

House _____ Amendment NO. _____

Offered By _____

1 AMEND House Committee Substitute for Senate Bill No. 639, Page 8, Section 56.840, Line 25, by inserting
2 after all of said line the following:

3
4 "70.600. The following words and phrases as used in sections 70.600 to 70.755, unless a different
5 meaning is plainly required by the context, shall mean:

6 (1) "Accumulated contributions", the total of all amounts deducted from the compensations of a
7 member and standing to the member's credit in his or her individual account in the members deposit fund,
8 together with investment credits thereon;

9 (2) "Actuarial equivalent", a benefit of equal reserve value;

10 (3) "Allowance", the total of the annuity and the pension. All allowances shall be paid not later than
11 the tenth day of each calendar month;

12 (4) "Annuity", a monthly amount derived from the accumulated contributions of a member and
13 payable by the system throughout the life of a person or for a temporary period;

14 (5) "Beneficiary", any person who is receiving or designated to receive a system benefit, except a
15 retirant;

16 (6) "Benefit program", a schedule of benefits or benefit formulas from which the amounts of system
17 benefits can be determined;

18 (7) "Board of trustees" or "board", the board of trustees of the system;

19 (8) "Compensation", the remuneration paid an employee by a political subdivision or by an elected
20 fee official of the political subdivision for personal services rendered by the employee for the political
21 subdivision or for the elected fee official in the employee's public capacity; provided, that for an elected fee
22 official, "compensation" means that portion of his or her fees which is net after deduction of (a)
23 compensation paid by such elected fee official to his or her office employees, if any, and (b) the ordinary and
24 necessary expenses paid by such elected fee official and attributable to the operation of his or her office. In
25 cases where an employee's compensation is not all paid in money, the political subdivision shall fix the
26 reasonable value of the employee's compensation not paid in money. In determining compensation no
27 consideration shall be given to:

28 (a) Any nonrecurring single sum payment paid by an employer;

29 (b) Employer contributions to any employee benefit plan or trust;

30 (c) Any other unusual or nonrecurring remuneration; or

31 (d) Compensation in excess of the limitations set forth in Internal Revenue Code Section 401(a)(17).

32 The limitation on compensation for eligible employees shall not be less than the amount which was allowed
33 to be taken into account under the system as in effect on July 1, 1993. For purposes of this paragraph, an
34 "eligible employee" is an individual who was a member of the system before the first plan year beginning
35 after December 31, 1995;

36 (9) "Credited service", the total of a member's prior service and membership service, to the extent
37 such service is standing to the member's credit as provided in sections 70.600 to 70.755;

38 (10) "Employee", any person regularly employed by a political subdivision who receives
39 compensation from the political subdivision for personal services rendered the political subdivision,

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including any elected official of the political subdivision whose position requires his or her regular personal services and who is compensated wholly or in part on a fee basis, and including the employees of such elected fee officials who may be compensated by such elected fee officials. The term "employee" may include any elected county official. The term "employee" shall not include any person:

(a) Who is not an elected official of the political subdivision and who is included as an active member in any other plan similar in purpose to this system by reason of his or her employment with his or her political subdivision, except the federal Social Security Old Age, Survivors, and Disability Insurance Program, as amended; or

(b) Who acts for the political subdivision under contract; or

(c) Who is paid wholly on a fee basis, except elected officials and their employees; or

(d) Who holds the position of mayor, presiding judge, president or chairman of the political subdivision or is a member of the governing body of the political subdivision; except that, such an official of a political subdivision having ten or more other employees may become a member if the official is covered under the federal Social Security Old Age, Survivors, and Disability Insurance Program, as amended, by reason of such official's employment with his or her political subdivision, by filing written application for membership with the board after the date the official qualifies for such position or within thirty days after the date his or her political subdivision becomes an employer, whichever date is later;

(11) "Employer", any political subdivision which has elected to have all its eligible employees covered by the system;

(12) "Final average salary", the monthly average of the compensations paid an employee during the period of sixty or, if an election has been made in accordance with section 70.656, thirty-six consecutive months of credited service producing the highest monthly average, which period is contained within the period of one hundred twenty consecutive months of credited service immediately preceding his or her termination of membership. Should a member have less than sixty or, if an election has been made in accordance with section 70.656, thirty-six months of credited service, "final average salary" means the monthly average of compensation paid the member during his or her total months of credited service;

(13) "[Fireman] Firefighter", any regular or permanent employee of the fire department of a political subdivision, including a probationary [fireman] firefighter. The term "[fireman] firefighter" shall not include:

(a) Any volunteer [fireman] firefighter; [or]

(b) Any civilian employee of a fire department, except as provided in section 70.631; or

(c) Any person temporarily employed as a [fireman] firefighter for an emergency;

