

FIRST REGULAR SESSION

HOUSE BILL NO. 897

97TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES LEARA (Sponsor) AND COLONA (Co-sponsor).

2061L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 86.200, 86.207, 86.250, 86.251, 86.253, 86.257, 86.263, 86.283, 86.288, 86.290, 86.292, 86.293, 86.320, 86.330, 86.333, 86.337, 86.344, 86.354, and 86.359, RSMo, and to enact in lieu thereof twenty new sections relating to police retirement.

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

Section A. Sections 86.200, 86.207, 86.250, 86.251, 86.253, 86.257, 86.263, 86.283, 86.288, 86.290, 86.292, 86.293, 86.320, 86.330, 86.333, 86.337, 86.344, 86.354, and 86.359, RSMo, are repealed and twenty new sections enacted in lieu thereof, to be known as sections 86.200, 86.201, 86.207, 86.250, 86.251, 86.253, 86.257, 86.263, 86.283, 86.288, 86.290, 86.292, 86.293, 86.320, 86.330, 86.333, 86.337, 86.344, 86.354, and 86.359, to read as follows:

86.200. The following words and phrases as used in sections 86.200 to 86.366, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions", the sum of all mandatory contributions deducted from the compensation of a member and credited to the member's individual account, together with members' interest thereon;

(2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of mortality tables and interest assumptions adopted by the board of trustees;

(3) "Average final compensation":

(a) With respect to a member who earns no creditable service on or after October 1, 2001, the average earnable compensation of the member during the member's last three years of creditable service as a police officer, or if the member has had less than three years of creditable service, the average earnable compensation of the member's entire period of creditable service;

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.

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

19 (c) With respect to a member who is participating in the DROP pursuant to section
20 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns
21 to active participation in the system pursuant to section 86.251, and who terminates employment
22 as a police officer for reasons other than death or disability before earning at least two years of
23 creditable service after such return, the portion of the member's benefit attributable to creditable
24 service earned before DROP entry shall be determined using average final compensation as
25 defined in paragraph (a) of this subdivision; and the portion of the member's benefit attributable
26 to creditable service earned after return to active participation in the system shall be determined
27 using average final compensation as defined in paragraph (b) of this subdivision;

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

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

41 (f) With respect to the surviving spouse or surviving dependent child of a member who
42 earns any creditable service on or after October 1, 2001, the average earnable compensation of
43 the member during the member's last two years of creditable service as a police officer or, if the
44 member has had less than two years of creditable service, the average earnable compensation of
45 the member's entire period of creditable service;

46 **(g) With respect to a member who was hired on or after October 1, 2013, or the**
47 **surviving spouse or surviving dependent child of a member hired on or after October 1,**
48 **2013, the average earnable compensation of the member during the member's last three**

49 **years of creditable service as a police officer, or, if the member has had less than three**
50 **years of creditable service, the average earnable compensation of the member's entire**
51 **period of creditable service;**

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

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

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

58 (7) "Creditable service", prior service plus membership service as provided in sections
59 86.200 to 86.366;

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

61 (9) "Earnable compensation", the annual salary **established under section 84.160** which
62 a member would earn during one year on the basis of the member's rank or position [as specified
63 in the applicable salary matrix] plus any additional compensation for academic work and shift
64 differential that may be provided by any official or board now or hereafter authorized by law to
65 employ and manage a permanent police force in such cities. Such amount shall include the
66 member's deferrals to a deferred compensation plan pursuant to Section 457 of the Internal
67 Revenue Code or to a cafeteria plan pursuant to Section 125 of the Internal Revenue Code or,
68 effective October 1, 2001, to a transportation fringe benefit program pursuant to Section
69 132(f)(4) of the Internal Revenue Code. Earnable compensation shall not include a member's
70 additional compensation for overtime, standby time, court time, nonuniform time or unused
71 vacation time. Notwithstanding the foregoing, the earnable compensation taken into account
72 under the plan established pursuant to sections 86.200 to 86.366 with respect to a member who
73 is a noneligible participant, as defined in this subdivision, for any plan year beginning on or after
74 October 1, 1996, shall not exceed the amount of compensation that may be taken into account
75 under Section 401(a)(17) of the Internal Revenue Code, as adjusted for increases in the cost of
76 living, for such plan year. For purposes of this subdivision, a "noneligible participant" is an
77 individual who first becomes a member on or after the first day of the first plan year beginning
78 after the earlier of:

79 (a) The last day of the plan year that includes August 28, 1995; or

80 (b) December 31, 1995;

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

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

84 (12) "Medical board", the board of three physicians of different disciplines
85 appointed by the trustees of the police retirement board and responsible for arranging and
86 passing upon all medical examinations required under the provisions of sections 86.200 to
87 86.366, which board shall investigate all essential statements and certificates made by or
88 on behalf of a member in connection with an application for disability retirement and shall
89 report in writing to the board of trustees its conclusions and recommendations which can
90 be based upon the opinion of a single member or that of an outside specialist if one is
91 appointed, upon all the matters referred to it;

92 (13) "Member", a member of the retirement system as defined by sections 86.200 to
93 86.366;

94 [(13)] (14) "Members' interest", interest on accumulated contributions at such rate as
95 may be set from time to time by the board of trustees;

96 [(14)] (15) "Membership service", service as a policeman rendered since last becoming
97 a member, except in the case of a member who has served in the armed forces of the United
98 States and has subsequently been reinstated as a policeman, in which case "membership service"
99 means service as a policeman rendered since last becoming a member prior to entering such
100 armed service;

