

HB 1086 -- THE POLICE RETIREMENT SYSTEM OF ST. LOUIS

SPONSOR: Walker (3)

This bill modifies retirement benefits for members of the police retirement system of St. Louis who commence employment on or after October 1, 2017 as follows:

(1) Members' final average compensation will be calculated based on the last three years of creditable service as a police officer whether or not they are participating in DROP;

(2) Members participating in the DROP, whose employment as a police officer terminates due to death or disability shall have their average final compensation calculated based on the last three years of creditable service;

(3) Members may terminate employment as a police officer and actually retire after completing at least 10 years of service and attaining age 55;

(4) Members may enter DROP after completing 20 years of creditable service;

(5) Members in DROP shall earn interest at the rate of return earned by the 10 year United States Treasury bill plus 1% not to exceed 6%;

(6) A member's service retirement allowance shall not exceed 70% of the member's average final compensation;

(7) Retired members will receive an annual COLA based on the increase in the consumer price index up to 3% max with total increases capped at 25% total increase;

(8) Members will not be eligible for the return of mandatory contributions upon retirement, but members terminating without being vested will receive the mandatory contributions back without interest;

(9) Members will not be eligible for the additional benefits available under Section 86.254, RSMo; and

(10) Members will not be 100% vested until completing 10 years of creditable service and attaining the age of 55.

Currently, six out of nine trustees of the retirement system constitute a quorum, this bill changes that to a majority of the trustees or five trustees. The board will be allowed to use the

entry age normal method for determining the annual valuation of the assets and liabilities of the system when St. Louis City adopts an ordinance to allow them. The actuarial valuation method is outlined in the bill.

Members retired due to nonduty disability will be limited in what they can earn if they are gainfully employed, an offset to the allowance will occur if the sum of the member's current salary plus allowance equals an amount in excess of 125% of the member's current salary.

The contribution rate of each member not participating in the DROP will increase from 7% to 8%; however, these deductions will now be deducted prior to taxation.