(14) "Member", any employee included in the membership of the system;

(15) "Membership service", employment as an employee with the political subdivision from and after the date such political subdivision becomes an employer, which employment is creditable as service hereunder;

(16) "Minimum service retirement age", age sixty for a member who is neither a [policeman] police officer nor a [fireman] firefighter; "minimum service retirement age", age fifty-five for a member who is a [policeman] police officer or a [fireman] firefighter;

(17) "Pension", a monthly amount derived from contributions of an employer and payable by the system throughout the life of a person or for a temporary period;

(18) "[Policeman] Police officer", any regular or permanent employee of the police department of a political subdivision, including a probationary [policeman] police officer. The term "[policeman] police officer" shall not include:

(a) Any civilian employee of a police department, except as provided in section 70.631; or

(b) Any person temporarily employed as a [policeman] police officer for an emergency;

(19) "Political subdivision", any governmental subdivision of this state created pursuant to the laws of this state, and having the power to tax, except public school districts; a board of utilities or a board of public works which is required by charter or ordinance to establish the compensation of employees of the utility separate from the compensation of other employees of the city may be considered a political subdivision for purposes of sections 70.600 to 70.755; a joint municipal utility commission may be considered a political subdivision for purposes of sections 70.600 to 70.755;

(20) "Prior service", employment as an employee with the political subdivision prior to the date

1 such political subdivision becomes an employer, which employment is creditable as service hereunder;

2 (21) "Regular interest" or "investment credits", such reasonable rate or rates per annum,
3 compounded annually, as the board shall adopt annually;

4 (22) "Reserve", the present value of all payments to be made on account of any system benefit based
5 upon such tables of experience and regular interest as the board shall adopt from time to time;

6 (23) "Retirant", a former member receiving a system allowance by reason of having been a member;

7 (24) "Retirement system" or "system", the Missouri local government employees' retirement system.

8 70.605. 1. For the purpose of providing for the retirement or pensioning of the officers and
9 employees and the widows and children of deceased officers and employees of any political subdivision of
10 the state, there is hereby created and established a retirement system which shall be a body corporate, which
11 shall be under the management of a board of trustees herein described, and shall be known as the "Missouri
12 Local Government Employees' Retirement System". Such system may sue and be sued, transact business,
13 invest funds, and hold cash, securities, and other property. All suits or proceedings directly or indirectly
14 against the system shall be brought in Cole County. The system shall begin operations on the first day of the
15 calendar month next following sixty days after the date the board of trustees has received certification from
16 ten political subdivisions that they have elected to become employers.

17 2. The general administration and the responsibility for the proper operation of the system is vested
18 in a board of trustees of seven persons: three persons to be elected as trustees by the members of the system;
19 three persons to be elected trustees by the governing bodies of employers; and one person, to be appointed by
20 the governor, who is not a member, retirant, or beneficiary of the system and who is not a member of the
21 governing body of any political subdivision.

22 3. Trustees shall be chosen for terms of four years from the first day of January next following their
23 election or appointment, except that of the first board shall all be appointed by the governor by and with the
24 consent of the senate, as follows:

25 (1) Three persons who are officers or officials of political subdivisions, one for a term of three years,
26 one for a term of two years, and one for a term of one year; and

27 (2) Three persons who are employees of political subdivisions and who would, if the subdivision by
28 which they are employed becomes an employer, be eligible as members, one for a term of three years, one for
29 a term of two years, and one for a term of one year; and

30 (3) That person appointed by the governor under the provisions of subsection 2 of this section. All
31 the members of the first board shall take office as soon as appointed by the governor, but their terms shall be
32 computed from the first day of January next following their appointment, and only one member may be from
33 any political subdivision or be a [policeman] police officer or [fireman] firefighter.

34 4. Successor trustees elected or appointed as member trustees shall be members of the retirement
35 system; provided, that not more than one member trustee shall be employed by any one employer, and not
36 more than one member trustee shall be a [policeman] police officer, and not more than one member trustee
37 shall be a [fireman] firefighter.

38 5. Successor trustees elected as employer trustees shall be elected or appointed officials of
39 employers and shall not be members of the retirement system; provided, that not more than one employer
40 trustee shall be from any one employer.

41 6. An annual meeting of the retirement system shall be called by the board in the last calendar
42 quarter of each year in Jefferson City, or at such place as the board shall determine, for the purpose of
43 electing trustees and to transact such other business as may be required for the proper operation of the
44 system. Notice of such meeting shall be sent by registered mail to the clerk or secretary of each employer
45 not less than thirty days prior to the date of such meeting. The governing body of each employer shall certify
46 to the board the name of one delegate who shall be an officer of the employer, and the members of the
47 employer shall certify to the board a member of the employer to represent such employer at such meeting.
48 The delegate certified as member delegate shall be elected by secret ballot by the members of such employer,
49 and the clerk or secretary of each employer shall be charged with the duty of conducting such election in a
50 manner which will permit each member to vote in such election. Under such rules and regulations as the
51 board shall adopt, approved by the delegates, the member delegates shall elect a member trustee for each
52 such position on the board to be filled, and the officer delegates shall elect an employer trustee for each such
53 position on the board to be filled.