101 [(15)] (16) "Plan year" or "limitation year", the twelve consecutive-month period
102 beginning each October first and ending each September thirtieth;

103 [(16)] (17) "Policeman" or "police officer", any member of the police force of such cities
104 who holds a rank in such police force;

105 [(17)] (18) "Prior service", all service as a policeman rendered prior to the date the
106 system becomes operative or prior to membership service which is creditable in accordance with
107 the provisions of sections 86.200 to 86.366;

108 [(18)] (19) "Reserve officer", any member of the police reserve force of such cities,
109 armed or unarmed, who works less than full time, without compensation, and who, by his or her
110 assigned function or as implied by his or her uniform, performs duties associated with those of
111 a police officer and who currently receives a service retirement as provided by sections 86.200
112 to 86.366;

113 [(19)] (20) "Retirement allowance", annual payments for life as provided by sections
114 86.200 to 86.366 which shall be payable in equal monthly installments or any benefits in lieu
115 thereof granted to a member upon termination of employment as a police officer and actual
116 retirement;

117 [(20)] (21) "Retirement system", the police retirement system of the cities as defined in
118 sections 86.200 to 86.366;

119 [(21)] (22) "Surviving spouse", the surviving spouse of a member who was the member's
120 spouse at the time of the member's death.

2 **86.201. Any member who began employment after October 1, 2013, shall earn**
3 **interest for all purposes for which interest is allowed at the rate of return earned by the**
4 **ten-year United States treasury bill as of September thirtieth each year, plus one percent**
5 **not to exceed a rate of six percent. Members whose employment began prior to October**
6 **1, 2013, shall have a one-time option to choose to earn interest at the same rate as those**
7 **members who began their employment after October 1, 2013, or continue with their**
8 **existing system.**

9 86.207. 1. All persons who become policemen and all policemen who enter or reenter
10 the service of the city after the first day of October, 1957, become members as a condition of
11 their employment and shall receive no pensions or retirement allowance from any other pension
12 or retirement system supported wholly or in part by the city or the state of Missouri, nor shall
13 they be required to make contributions under any other pension or retirement system of the city
14 or the state of Missouri, anything to the contrary notwithstanding.

15 2. If any member ceases to be in service for more than one year unless the member has
16 attained the age of fifty-five or has [twenty] **twenty-five** years or more of creditable service, or
17 if the member withdraws the member's accumulated contributions or if the member receives
18 benefits under the retirement system or dies, the member thereupon ceases to be a member;
19 except in the case of a member who has served in the Armed Forces of the United States and has
20 subsequently been reinstated as a policeman. **Members who have not completed five years**
21 **of credible service shall not make contribution withdrawals except as set out in section**
22 **86.253.** A member who has terminated employment as a police officer, has actually retired and
is receiving retirement benefits under the system shall be considered a retired member.

23 3. A reserve officer shall not be considered a member of the system for the purpose of
24 determining creditable service, nor shall any contributions be due. A reserve officer shall not
25 be entitled to any benefits from the system other than those awarded when the reserve officer
26 originally retired under section 86.250, nor shall service as a reserve officer prohibit distribution
27 of those benefits.

28 86.250. Retirement of a member on a service retirement allowance shall be made by the
29 board of trustees as follows:

30 (1) Any member, **except as provided in this subdivision**, may terminate employment
31 as a police officer and actually retire after completing twenty or more years of creditable service
32 or attaining the age of fifty-five upon the member's written application to the board of trustees
33 setting forth at what time, but not more than ninety days subsequent to the execution and filing
34 of the application, the member desires to be retired. **However, any member who commenced**

8 **employment subsequent to October 1, 2013, shall be required to complete twenty-five years**
9 **of credible service and shall not be eligible to receive full service retirement benefits until**
10 **attaining the age of fifty. Any member retiring under this subdivision who has completed**
11 **twenty-five years of credible service may draw an actuarially reduced benefit as early as**
12 **age forty-five;**

13 (2) Any member in service who has attained the age of sixty-five shall be terminated as
14 a police officer and actually retired forthwith provided that upon request of the board of police
15 commissioners the board of trustees may permit such member to remain in service for periods
16 of not to exceed one year from the date of the last request from the board of police
17 commissioners.

86.251. 1. The board of trustees may develop and establish a deferred retirement option
2 plan (DROP) in which members who are eligible for retirement but who have not terminated
3 employment as police officers and who have not actually retired may participate. The DROP
4 shall be designed to allow members with at least twenty years of creditable service or who have
5 attained the age of fifty-five who have achieved eligibility for retirement and are entitled to a
6 service retirement allowance and other benefits to postpone actual retirement, continue active
7 employment and accumulate a deferred receipt of the service retirement allowance. No one shall
8 participate in the DROP for a period exceeding five years.

9 2. Any member who has at least twenty years of creditable service or has attained the age
10 of fifty-five may elect in writing before retirement to participate in the DROP. A member
11 electing to participate in the DROP shall postpone actual retirement, shall continue in active
12 employment and shall not receive any direct retirement allowance payments or benefits during
13 the period of participation.

