the payment option elected as of the first retirement date, plus the amount of any increase in such retirement allowance the person would have received pursuant to subsection 3 of this section had payments not been suspended during the person's reemployment; and

(2) An additional retirement allowance computed using the benefit formula in effect on the person's second retirement date, the person's creditable service following reemployment, and the person's average final annual compensation as of the second retirement date. The sum calculated pursuant to this subsection shall not exceed the greater of sixty percent of the person's average final compensation as of the second retirement date or the amount determined pursuant to subdivision (1) of this subsection. Compensation earned prior to the person's first retirement date shall be considered in determining the person's average final compensation as of the second retirement date if such compensation would otherwise be included in determining the person's average final compensation.

3. The board of trustees shall determine annually whether the investment return on funds of the system can provide for an increase in benefits for retirants eligible for such increase. A retirant shall and will be eligible for an increase awarded pursuant to this section as of the second January following the date the retirant commenced receiving retirement benefits. Any such increase shall also apply to any monthly joint

1 and survivor retirement allowance payable to such retirant's beneficiaries, regardless of age. The board shall
2 make such determination as follows:

3 (1) After determination by the actuary of the investment return for the preceding year as of December
4 thirty-first (the "valuation year"), the actuary shall recommend to the board of trustees what portion of the
5 investment return is available to provide such benefits increase, if any, and shall recommend the amount of
6 such benefits increase, if any, to be implemented as of the first day of the thirteenth month following the end
7 of the valuation year, and [the] first payable on or about the first day of the fourteenth month following the
8 end of the valuation year. The actuary shall make such recommendations so as not to affect the financial
9 soundness of the retirement system, recognizing the following safeguards:

10 (a) The retirement system's funded ratio as of January first of the year preceding the year of a
11 proposed increase shall be at least one hundred percent after adjusting for the effect of the proposed increase.
12 The funded ratio is the ratio of assets to the pension benefit obligation;

13 (b) The actuarially required contribution rate, after adjusting for the effect of the proposed increase,
14 may not exceed the [statutory] then applicable employer and member contribution rate as determined under
15 subsection 4 of section 169.350;

16 (c) The actuary shall certify to the board of trustees that the proposed increase will not impair the
17 actuarial soundness of the retirement system;

18 (d) A benefit increase, under this section, once awarded, cannot be reduced in succeeding years;

19 (2) The board of trustees shall review the actuary's recommendation and report and shall, in their
20 discretion, determine if any increase is prudent and, if so, shall determine the amount of increase to be
21 awarded.

22 4. This section does not guarantee an annual increase to any retirant.

23 5. If an inactive member becomes an active member after June 30, 2001, and after a break in service,
24 unless the person earns at least four additional years of creditable service without another break in service,
25 upon retirement the person's retirement allowance shall be calculated separately for each separate period of
26 service ending in a break in service. The retirement allowance shall be the sum of the separate retirement
27 allowances computed for each such period of service using the benefit formula in effect, the person's average
28 final compensation as of the last day of such period of service and the creditable service the person earned
29 during such period of service; provided, however, if the person earns at least four additional years of
30 creditable service without another break in service, all of the person's creditable service prior to and including
31 such service shall be aggregated and, upon retirement, the retirement allowance shall be computed using the
32 benefit formula in effect and the person's average final compensation as of the last day of such period of four
33 or more years and all of the creditable service the person earned prior to and during such period.

34 6. Notwithstanding anything contained in this section to the contrary, the amount of the annual
35 service retirement allowance payable to any retirant pursuant to the provisions of sections 169.270 to 169.400,
36 including any adjustments made pursuant to subsection 3 of this section, shall at all times comply with the
37 provisions and limitations of Section 415 of the Internal Revenue Code of 1986, as amended, and the
38 regulations thereunder, the terms of which are specifically incorporated herein by reference.

39 7. All retirement systems established by the laws of the state of Missouri shall develop a procurement
40 action plan for utilization of minority and women money managers, brokers and investment counselors. Such
41 retirement systems shall report their progress annually to the joint committee on public employee retirement
42 and the governor's minority advocacy commission.

43 169.350. 1. All of the assets of the retirement system (other than tangible real or personal property
44 owned by the retirement system for use in carrying out its duties, such as office supplies and furniture) shall
45 be credited, according to the purpose for which they are held, in either the employees' contribution fund or the
46 general reserve fund.

47 (1) The employees' contribution fund shall be the fund in which shall be accumulated the
48 contributions of the members. The employer shall, except as provided in subdivision (5) of this subsection,
49 cause to be deducted from the compensation of each member on each and every payroll, for each and every
50 payroll period, the pro rata portion of five and nine-tenths percent of his annualized compensation. Effective
51 January 1, 1999, through December 31, 2013, the employer shall deduct an additional one and six-tenths
52 percent of the member's annualized compensation. For 2014 and for each subsequent year, the employer shall
53 deduct from each member's annualized compensation the rate of contribution determined for such year by the
54 actuary for the retirement system in the manner provided in subsection 4 of this section.