1 7. In the event any member trustee ceases to be a member of the retirement system, or any employer
2 trustee ceases to be an appointed or elected official of an employer, or becomes a member of the retirement
3 system, or if the trustee appointed by the governor becomes a member of the retirement system or an elected
4 or appointed official of a political subdivision, or if any trustee fails to attend three consecutive meetings of
5 the board, unless in each case excused for cause by the remaining trustees attending such meeting or
6 meetings, he or she shall be considered as having resigned from the board and the board shall, by resolution,
7 declare his or her office of trustee vacated. If a vacancy occurs in the office of trustee, the vacancy shall be
8 filled for the unexpired term in the same manner as the office was previously filled; provided, however, that
9 the remaining trustees may fill employer and member trustee vacancies on the board until the next annual
10 meeting.

11 8. Each trustee shall be commissioned by the governor, and before entering upon the duties of his or
12 her office, shall take and subscribe to an oath or affirmation to support the Constitution of the United States,
13 and of the state of Missouri, and to demean himself or herself faithfully in his or her office. Such oath as
14 subscribed to shall be filed in the office of the secretary of state of this state.

15 9. Each trustee shall be entitled to one vote in the board of trustees. Four votes shall be necessary for
16 a decision by the trustees at any meeting of the board of trustees. Four trustees, of whom at least two shall
17 be member trustees and at least two shall be employer trustees, shall constitute a quorum at any meeting of
18 the board. Unless otherwise expressly provided herein, a meeting need not be called or held to make any
19 decision on a matter before the board. Each member must be sent by the executive secretary a copy of the
20 matter to be decided with full information from the files of the board. The concurring decisions of four
21 trustees may decide the issue by signing a document declaring their decision and sending the written
22 instrument to the executive secretary, provided that no other trustee shall send a dissenting decision to the
23 executive secretary within fifteen days after the document and information was mailed to him or her. If any
24 trustee is not in agreement with the four trustees, the matter is to be passed on at a regular board meeting or a
25 special meeting called for that purpose. The board shall hold regular meetings at least once each quarter, the
26 dates of these meetings to be designated in the rules and regulations adopted by the board. Other meetings as
27 deemed necessary may be called by the chairman or by any four trustees acting jointly.

28 10. The board of trustees shall elect one of their number as chairman, and one of their number as
29 vice chairman, and shall employ an executive secretary, not one of their number, who shall be the executive
30 officer of the board. Other employees of the board shall be chosen only upon the recommendation of the
31 executive secretary.

32 11. The board shall appoint an actuary or a firm of actuaries as technical advisor to the board on
33 matters regarding the operation of the system on an actuarial basis. The actuary or actuaries shall perform
34 such duties as are required of him or her under sections 70.600 to 70.755, and as are from time to time
35 required by the board.

36 12. The board may appoint an attorney-at-law or firm of attorneys-at-law to be the legal advisor of
37 the board and to represent the board in all legal proceedings.

38 13. The board may appoint an investment counselor to be the investment advisor of the board.

39 14. The board shall from time to time, after receiving the advice of its actuary, adopt such mortality
40 and other tables of experience, and a rate or rates of regular interest, as shall be necessary for the actuarial
41 requirements of the system, and shall require its executive secretary to keep in convenient form such data as
42 shall be necessary for actuarial investigations of the experience of the system, and such data as shall be
43 necessary for the annual actuarial valuations of the system.

44 15. The board shall keep a record of its proceedings, which shall be open to public inspection. It
45 shall prepare annually and render to each employer a report showing the financial condition of the system as
46 of the preceding June thirtieth. The report shall contain, but shall not be limited to, a financial balance sheet;
47 a statement of income and disbursements; a detailed statement of investments acquired and disposed of
48 during the year, together with a detailed statement of the annual rates of investment income from all assets
49 and from each type of investment; an actuarial balance sheet prepared by means of the last valuation of the
50 system, and such other data as the board shall deem necessary or desirable for a proper understanding of the
51 condition of the system.