14 3. Upon the start of the participation in the DROP, the member shall cease to make any
15 mandatory contributions to the system. No contribution shall be required by the city into the
16 DROP account. During the period of participation in the DROP, the amount that the member
17 would have received as a service retirement allowance if the member had actually retired instead
18 of entering DROP shall be deposited monthly in the member's DROP account which shall be
19 established in the member's name by the board of trustees. The member's service retirement
20 allowance shall not be adjusted for any cost-of-living increases for any period prior to the
21 member's termination of employment as a police officer and actual retirement. Cost-of-living
22 increases, if any, for any period following the member's termination of employment as a police
23 officer and actual retirement shall be applied only to monthly service retirement payments made
24 following termination of employment as a police officer and actual retirement. Service earned
25 during the period of participation in the DROP shall not be creditable service and shall not be
26 counted in determination of any service retirement allowance or surviving spouse's or

27 dependents' benefits. Compensation paid during the period of participation in the DROP shall
28 not be earnable compensation and shall not be counted in the determination of any service
29 retirement allowance or surviving spouse's or dependent's benefits. The member's service
30 retirement allowance shall be frozen as of the date the member enters DROP. Except as
31 specifically provided in sections 86.200 to 86.366, the member's frozen service retirement
32 allowance shall not increase while the member is participating in DROP or after the member's
33 participation in DROP ends, and the member shall not share in any benefit improvement that is
34 enacted or that becomes effective while such member is participating in the DROP.

35 4. A member shall cease participation in the DROP upon the termination of the member's
36 employment as a police officer and actual retirement, or at the end of the five-year period
37 commencing on the first day of the member's participation in the DROP[, or as of the effective
38 date, but in no event prior to October 1, 2001, of the member's election to return to active
39 participation in the system, whichever occurs first. A member's election to return to active
40 participation in the system before the end of the five-year period commencing on the first day
41 of participation in the DROP shall be made and shall become effective in accordance with
42 procedures established by the board of trustees, but in no event prior to October 1, 2001]. **A**
43 **member hired after October 1, 2013, who has completed their participation in the DROP**
44 **shall be retired. There shall be no reentry into the system from DROP.** Upon the member's
45 termination of employment as a police officer and actual retirement, the member shall elect to
46 receive the value of the member's DROP account, in one of the following forms of payment:

47 (a) A lump sum payment; or

48 (b) Equal monthly installments over a ten-year period.

49 Either form of payment should begin within thirty days after the member's notice to the board
50 of trustees that the member has selected a particular option.

51 5. [If a member who is participating in the DROP elects to return to active participation
52 in the system or if a member who is participating in the DROP does not terminate employment
53 and actually retires as a police officer in the city for which the retirement system was established
54 pursuant to sections 86.200 to 86.366 at the end of the five-year period commencing on the first
55 day of the member's participation in the DROP, the member shall return to active participation
56 in the system and shall resume making mandatory contributions to the system effective as of the
57 day after participation in the DROP ends or, if later, October 1, 2001. The board of trustees shall
58 notify the police commissioners to begin deducting mandatory contributions from the member's
59 salary and the member's employment period shall count as creditable service beginning as of the
60 day the member returns to active participation.

61 6.] In no event shall a member whose participation in DROP has ended for any reason
62 be eligible to participate in DROP again.

63 [7.] 6. Upon the member's termination of employment as a police officer and actual
64 retirement, the member's mandatory contributions to the retirement system shall be paid to the
65 member pursuant to subsection 4 of section 86.253.

66 [8.] 7. If a member dies prior to termination of employment as a police officer and actual
67 retirement while participating in the DROP or before the member has received full withdrawal
68 of the amount in the member's DROP account under the installment optional payment form, the
69 remaining balance of the member's DROP account shall be payable to the member's surviving
70 spouse; or, if the member is then unmarried, to the member's dependent children in equal shares;
71 or, if none, to the member's dependent mother or father; or, if none, to the member's designated
72 beneficiary or, if no such beneficiary is then living, to the member's estate. Payment shall be
73 made in a lump sum within sixty days after receipt by the board of trustees of evidence and proof
74 of the death of a member. In addition, the member's mandatory contributions, if any, that were
75 not already paid to the member pursuant to subsection 4 of section 86.253 shall be paid to the
76 member's surviving spouse pursuant to section 86.288.

77 [9.] 8. If a member applies for and receives benefits for an accidental disability
78 retirement allowance pursuant to the provisions of section 86.263, the member shall forfeit all
79 rights, claims or interest in the member's DROP account and the member's benefits shall be
80 calculated as if the member has continued in employment and had not elected to participate in
81 the DROP. Any portion of a DROP account that has been forfeited as provided in this
82 subsection shall be a general asset of the system.

83 [10.] 9. A member's DROP account shall earn interest equal to the rate of return earned
84 by the system's investment portfolio on a market value basis, including realized and unrealized
85 gains and losses, net of investment expense, as certified by the system's actuary. As of the last
86 day of each plan year beginning after DROP participation begins, the member's DROP account
87 balance, determined as of the last day of the prior plan year, shall be credited with interest at the
88 investment rate earned by the assets of the retirement system for such prior plan year. If
89 distribution of the member's DROP account balance is made in a lump sum under subsection 4
90 or [8] 7 of this section, interest for the plan year of distribution shall be credited on the ending
91 balance for the prior plan year at the investment rate earned on the assets of the retirement system
92 for the prior plan year, in proportion to the part of the plan year preceding the date of the
93 member's termination of employment or death, whichever is earlier. If the member's DROP
94 account is paid in equal monthly installments pursuant to subsection 4 of this section, interest
95 during the installment period shall be credited as of the last day of each plan year ending after
96 installment payment begins on the account balance as of the first or last day of the plan year,
97 whichever is lower, at the investment rate earned by the assets of the system for the prior plan
98 year. Interest for the year in which the final installment is paid shall be credited on the balance

