

FIRST REGULAR SESSION

HOUSE BILL NO. 147

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HOVIS.

0295H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 86.200, RSMo, and to enact in lieu thereof one new section relating to police pensions.

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

Section A. Section 86.200, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 86.200, to read as follows: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;

(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 member's last two years of creditable

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.

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

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

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

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

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

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

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

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

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

55 (8) "Earnable compensation", the annual salary [~~established under section 84.160~~
56 ~~which~~] a member would earn during one year on the basis of the member's rank or position,
57 plus any additional compensation for academic work and shift differential, that [~~may be~~
58 ~~provided~~] **is set by any state or municipal body or official [or board]** now or hereafter
59 authorized by law to employ and manage a permanent police force in such cities. Such
60 amount shall include the member's deferrals to a deferred compensation plan pursuant to
61 Section 457 of the Internal Revenue Code or to a cafeteria plan pursuant to Section 125 of the
62 Internal Revenue Code or, effective October 1, 2001, to a transportation fringe benefit
63 program pursuant to Section 132(f)(4) of the Internal Revenue Code. "Earnable
64 compensation" shall not include a member's additional compensation for overtime, standby
65 time, court time, nonuniform time or unused vacation time. **Further, "earnable**
66 **compensation" shall not include any funds received by a member through a**
67 **judgment or settlement of a legal action or claim made or threatened by the member**
68 **against any city not within a county if the funds are intended to retroactively**
69 **compensate the member for the salary differential between the member's actual rank**
70 **and the rank the member claims he or she should have received.** Notwithstanding the
71 foregoing, the earnable compensation taken into account under the plan established pursuant
72 to sections 86.200 to 86.366 with respect to a member who is a noneligible participant, as
73 defined in this subdivision, for any plan year beginning on or after October 1, 1996, shall not
74 exceed the amount of compensation that may be taken into account under Section 401(a)(17)
75 of the Internal Revenue Code, as adjusted for increases in the cost of living, for such plan
76 year. For purposes of this subdivision, a "noneligible participant" is an individual who first
77 becomes a member on or after the first day of the first plan year beginning after the earlier of:
78 (a) The last day of the plan year that includes August 28, 1995; or
79 (b) December 31, 1995;
80 (9) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as
81 amended;
82 (10) "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 (11) "Medical board", the health care organization appointed by the trustees of the
85 police retirement board and responsible for arranging and passing upon all medical
86 examinations required under the provisions of sections 86.200 to 86.366, which shall
87 investigate all essential statements and certificates made by or on behalf of a member in
88 connection with an application for disability retirement and shall report in writing to the board
89 of trustees its conclusions and recommendations;
90 (12) "Member", a member of the retirement system as defined by sections 86.200 to
91 86.366;

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

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

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

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

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

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

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

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

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

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