52 16. The board of trustees shall, after reasonable notice to all interested parties, conduct
53 administrative hearings to hear and decide questions arising from the administration of sections 70.600 to

70.755; except, that such hearings may be conducted by a hearing officer who shall be appointed by the board. The hearing officer shall preside at the hearing and hear all evidence and rule on the admissibility of evidence. The hearing officer shall make recommended findings of fact and may make recommended conclusions of law to the board. All final orders or determinations or other final actions by the board shall be approved in writing by at least four members of the board. Any board member approving in writing any final order, determination or other final action, who did not attend the hearing, shall do so only after certifying that he or she reviewed all exhibits and read the entire transcript of the hearing. Within thirty days after a decision or order or final action of the board, any member, retirant, beneficiary or political subdivision adversely affected by that determination or order or final action may take an appeal under the provisions of chapter 536. Jurisdiction over any dispute regarding the interpretation of sections 70.600 to 70.755 and the determinations required thereunder shall lie in the circuit court of Cole County.

17. The board shall arrange for adequate surety bonds covering the executive secretary and any other custodian of the funds or investments of the board. When approved by the board, said bonds shall be deposited in the office of the secretary of state.

18. The board shall arrange for annual audits of the records and accounts of the system by a certified public accountant or by a firm of certified public accountants.

19. The headquarters of the retirement system shall be in Jefferson City.

20. The board of trustees shall serve as trustees without compensation for their services as such; except that each trustee shall be paid for any necessary expenses incurred in attending meetings of the board or in the performance of other duties authorized by the board.

21. Subject to the limitations of sections 70.600 to 70.755, the board shall formulate and adopt rules and regulations for the government of its own proceedings and for the administration of the retirement system.

70.610. Each political subdivision, by a majority vote of its governing body, may elect to become an employer and cover its employees under the system, as follows:

(1) The clerk or secretary of the political subdivision shall certify the election to be an employer to the board within ten days after the vote of the governing body. The effective date of the political subdivision's coverage is the first day of the calendar month next following receipt by the board of the election to be an employer, or the operative date of the system, whichever is the later.

(2) An employer must cover all its employees who are neither [policemen] police officers nor [firemen] firefighters and may cover its [policemen] police officers or [firemen] firefighters or both.

70.615. After October 13, 1967, a political subdivision shall not commence coverage of its employees who are neither [policemen] police officers nor [firemen] firefighters under another plan similar in purpose to this system, other than under this system, except the federal Social Security Old Age, Survivors, and Disability Insurance Program, as amended; except that, any political corporation or subdivision of this state, now having or which may hereafter have an assessed valuation of one hundred million dollars or more, which does not now have a pension system for its officers and employees adopted pursuant to state law, may provide by proper legislative action of its governing body for the pensioning of its officers and employees and the widows and minor children of deceased officers and employees under a plan separate and apart from that provided in sections 70.600 to 70.670 and appropriate and utilize its revenues and other available funds for such purposes, and except that the board of hospital trustees of any hospital which is owned by any political corporation or subdivision of this state, may provide for the pensioning of its employees and the widows and minor children of deceased employees under a plan separate and apart from that provided in sections 70.600 to 70.670, and utilize its revenues and other funds for such purposes."; and

Further amend said bill, Page 9, Section 70.621, Line 24, by inserting after all of said line the following:

"70.630. 1. The membership of the system shall include the following persons:

(1) All employees who are neither [policemen] police officers nor [firemen] firefighters who are in the employ of a political subdivision the day preceding the date such political subdivision becomes an employer and who continue in such employ on and after such date shall become members of the system.

(2) All persons who become employed by a political subdivision as neither [policemen] police officers nor [firemen] firefighters on or after the date such political subdivision becomes an employer shall

1 become members of the system.

2 (3) If his or her employing political subdivision has elected to cover present and future [policemen]
3 police officers, all [policemen] police officers who are in the employ of a political subdivision the day
4 preceding the date such political subdivision covers [policemen] police officers hereunder and who continue
5 in such employ as a [policeman] police officer on and after such date, and all persons who become employed
6 by a political subdivision as a [policeman] police officer on or after the date the political subdivision covers
7 [policemen] police officers shall become members of the system.

8 (4) If his or her employing political subdivision has elected to cover only future [policemen] police
9 officers, all persons who become employed by a political subdivision as a [policeman] police officer on or
10 after the date such political subdivision covers [policemen] police officers hereunder shall become members
11 of the system.

12 (5) If his or her employing political subdivision has elected to cover present and future [firemen]
13 firefighters, all [firemen] firefighters who are in the employ of a political subdivision the day preceding the
14 date such political subdivision covers [firemen] firefighters hereunder and who continue in such employ as a
15 [fireman] firefighter on and after such date, and all persons who become employed by a political subdivision
16 as a [fireman] firefighter on or after the date the political subdivision covers [firemen] firefighters hereunder
17 shall become members of the system.

18 (6) If his or her employing political subdivision has elected to cover only future [firemen]
19 firefighters, all persons who become employed by a political subdivision as a [fireman] firefighter on or after
20 the date such political subdivision covers [firemen] firefighters hereunder shall become members of the
21 system.