99 remaining after the final installment is paid, at the investment rate earned on the assets of the
100 system for the prior plan year, in proportion to the part of the plan year preceding payment of the
101 final installment. Any interest credited to the DROP account during the installment period shall
102 be paid as soon as reasonably possible after the final monthly installment. No interest shall be
103 credited on amounts, if any, added to the member's DROP account during the year in which the
104 distribution of the account is completed. **Any member who began employment after October**
105 **1, 2013, shall earn interest for all purposes for which interest is allowed at the rate of**
106 **return earned by the ten-year United States treasury bill as of September thirtieth each**
107 **year plus one percent not to exceed a rate of six percent. Members who have completed**
108 **twenty years employment prior to October 1, 2013, shall have a one-time option to choose**
109 **to earn interest at the same rate as those members who began their employment after**
110 **October 1, 2013, or to continue with the system in this section.**

111 [11.] 10. The board of trustees shall not incur any liability individually or on behalf of
112 other individuals for any act or omission made in good faith in relation to the DROP or assets
113 credited to DROP accounts established by this section. The provisions of the Internal Revenue
114 Code and regulations promulgated thereunder shall supersede any provision of this section if
115 there is any inconsistency with the Internal Revenue Code or regulation.

116 [12.] 11. Upon the receipt by the board of trustees of evidence and proof that the death
117 of a member resulted from an event occurring while the member was in the actual performance
118 of duty, and if the member is participating in the DROP, the member's surviving spouse or, if the
119 member is then unmarried, the member's unmarried dependent children, may elect within thirty
120 days after the member's death to have the amount in the member's DROP account paid in the
121 form of a monthly survivor annuity. Payment of the survivor annuity shall begin within sixty
122 days after the election is received. Payment to the member's surviving spouse shall continue
123 until the surviving spouse's death; payment to the member's unmarried dependent children shall
124 be made while any child qualifies as an unmarried dependent child pursuant to section 86.280.
125 The survivor annuity shall be the actuarial equivalent of the member's DROP account as of the
126 date of the member's death. In no event shall the total amount paid pursuant to this subsection
127 be less than the member's DROP account balance as of the date of the member's death.

86.253. 1. Upon termination of employment as a police officer and actual retirement for
2 service, a member shall receive a service retirement allowance which shall be an amount equal
3 to two percent of the member's average final compensation multiplied by the number of years
4 of the member's creditable service, up to twenty-five years, plus an amount equal to four percent
5 of the member's average final compensation for each year of creditable service in excess of
6 twenty-five years but not in excess of thirty years; plus an additional five percent of the member's
7 average final compensation for any creditable service in excess of thirty years. Notwithstanding

8 the foregoing, the service retirement allowance of a member who does not earn any creditable
9 service after August 11, 1999, shall not exceed an amount equal to seventy percent of the
10 member's average final compensation, and the service retirement allowance of a member who
11 earns creditable service on or after August 12, 1999, shall not exceed an amount equal to
12 [seventy-five] **seventy** percent of the member's average final compensation[; provided, however,
13 that the service retirement allowance of a member who is participating in the DROP pursuant
14 to section 86.251 on August 12, 1999, who returns to active participation in the system pursuant
15 to section 86.251, and who terminates employment as a police officer and actually retires for
16 reasons other than death or disability before earning at least two years of creditable service after
17 such return shall be the sum of (1) the member's service retirement allowance as of the date the
18 member entered DROP and (2) an additional service retirement allowance based solely on the
19 creditable service earned by the member following the member's return to active participation.
20 The member's total years of creditable service shall be taken into account for the purpose of
21 determining whether the additional allowance attributable to such additional creditable service
22 is two percent, four percent or five percent of the member's average final compensation].

23 2. If, at any time since first becoming a member of the retirement system, the member
24 has served in the Armed Forces of the United States, and has subsequently been reinstated as a
25 policeman within ninety days after the member's discharge, the member shall be granted credit
26 for such service as if the member's service in the police department of such city had not been
27 interrupted by the member's induction into the Armed Forces of the United States. If earnable
28 compensation is needed for such period in computation of benefits it shall be calculated on the
29 basis of the compensation payable to the officers of the member's rank during the period of the
30 member's absence. Notwithstanding any provision of sections 86.200 to 86.366 to the contrary,
31 the retirement system governed by sections 86.200 to 86.366 shall be operated and administered
32 in accordance with the applicable provisions of the Uniformed Services Employment and
33 Reemployment Rights Act of 1994, as amended.

34 3. The service retirement allowance of each present and future retired member who
35 terminated employment as a police officer and actually retired from service after attaining age
36 fifty-five or after completing twenty years of creditable service shall be increased annually at a
37 rate not to exceed three percent as approved by the board of trustees beginning with the first
38 increase in the second October following the member's retirement and subsequent increases in
39 each October thereafter, provided that each increase is subject to a determination by the board
40 of trustees that the consumer price index (United States City Average Index) as published by the
41 United States Department of Labor shows an increase of not less than the approved rate during
42 the latest twelve-month period for which the index is available at the date of determination; and
43 provided further, that if the increase is in excess of the approved rate for any year, such excess

44 shall be accumulated as to any retired member and increases may be granted in subsequent years
45 subject to a maximum of three percent for each full year from October following the member's
46 retirement but not to exceed a total percentage increase of thirty percent. **For members who**
47 **began their employment after October 1, 2013, cost-of-living increases shall not exceed a**
48 **total percentage increase of twenty-five percent.** In no event shall the increase described
49 under this subsection be applied to the amount, if any, paid to a member or surviving spouse of
50 a deceased member for services as a special consultant under subsection 5 of this section [or, if
51 applicable, subsection 6 of this section]. If the board of trustees determines that the index has
52 decreased for any year, the benefits of any retired member that have been increased shall be
53 decreased but not below the member's initial benefit. No annual increase shall be made of less
54 than one percent and no decrease of less than three percent except that any decrease may be
55 limited in amount by the initial benefit.