(2) The employer shall pay all such deductions and any amount it may elect to pay pursuant to subdivision (5) of this subsection to the retirement system at once. The retirement system shall credit such deductions and such amounts to the individual account of each member from whose compensation the deduction was made or with respect to whose compensation the amount was paid pursuant to subdivision (5) of this subsection. In determining the deduction for a member in any payroll period, the board of trustees may consider the rate of compensation payable to such member on the first day of the payroll period as continuing throughout such period.

(3) The deductions provided for herein are declared to be a part of the compensation of the member and the making of such deductions shall constitute payments by the member out of the person's compensation and such deductions shall be made notwithstanding that the amount actually paid to the member after such deductions is less than the minimum compensation provided by law for any member. Every member shall be deemed to consent to the deductions made and provided for herein, and shall receipt for the person's full compensation, and the making of the deduction and the payment of compensation less the deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for services rendered during the period covered by the payment except as to benefits provided by sections 169.270 to 169.400.

(4) The accumulated contributions with interest of a member withdrawn by the person or paid to the person's estate or designated beneficiary in the event of the person's death before retirement shall be paid from the employees' contribution fund. Upon retirement of a member the member's accumulated contributions with interest shall be transferred from the employees' contribution fund to the general reserve fund.

(5) The employer may elect to pay on behalf of all members all or part of the amount that the members would otherwise be required to contribute to the employees' contribution fund pursuant to subdivision (1) of this subsection. Such amounts paid by the employer shall be in lieu of members' contributions and shall be treated for all purposes of sections 169.270 to 169.400 as contributions made by members. Notwithstanding any other provision of this chapter to the contrary, no member shall be entitled to receive such amounts directly. The election shall be made by a duly adopted resolution of the employer's board and shall remain in effect for at least one year from the effective date thereof. The election may be thereafter terminated only by an affirmative act of the employer's board notwithstanding any limitation in the term thereof in the adopting resolution. Any such termination resolution shall be adopted at least sixty days prior to the effective date thereof, and the effective date thereof shall coincide with a fiscal year-end of the employer. In the absence of such a termination resolution, the election shall remain in effect from fiscal year to fiscal year.

2. The general reserve fund shall be the fund in which shall be accumulated all reserves for the payment of all benefit expenses and other demands whatsoever upon the retirement system except those items heretofore allocated to the employees' contribution fund.

(1) All contributions by the employer, except those the employer elects to make on behalf of the members pursuant to subdivision (5) of subsection 1 of this section, shall be credited to the general reserve fund.

(2) Should a retirant be restored to active service and again become a member of the retirement system, the excess, if any, of the person's accumulated contributions over benefits received by the retirant shall be transferred from the general reserve fund to the employees' contribution fund and credited to the person's account.

3. Gifts, devises, bequests and legacies may be accepted by the board of trustees and deposited in the general reserve fund to be held, invested and used at its discretion for the benefit of the retirement system except where specific direction for the use of a gift is made by a donor.

4. Beginning in 2013, the actuary for the retirement system shall annually calculate the rate of employer contributions and member contributions for 2014 and for each subsequent calendar year, expressed as a level percentage of the annualized compensation of the members, subject to the following:

(1) The rate of contribution for any calendar year shall be determined based on an actuarial valuation of the retirement system as of the first day of the prior calendar year. Such actuarial valuation shall be performed using the actuarial cost method and actuarial assumptions adopted by the board of trustees and in accordance with accepted actuarial standards of practice in effect at the time the valuation is performed, as promulgated by the actuarial standards board or its successor;

(2) The target combined employer and member contribution rate shall be the amount actuarially required to cover the normal cost and amortize any unfunded accrued actuarial liability over a period that shall

1 not exceed thirty years from the date of the valuation;

2 (3) The target combined rate as so determined shall be allocated equally between the employer
3 contribution rate and the member contribution rate, provided, however, that the level rate of contributions to
4 be paid by the employers and the level rate of contributions to be deducted from the compensation of members
5 for any calender year shall each be limited as follows:

6 (a) The contribution rate shall not be less than seven and one-half percent;

7 (b) The contribution rate shall not exceed nine percent; and

8 (c) Changes in the contribution rate from year to year shall be in increments of one-half percent such
9 that the contribution rate for any year shall not be greater than or less than the rate in effect for the prior year
10 by more than one-half percent;

11 (4) The board of trustees shall certify to the employers the contribution rate for the following
12 calendar year no later than six months prior to the date such rate is to be effective."; and

13
14 Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.