22 2. In no event shall an employee become a member if continuous employment to time of retirement
23 will leave the employee with less than minimum number of years of credited service specified in section
24 70.645.

25 3. In any case of question as to the system membership status of any person, the board shall decide
26 the question.

27 70.631. 1. Each political subdivision may, by majority vote of its governing body, elect to cover
28 jailers as police officer members of the system and emergency medical service personnel as firefighter
29 members of the system. The clerk or secretary of the political subdivision shall certify an election
30 concerning the coverage of jailers as police officer members of the system and emergency medical service
31 personnel as firefighter members of the system to the board within ten days after such vote. The date on
32 which the political subdivision's election becomes effective shall be the first day of the calendar month
33 specified by such governing body, the first day of the calendar month next following receipt by the board of
34 the certification of the election, or the effective date of the political subdivision becoming an employer,
35 whichever is the latest date. Such election shall not be changed after the effective date. If the election is
36 made, the coverage provisions shall be applicable to the past and future employment with the employer by
37 present and future employees.

38 2. If an employer elects to cover jailers as police officer members of the system and emergency
39 medical service personnel as firefighter members of the system, the employer contributions shall be
40 correspondingly changed effective the same date as the effective date of the political subdivision's election.

41 3. The limitation on increases in an employer's contributions under subsection 6 of section 70.730
42 shall not apply to any contribution increase resulting from an employer making an election under the
43 provisions of this section.

44 70.730. 1. Each employer's contributions to the system shall be the total of the contribution
45 amounts provided for in subsections 2 through 5 of this section; provided, that such contributions shall be
46 subject to the provisions of subsection 6 of this section.

47 2. An employer's normal cost contributions shall be determined as follows: using the financial
48 assumptions adopted by the board from time to time, the actuary shall annually compute the rate of
49 contributions which, if paid annually by each employer during the total service of its members, will be
50 sufficient to provide the pension reserves required at the time of their retirements to cover the pensions to
51 which they might be entitled or which might be payable on their behalf. The board shall annually certify to
52 the governing body of each employer the amount of membership service contribution so determined, and
53 each employer shall pay such amount to the system during the employer's next fiscal year which begins six

months or more after the date of such board certification. Such payments shall be made in such manner and form and in such frequency and shall be accompanied by such supporting data as the board shall from time to time determine. When received, such payments shall be credited to the employer's account in the employer accumulation fund.

3. An employer's accrued service contributions shall be determined as follows: using the financial assumptions adopted by the board from time to time, the actuary shall annually compute for each employer the portions of pension reserves for pensions which will not be provided by future normal cost contributions. The accrued service pension reserves so determined for each employer less the employer's applicable balance in the employer accumulation fund shall be amortized over a period of years, as determined by the board. Such period of years shall not extend beyond the latest of:

- (1) forty years from the date the political subdivision became an employer[, or] ;
- (2) thirty years from the date the employer last elected to increase its optional benefit program[,] ; or
- (3) fifteen years from the date of the annual actuarial computation.

The board shall annually certify to the governing body of each employer the amount of accrued service contribution so determined for the employer, and each employer shall pay such amount to the system during the employer's next fiscal year which begins six months or more after the date of such board certification. Such payments shall be made in such manner and form and in such frequency and shall be accompanied by such supporting data as the board shall from time to time determine. When received, such payments shall be credited to the employer's account in the employer accumulation fund.

4. The employer's contributions for the portions of disability pensions or pensions that result from a member's death that was the natural and proximate result of a personal injury or disease arising out of and in the course of his or her actual performance of duty as an employee not covered by accrued service pension reserves shall be determined on a one-year term basis. The board may determine different rates of contributions for employers having [policeman] police officer members or having [fireman] firefighter members or having neither [policeman] police officer members nor [fireman] firefighter members. The board shall annually certify to the governing body of each employer the amount of contribution so ascertained for the employer, and each employer shall pay such amount to the system during the employer's next fiscal year which begins six months or more after the date of such board certification. Such payments shall be made in such manner and form and in such frequency and shall be accompanied by such supporting data as the board shall from time to time ascertain. When received, such payments shall be credited to the casualty reserve fund.

5. Each employer shall provide its share, as determined by the board, of the administrative expenses of the system and shall pay the same to the system to be credited to the income-expense fund.

6. The employer's total contribution to the system, expressed as a percent of active member compensations, in any employer fiscal year, beginning with the second fiscal year that the political subdivision is an employer, shall not exceed its total contributions for the immediately preceding fiscal year, expressed as a percent of active member compensations, by more than one percent.