56 4. In addition to any other retirement allowance payable under this section and section
57 86.250, a member, upon termination of employment as police officer and actual service
58 retirement, may request payment of the total amount of the member's mandatory contributions
59 to the retirement system without interest. Upon receipt of such request, the board shall pay the
60 retired member such total amount of the member's mandatory contributions to the retirement
61 system to be paid pursuant to this subsection within sixty days after such retired member's date
62 of termination of employment as a police officer and actual retirement. **Neither members who**
63 **began their employment after October 1, 2013, nor their spouses shall be eligible for the**
64 **return of their mandatory contributions to the retirement system except as follows:**

- 65 (1) **Less than one year of credible service, five percent;**
66 (2) **Less than two years of credible service, ten percent;**
67 (3) **Less than three years of credible service, fifteen percent;**
68 (4) **Less than four years of credible service, twenty percent;**
69 (5) **Less than five years of credible service, twenty-five percent.**

70

71 **Members who separate with more than five years of credible service, but less than**
72 **twenty-five years, receive a full refund of contributions with interest earned at a rate equal**
73 **to the rate of the ten-year United States treasury bill, plus one percent not to exceed six**
74 **percent.**

75 5. Any person who is receiving retirement benefits from the retirement system, upon
76 application to the board of trustees, shall be made, constituted, appointed and employed by the
77 board of trustees as a special consultant on the problems of retirement, aging and other matters,
78 for the remainder of the person's life or, in the case of a deceased member's surviving spouse,
79 until the earlier of the person's death or remarriage, and upon request of the board of trustees

80 shall give opinions and be available to give opinions in writing or orally, in response to such
81 requests, as may be required. For such services the special consultant shall be compensated
82 monthly, in an amount which, when added to any monthly retirement benefits being received
83 from the retirement system, including any cost-of-living increases under subsection 3 of this
84 section, shall total six hundred fifty dollars a month. This employment shall in no way affect any
85 person's eligibility for retirement benefits under this chapter, or in any way have the effect of
86 reducing retirement benefits, notwithstanding any provisions of law to the contrary.

86.257. 1. Upon the application of [a member in service or of] the board of police
2 commissioners **or any successor body**, any member who has completed [ten] **five** or more years
3 of creditable service and who has become permanently unable to perform the duties of a police
4 officer as the result of an injury or illness not exclusively caused or induced by the actual
5 performance of his or her official duties or by his or her own negligence shall be retired by the
6 board of [trustees of the police retirement system] **police commissioners or any successor body**
7 upon certification by the medical [director] **board** of the police retirement system and approval
8 by the board of trustees of the police retirement system that the member is mentally or physically
9 unable to perform the duties of a police officer, that the inability is permanent or likely to
10 become permanent, and that the member should be retired.

11 2. Once each year during the first five years following such member's retirement, and at
12 least once in every three-year period thereafter, the board of trustees may, and upon the member's
13 application shall, require any nonduty disability beneficiary who has not yet attained sixty years
14 of age to undergo a medical examination at a place designated by the medical [director] **board**
15 or such physicians as the medical [director] **board** appoints. If any nonduty disability
16 beneficiary who has not attained sixty years of age refuses to submit to a medical examination,
17 his or her nonduty disability pension may be discontinued until his or her withdrawal of such
18 refusal, and if his or her refusal continues for one year, all rights in and to such pension may be
19 revoked by the board of trustees.

20 3. If the medical [director] **board** certifies to the board of trustees that a nonduty
21 disability beneficiary is able to perform the duties of a police officer, and if the board of trustees
22 concurs on the report, then such beneficiary's nonduty disability pension shall cease.

23 4. If upon cessation of a disability pension under subsection 3 of this section, the former
24 disability beneficiary is restored to active service, he or she shall again become a member, and
25 he or she shall contribute thereafter at the same rate as other members. Upon his or her
26 subsequent retirement, he or she shall be credited with all of his or her active retirement, but not
27 including any time during which the former disability beneficiary received a disability pension
28 under this section.

86.263. 1. Any member **in active service** who is permanently unable to perform the **full and unrestricted** duties of a police officer as the natural, proximate, and exclusive result of an accident occurring within the actual performance of duty at some definite time and place, through no negligence on the member's part, shall[, upon application,] be retired **by the board of police commissioners or any successor body** upon certification by [the medical director of the police retirement system and approval by the board of trustees of the police retirement system] **one or more physicians of the medical board** that the member is mentally or physically unable to perform the **full and unrestricted** duties of a police officer [and] , that the inability is permanent or [reasonably] likely to become permanent, **and that the member should be retired. The inability to perform the "full and unrestricted duties of a police officer" means the member is unable to perform all the essential job functions for the position of police officer as established by the board of police commissioners or any successor body.**

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] **police commissioners or any successor body** 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] **board** or such physicians as the medical [director] **board** 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 **by the board of trustees of the police retirement system** 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] **board** 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

37 member including the service time prior to receiving disability retirement, but not including any
38 time during which the former disability beneficiary received a disability pension under this
39 section.

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

86.283. Upon receipt of proper proofs of the death of a retired member who retired while
2 in service, including retirement for service, ordinary disability or accidental disability, and
3 provided no other benefits are payable from the retirement system, there shall be paid the
4 following benefits:

5 (1) Effective October 1, 1999, a pension to the surviving spouse until the surviving
6 spouse dies or remarries, whichever is earlier, of forty percent of the deceased member's average
7 final compensation plus fifteen percent of such compensation to, or for the benefit of, each
8 unmarried dependent child of the deceased member, who is either under the age of eighteen, or
9 who, regardless of age, is totally and permanently mentally or physically disabled and
10 incapacitated from engaging in a gainful occupation sufficient to support himself or herself;

11 (2) Any surviving spouse or unmarried dependent child receiving benefits pursuant to
12 this section immediately prior to October 1, 1999, shall upon application to the board of trustees
13 be made, constituted, appointed and employed by the board of trustees as a special consultant
14 on the problems of retirement, aging and other matters while the surviving spouse or unmarried
15 dependent child is receiving such benefits, and upon request of the board of trustees shall give
16 opinions in writing or orally in response to such requests as may be required. Beginning October
17 1, 1999, for such services as may be required, a surviving spouse shall receive additional
18 monthly compensation equal to the amount which when added to the benefits the surviving
19 spouse was receiving pursuant to this section prior to October 1, 1999, determined without
20 regard to any increase applied to such benefits prior to October 1, 1999, pursuant to subdivision
21 (8) of this section, will increase the surviving spouse's total monthly payment pursuant to this
22 section to forty percent of the deceased member's average final compensation, and there shall be
23 payable an additional monthly compensation of one hundred dollars or five percent of the
24 member's average final compensation, whichever is greater, for each unmarried dependent child

25 of the member. The additional monthly compensation payable to a surviving spouse pursuant
26 to this subdivision shall be adjusted for any cost-of-living increases that apply to the benefit the
27 surviving spouse was receiving prior to October 1, 1999;

28 (3) If no surviving spouse benefits are payable pursuant to subdivisions (1) and (2) of
29 this section, such total pension as would have been paid pursuant to subdivisions (1) and (2) of
30 this section had there been a surviving spouse, determined without regard to any increase which
31 would have applied to the surviving spouse's benefits pursuant to subdivision (8) of this section,
32 shall be divided among the unmarried dependent children under age eighteen and unmarried
33 dependent children, regardless of age, who are totally and permanently mentally or physically
34 disabled and incapacitated from engaging in a gainful occupation sufficient to support
35 themselves. The benefit shall be divided equally among the eligible dependent children, and the
36 share of a child who is no longer eligible shall be divided equally among the remaining eligible
37 dependent children; provided that not more than one-half of the surviving spouse's benefits shall
38 be paid for one child;

39 (4) No benefits pursuant to this section shall be paid to a child over eighteen years of age
40 who is totally and permanently disabled if such child is a patient or resident of a public-supported
41 institution, nor shall such benefits be paid unless such disability occurred prior to such child
42 reaching the age of eighteen;

43 (5) Whenever any dependent child designated by the board of trustees to receive benefits
44 pursuant to this section is in the care of the surviving spouse of the deceased member, such
45 benefits may be paid to such surviving spouse for the child;

46 (6) In the event of the death of a retired member receiving accidental disability benefits
47 before such benefits have been paid for five years, the member's surviving spouse until the
48 surviving spouse dies or remarries, whichever is earlier, shall receive an additional pension of
49 ten percent of the deceased member's final average compensation;

50 (7) Any benefit payable to, or for the benefit of, a child or children under the age of
51 eighteen years pursuant to subdivisions (1) to (3) of this section shall continue to be paid beyond
52 the age of eighteen years through the age of twenty-two years if the child is a full-time student
53 at a regularly accredited college, business school, nursing school, school for technical or
54 vocational training, or university, but such extended benefit shall cease whenever the child
55 ceases to be a student. A college or university shall be deemed to be regularly accredited which
56 maintains membership in good standing in a national or regional accrediting agency recognized
57 by any state college or university;

58 (8) The benefits payable pursuant to this section to the surviving spouse of a retired
59 member who received or was entitled to receive a service retirement allowance shall be increased

60 in the same percentages and pursuant to the same method as is provided in section 86.253 for
61 adjustments in the service retirement allowance of a retired member;

62 **(9) Any cost-of-living increases under this section shall be subject to the same**
63 **limitations on cost-of-living increases contained in section 86.253.**

86.288. **Except in the case of members who have not achieved five years credible**
2 **service who are governed by the provisions of section 86.253**, in addition to any other benefits
3 payable, notwithstanding any provisions of sections 86.280 and 86.287 to the contrary, if a
4 member dies while commissioned as a peace officer, or after retiring and before receiving a
5 refund of the member's mandatory contributions in accordance with section 86.253 or 86.290,
6 or while receiving a disability retirement allowance in accordance with section 86.253 or 86.257,
7 the total amount of the member's mandatory contributions to the retirement system shall be paid
8 without interest to the surviving spouse of such member. Payment pursuant to this section shall
9 be made within sixty days after the later of the date proper proofs of death are provided or
10 August 28, 1994, regardless of when the member died or actually retired, provided that the
11 surviving spouse shall be alive on the date that payment is made.