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

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

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

(3) "Average final compensation":

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

(b) With respect to a member who is not participating in the DROP pursuant to section 86.251 on October 1, 2001, who did not participate in the DROP at any time before such date, and who earns any creditable service on or after October 1, 2001, the average earnable compensation of the member during the

1 member's last two years of creditable service as a [policeman] police officer, or if the member has had less
2 than two years of creditable service, then the average earnable compensation of the member's entire period of
3 creditable service;

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

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

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

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

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

29 (5) "Board of trustees", the board provided in sections 86.200 to 86.366 to administer the retirement
30 system;

31 (6) "Creditable service", prior service plus membership service as provided in sections 86.200 to
32 86.366;

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

34 (8) "Earnable compensation", the annual salary established under section 84.160 which a member
35 would earn during one year on the basis of the member's rank or position plus any additional compensation
36 for academic work and shift differential that may be provided by any official or board now or hereafter
37 authorized by law to employ and manage a permanent police force in such cities. Such amount shall include
38 the member's deferrals to a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code
39 or to a cafeteria plan pursuant to Section 125 of the Internal Revenue Code or, effective October 1, 2001, to a
40 transportation fringe benefit program pursuant to Section 132(f)(4) of the Internal Revenue Code. Earnable
41 compensation shall not include a member's additional compensation for overtime, standby time, court time,
42 nonuniform time or unused vacation time. Notwithstanding the foregoing, the earnable compensation taken
43 into account under the plan established pursuant to sections 86.200 to 86.366 with respect to a member who
44 is a noneligible participant, as defined in this subdivision, for any plan year beginning on or after October 1,
45 1996, shall not exceed the amount of compensation that may be taken into account under Section 401(a)(17)
46 of the Internal Revenue Code, as adjusted for increases in the cost of living, for such plan year. For purposes
47 of this subdivision, a "noneligible participant" is an individual who first becomes a member on or after the
48 first day of the first plan year beginning after the earlier of:

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

50 (b) December 31, 1995;

51 (9) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as amended;

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

(11) "Medical board", the health care organization appointed by the trustees of the police retirement board and responsible for arranging and passing upon all medical examinations required under the provisions of sections 86.200 to 86.366, which shall investigate all essential statements and certificates made by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the board of trustees its conclusions and recommendations;

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

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

(14) "Membership service", service as a [policeman] police officer rendered since last becoming a member, except in the case of a member who has served in the Armed Forces of the United States and has subsequently been reinstated as a [policeman] police officer, in which case "membership service" means service as a [policeman] police officer rendered since last becoming a member prior to entering such armed service;

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

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

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

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

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

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

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

86.207. 1. Except as provided herein, all persons who become [policemen] police officers and all [policemen] police officers who enter or reenter the service of any city not within a county after the first day of October, 1957, become members as a condition of their employment and shall receive no pensions or retirement allowance from any other pension or retirement system supported wholly or in part by the city not within a county or the state of Missouri, nor shall they be required to make contributions under any other pension or retirement system of the city not within a county or the state of Missouri for the same period of service, anything to the contrary notwithstanding. Any employee of a city not within a county who is earning creditable service in a retirement plan established by said city under section 95.540 and subsequently becomes a [policeman] police officer may elect to remain a member of said retirement plan and shall not be required to become a member of a police retirement system established under section 86.200 to 86.366. However, an employee of a city not within a county who is earning creditable service in a retirement plan established by said city under section 95.540 and who subsequently becomes a [policeman] police officer may elect to transfer membership and creditable service to the police retirement system created under section 86.200 to 86.366. Such transfers are subject to the conditions and requirements contained in section 105.691 and are also subject to any existing agreements between the said retirement plans; provided however, transfers completed prior to January 1, [2016] 2017, shall occur without regard to the vesting requirements of the receiving plan contained in section 105.691. As part of the transfer process described herein, the respective retirement plans may require the employee to acknowledge and agree as a condition of transfer that any election made under this section is irrevocable, constitutes a waiver of any right to receive retirement and disability benefits except as provided by the police retirement system, and that plan terms may be modified in the future.

2. If any member ceases to be in service for more than one year unless the member has attained the

age of fifty-five or has twenty years or more of creditable service, or if the member withdraws the member's accumulated contributions or if the member receives benefits under the retirement system or dies, the member thereupon ceases to be a member; except in the case of a member who has served in the Armed Forces of the United States and has subsequently been reinstated as a [policeman] police officer. 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.

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

86.210. 1. Under such rules and regulations as the board of trustees shall adopt, each member who was a [policeman] police officer on and prior to the date the retirement system becomes operative and who becomes a member within one year from such date and each member who was a [policeman] police officer prior to reentering the service of the city as a [policeman] police officer, shall file a detailed statement of all service as a [policeman] police officer rendered by the member prior to the date the retirement system becomes operative or prior to the date of last becoming a member, for which the member claims credit. If such member has withdrawn the member's accumulated contributions prior to reentering said service, then the member shall repay all such accumulated contributions plus the applicable members' interest thereon from the date of withdrawal to the date of repayment in order to receive credit for such prior service.