86.290. **Except in the case of a member who has not completed five years of credible**
2 **service who are governed by the provisions of section 86.253**, should a member cease to be
3 a policeman except by death or actual retirement, the member may request payment of the
4 amount of the accumulated contributions standing to the credit of the member's individual
5 account, including members' interest, in which event such amount shall be paid to the member
6 not later than one year after the member ceases to be a policeman. If the former member is
7 reemployed as a policeman before any portion of such former member's accumulated
8 contributions is distributed, no distribution shall be made. If the former member is reemployed
9 as a policeman after a portion of the former member's accumulated contributions is distributed,
10 the amount remaining shall also be distributed.

86.292. If the board of trustees is unable to refund the accumulated contributions of a
2 member or to commence payment of benefits within five years after such refund or benefits are
3 otherwise first due and payable, the accumulated contributions shall remain assets of the
4 retirement system. If proper application is thereafter made for refund or benefits, the board shall
5 make payment, but no credit shall be allowed for any interest after the date the refund or benefits
6 were first due and payable. **Members who have not reached five years of credible service are**
7 **not entitled to a refund of their contributions except as provided in section 86.253, and any**
8 **contributions not required to be refunded under such section shall remain assets of the**
9 **retirement system.**

86.293. **Except in the case of members who have not achieved five years of credible**
2 **service who are governed by the provisions of section 86.253**, if there are no further benefits

3 otherwise payable under sections 86.200 to 86.366 and the total amount of benefits paid to date
4 is less than an amount equal to the accumulated contributions of the member at death or
5 retirement, whichever occurred first, the difference shall be paid to the beneficiary named to
6 receive such amount or if no such beneficiary is living, to the beneficiary or the estate of the
7 beneficiary last entitled to benefits.

86.320. 1. The board of trustees shall certify to the board of police commissioners and
2 the board of police commissioners shall cause to be deducted from the salary of each member
3 on each and every payroll for each and every pay period, seven percent of the compensation of
4 each member who is not participating in the DROP, including each member whose participation
5 in the DROP has ended and who has returned to active participation in the system pursuant to
6 section 86.251, and zero percent of the compensation of each member who is participating in the
7 DROP or whose participation in the DROP has ended but who has not returned to active
8 participation in the system pursuant to section 86.251. **Notwithstanding any other provisions
9 of law in this section, members who began their employment after October 1, 2013, shall
10 have a deduction rate of nine percent of compensation, with a fifty percent lump sum
11 return of their contribution upon retirement.**

12 2. The deductions provided for in this section shall be made notwithstanding that the
13 minimum compensation provided by law for any member shall be reduced thereby. Every
14 member shall be deemed to consent to the deductions made and provided for in this section, and
15 shall receipt for the member's full salary or compensation and payment of salary or compensation
16 less such deduction shall be a full and complete discharge and [acquittance] **acquittal** of all
17 claims and demands whatsoever for services rendered during the period covered by the payment
18 except as to benefits provided by sections 86.200 to 86.366. The board of police commissioners
19 shall certify to the board of trustees on each and every payroll or in such other manner as the
20 board of trustees shall prescribe the amount deducted, and such amounts shall be paid into the
21 system and shall be credited together with members' interest thereon to the individual account
22 of the member from whose compensation such deduction was made.

23 3. **All amounts required to be deducted from the salary of a member under
24 subsection 1 of this section for pay periods beginning on or after October 1, 2013, shall be
25 picked up and treated as employer contributions in accordance with Section 414(h)(2) of
26 the Internal Revenue Code of 1986, as amended.**

27 4. The board of trustees is authorized to grant additional benefits for such parts of
28 contributions as were made prior to the adoption of the [seven-percent] **nine-percent** rate for all
29 members which were in excess of the compulsory contributions required of each member.

86.330. 1. After each annual valuation, the actuary engaged by the board to make the
2 valuation required by sections 86.200 to 86.366, shall determine the normal contribution rate.

3 The normal contribution rate shall be the rate percent of the earnable compensation of all
4 members obtained by deducting from the total liabilities of the retirement system the amount of
5 the assets in hand to the credit of the retirement system and the present value of expected future
6 member contributions and dividing the remainder by one percent of the present value of the
7 prospective future compensation of all members as computed on the basis of mortality and
8 service tables and interest assumptions adopted by the board of trustees.

9 **2. Notwithstanding the provisions of subsection 1 of this section, if a city not within**
10 **a county adopts an ordinance as described in subsection 2 of section 86.344 then, after the**
11 **effective date of such ordinance, for each annual valuation for the first of the plan years**
12 **beginning with the plan of such adoption and each subsequent year, the actuary engaged**
13 **by the board to make the valuation required by sections 86.200 to 86.366 shall determine**
14 **the normal cost for such year using the entry age normal actuarial cost method as provided**
15 **herein. Under the entry age normal actuarial cost method, the actuarial present value of**
16 **the projected benefits of each individual included in an actuarial valuation is allocated on**
17 **a level basis over the service of the individual between entry age and assumed exit ages.**
18 **The portion of this actuarial present value allocated to a valuation year is called the**
19 **"normal cost".**

86.333. 1. At the first valuation after the effective date of these amendments the actuary
2 engaged by the board of trustees shall compute the rate percent of the total earnable
3 compensation of all members which is equivalent to four percent of the amount of the total
4 unfunded benefit liability on account of all members and beneficiaries which is not dischargeable
5 by the aforesaid normal contribution made on account of such members during the remainder of
6 their active service. The rate percent originally so determined shall be known as "the accrued
7 liability contribution rate".

8 **2. (1) Notwithstanding the provisions of subsection 1 of this section, if a city not**
9 **within a county adopts an ordinance as described in subsection 2 of section 86.344, then,**
10 **after each annual valuation for plan years beginning the year of such adoption, the actuary**
11 **engaged by the board to make the valuation required by sections 86.200 to 86.366 shall**
12 **determine the actuarial accrued liability under the entry age normal actuarial cost method.**
13 **Under the entry age normal actuarial cost method, the actuarial present value of the**
14 **projected benefits of each individual included in an actuarial valuation is allocated on a**
15 **level basis over the service of the individual between entry age and assumed exit ages. The**
16 **portion of this actuarial present value not provided for at a valuation date by the actuarial**
17 **present value of future normal costs is called the "actuarial accrued liability".**

18 **(2) The actuary shall determine the initial unfunded actuarial accrued liability as**
19 **the amount by which the actuarial accrued liability exceeds the actuarial value of the assets**

20 of the retirement system. The amortization payment for the initial unfunded actuarial
21 accrued liability as of October 1, 2013, will be determined as a level percentage of salary
22 for a twenty-year period. The amortization period for subsequent years for the initial
23 unfunded accrued liability will decline by one year for each of the next twenty years. Any
24 changes in the unfunded accrued liability that result from experience gains and losses,
25 changes in actuarial assumptions, and changes in plan benefits for plan years beginning
26 on and after October 1, 2013, will be amortized in accordance with policies and procedures
27 adopted by the board. Such policies shall include the period of amortization and pattern
28 of payments, provided that the period of amortization is no more than thirty years. Other
29 than the initial unfunded liability, the board may combine amortization periods in the
30 interest of efficiency if the effect upon the contribution calculation is not considered
31 material. Such policies adopted by the board shall be based on the advice of the system's
32 actuary and shall comply with all applicable actuarial standards of practice.

86.337. 1. The total amount payable to the retirement system for each fiscal year shall
2 be not less than the normal contribution rate of the total compensation earnable by all members
3 during the year; provided, however, that the aggregate payment by the said cities shall be
4 sufficient when combined with the assets of the retirement system to provide the pensions and
5 other benefits payable during the then current year.

6 2. Notwithstanding the provisions of subsection 1 of this section, if a city not within
7 a county adopts an ordinance as described in subsection 2 of section 86.344, then the total
8 amount payable to the retirement system for each plan year beginning on or after October
9 first of the year of the adoption of such ordinance shall be not less than the greater of the
10 following:

11 (1) The sum of:

12 (a) The normal cost determined under section 86.330; and

13 (b) The accrued liability contribution determined under section 86.333; and

14 (2) The amount, when combined with the assets of the retirement system, required
15 to provide the pensions and other benefits payable during the then current plan year.

86.344. 1. On or before the first day of March of each year the board of trustees shall
2 certify to the board of estimate and apportionment of the city the amounts which will become due
3 and payable during the year next following for expenses pursuant to subsection 2 of section
4 86.343 and the cost of benefits as determined pursuant to section 86.337. The amounts so
5 certified shall be appropriated by the city and transferred to the retirement system in equal
6 payments in the first six months of the ensuing year.

7 2. The city may elect, but shall not be required, to change the actuarial formula by
8 which such amounts are calculated to the entry age normal method. In order to exercise

9 **its option to change the calculation method, the city shall adopt an ordinance authorizing**
10 **the change to the entry age normal method, which ordinance shall include the city's**
11 **expressed acknowledgment that the benefit calculation formula change is undertaken**
12 **voluntarily and not under compulsion by the state of Missouri, so that the conversion does**
13 **not implicate the provisions of sections 16 to 23 of article X of the Missouri Constitution.**
14 **If the city elects to exercise the option afforded in this subsection to change the**
15 **contribution calculation method to entry age normal, and if either the provisions of this**
16 **subsection or the city's adoption of entry age normal is determined by a final judgment of**
17 **a court of competent jurisdiction to violate sections 16 to 23 of article X of the Missouri**
18 **Constitution, then this subsection and subsection 2 of section 86.330, subsection 2 of section**
19 **86.333, and subsection 2 of section 86.337 referencing this subsection shall be null and void**
20 **and method of calculation shall revert to the method used prior to the adoption of this**
21 **subsection and the board of trustees shall certify to the board of estimate and**
22 **apportionment of the city the amounts which will become due and payable during the year**
23 **based upon the formula described in subsection 1 of section 86.330, subsection 1 of section**
24 **86.333, and subsection 1 of section 86.337.**

86.354. 1. A member's benefit shall be one hundred percent vested and nonforfeitable
2 upon the first of the following to occur:

- 3 (1) The member's attainment of age fifty-five, the normal retirement age; or
- 4 (2) The member's completion of twenty years of creditable service regardless of age; or
- 5 (3) The termination of the plan established pursuant to sections 86.200 to 86.366, to the
6 extent the plan is funded.

7 Forfeitures of any nature under such plan shall not be used to increase the benefits of any
8 member, but shall be used to reduce the city's contributions pursuant to section 86.243.

9 **2. Any member who commenced employment on or after October 1, 2013, shall**
10 **complete twenty-five years of creditable service and attain the age of fifty before they shall**
11 **become one hundred percent vested and nonforfeitable.**

86.359. If a retroactive payment is made to a member, surviving spouse, dependent child,
2 or other beneficiary under sections 86.200 to 86.366 for any reason, a lump sum equal to the sum
3 of the retroactive monthly payments[, plus interest,] shall be paid. [For this purpose, interest
4 shall be credited at the rate of six percent annum, compounded annually.]

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