2. The board of trustees shall fix and determine by proper rules and regulations how much service in any year is equivalent to one year of service, but in no case shall more than one year of service be creditable for all service in one calendar year, nor shall the board of trustees allow credit as service for any period of more than one month's duration during which the member was absent without pay.

3. Subject to the above restrictions and to such other rules and regulations as the board of trustees may adopt, the board of trustees shall verify the service claims as soon as practicable after the filing of such statement of service.

4. Upon verification of the statements of service the board of trustees shall issue prior service certificates, certifying to each member the length of prior service with which the member is credited on the basis of such member's statement of service. So long as the holder of such a certificate continues to be a member, a prior service certificate shall be final and conclusive for retirement purposes as to such service; provided, however, that any member may, within one year from the date of issuance or modification of such certificate, request the board of trustees to modify or correct such prior service certificate. When any [policeman] police officer ceases to be a member, the former member's prior service certificate shall become void. Should the former member again become a member, the former member shall enter the retirement system as a member not entitled to prior service credit except as provided in sections 86.200 to 86.366.

5. Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by the member since last becoming a member and also if the member has a prior service certificate which is in full force and effect, the amount of the service certified on such prior service certificate.

86.253. 1. Upon termination of employment as a police officer and actual retirement for service, a member shall receive a service retirement allowance which shall be an amount equal to two percent of the member's average final compensation multiplied by the number of years of the member's creditable service, up to twenty-five years, plus an amount equal to four percent of the member's average final compensation for each year of creditable service in excess of twenty-five years but not in excess of thirty years; plus an additional five percent of the member's average final compensation for any creditable service in excess of thirty years. Notwithstanding the foregoing, the service retirement allowance of a member who does not earn any creditable service after August 11, 1999, shall not exceed an amount equal to seventy percent of the member's average final compensation, and the service retirement allowance of a member who earns creditable service on or after August 12, 1999, shall not exceed an amount equal to seventy-five percent of the member's average final compensation; provided, however, that the service retirement allowance of a member who is participating in the DROP pursuant to section 86.251 on August 12, 1999, who returns to active participation in the system pursuant to section 86.251, and who terminates employment as a police officer and actually retires for reasons other than death or disability before earning at least two years of

1 creditable service after such return shall be the sum of (1) the member's service retirement allowance as of
 2 the date the member entered DROP and (2) an additional service retirement allowance based solely on the
 3 creditable service earned by the member following the member's return to active participation. The member's
 4 total years of creditable service shall be taken into account for the purpose of determining whether the
 5 additional allowance attributable to such additional creditable service is two percent, four percent or five
 6 percent of the member's average final compensation.

7 2. If, at any time since first becoming a member of the retirement system, the member has served in
 8 the Armed Forces of the United States, and has subsequently been reinstated as a [policeman] police officer
 9 within ninety days after the member's discharge, the member shall be granted credit for such service as if the
 10 member's service in the police department of such city had not been interrupted by the member's induction
 11 into the Armed Forces of the United States. If earnable compensation is needed for such period in
 12 computation of benefits it shall be calculated on the basis of the compensation payable to the officers of the
 13 member's rank during the period of the member's absence. Notwithstanding any provision of sections 86.200
 14 to 86.366 to the contrary, the retirement system governed by sections 86.200 to 86.366 shall be operated and
 15 administered in accordance with the applicable provisions of the Uniformed Services Employment and
 16 Reemployment Rights Act of 1994, as amended.

17 3. The service retirement allowance of each present and future retired member who terminated
 18 employment as a police officer and actually retired from service after attaining age fifty-five or after
 19 completing twenty years of creditable service shall be increased annually at a rate not to exceed three percent
 20 as approved by the board of trustees beginning with the first increase in the second October following the
 21 member's retirement and subsequent increases in each October thereafter, provided that each increase is
 22 subject to a determination by the board of trustees that the consumer price index (United States City Average
 23 Index) as published by the United States Department of Labor shows an increase of not less than the
 24 approved rate during the latest twelve-month period for which the index is available at the date of
 25 determination; and provided further, that if the increase is in excess of the approved rate for any year, such
 26 excess shall be accumulated as to any retired member and increases may be granted in subsequent years
 27 subject to a maximum of three percent for each full year from October following the member's retirement but
 28 not to exceed a total percentage increase of thirty percent. In no event shall the increase described under this
 29 subsection be applied to the amount, if any, paid to a member or surviving spouse of a deceased member for
 30 services as a special consultant under subsection 5 of this section [or, if applicable, subsection 6 of this
 31 section]. If the board of trustees determines that the index has decreased for any year, the benefits of any
 32 retired member that have been increased shall be decreased but not below the member's initial benefit. No
 33 annual increase shall be made of less than one percent and no decrease of less than three percent except that
 34 any decrease may be limited in amount by the initial benefit.

35 4. In addition to any other retirement allowance payable under this section and section 86.250, a
 36 member, upon termination of employment as police officer and actual service retirement, may request
 37 payment of the total amount of the member's mandatory contributions to the retirement system without
 38 interest. Upon receipt of such request, the board shall pay the retired member such total amount of the
 39 member's mandatory contributions to the retirement system to be paid pursuant to this subsection within
 40 sixty days after such retired member's date of termination of employment as a police officer and actual
 41 retirement.

42 5. Any person who is receiving retirement benefits from the retirement system, upon application to
 43 the board of trustees, shall be made, constituted, appointed and employed by the board of trustees as a special
 44 consultant on the problems of retirement, aging and other matters, for the remainder of the person's life or, in
 45 the case of a deceased member's surviving spouse, until the earlier of the person's death or remarriage, and
 46 upon request of the board of trustees shall give opinions and be available to give opinions in writing or
 47 orally, in response to such requests, as may be required. For such services the special consultant shall be
 48 compensated monthly, in an amount which, when added to any monthly retirement benefits being received
 49 from the retirement system, including any cost-of-living increases under subsection 3 of this section, shall
 50 total six hundred fifty dollars a month. This employment shall in no way affect any person's eligibility for
 51 retirement benefits under this chapter, or in any way have the effect of reducing retirement benefits,
 52 notwithstanding any provisions of law to the contrary.

53 86.267. 1. Upon termination of employment as a police officer and actual retirement for accidental

1 disability, other than permanent total disability as defined in subsection 2, a member shall receive a
2 retirement allowance of seventy-five percent of the member's average final compensation.

3 2. Any member who, as the natural and proximate result of an accident occurring at some definite
4 time and place in the actual performance of the member's duty through no negligence on the member's part,
5 is permanently and totally incapacitated from performing any work, occupation or vocation of any kind
6 whatsoever shall receive a retirement allowance as under subsection 1 or, in the discretion of the board of
7 trustees, may receive a larger retirement allowance in an amount not exceeding the member's rate of
8 compensation as a [policeman] police officer in effect as of the date the allowance begins.

9 3. The board of trustees, in its discretion, may, in addition to the allowance granted in accordance
10 with the provisions of subsections 1 and 2, grant an allowance in an amount to be determined by the board of
11 trustees, to provide such member with surgical, medical and hospital care reasonably required after
12 retirement, which are the result and in consequence of the accident causing such disability.

13 4. Any person who is receiving benefits pursuant to subsection 2 of this section on or after August
14 28, 1997, and any person who is receiving benefits pursuant to subsection 1 of this section on or after
15 October 1, 2001, and who made mandatory contributions to the retirement system, upon application to the
16 board of trustees, shall be made, constituted, appointed and employed by the board of trustees as a special
17 consultant on the problems of retirement, aging and other matters, and upon request of the board of trustees
18 shall give opinions and be available to give opinions in writing or orally, in response to such requests, as may
19 be required. For such services the retired member shall be paid a lump sum payment in an amount equal to
20 the total amount of the member's mandatory contributions to the retirement system, without interest, within
21 sixty days after approval of the retired member's application by the board of trustees.

22 86.290. Should a member cease to be a [policeman] police officer except by death or actual
23 retirement, the member may request payment of the amount of the accumulated contributions standing to the
24 credit of the member's individual account, including members' interest, in which event such amount shall be
25 paid to the member not later than one year after the member ceases to be a [policeman] police officer. If the
26 former member is reemployed as a [policeman] police officer before any portion of such former member's
27 accumulated contributions is distributed, no distribution shall be made. If the former member is reemployed
28 as a [policeman] police officer after a portion of the former member's accumulated contributions is
29 distributed, the amount remaining shall also be distributed.

30 86.360. The board of trustees provided for by section 86.213 is hereby authorized to consolidate,
31 combine and transfer funds provided by sections 86.010 to 86.193 with the funds provided by sections
32 86.200 to 86.366 in such a manner as will simplify the operations of the two systems. Separate records shall
33 be maintained only to the extent necessary to determine and pay the benefits provided by sections 86.010 to
34 86.193 for those [policemen] police officers electing not to become members of the retirement system
35 provided by sections 86.200 to 86.366. The board of trustees may accept the membership records of the
36 older system in lieu of the requirements in section 86.210. The board of trustees may authorize the use of the
37 same actuarial assumptions and interest rate in the calculation of the contributions by the cities for both
38 systems and the accrued liability rate may be a combined rate for both systems."; and

39
40 Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.