

FIRST REGULAR SESSION

[PERFECTED]

# HOUSE BILL NO. 147

## 103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HOVIS.

0295H.01P

JOSEPH ENGLER, Chief Clerk

### AN ACT

To repeal sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, 143.124, and 169.490, RSMo, and to enact in lieu thereof nineteen new sections relating to retirement.

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

Section A. Sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, 143.124, and 169.490, RSMo, are repealed and nineteen new sections enacted in lieu thereof, to be known as sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 70.748, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, 105.692, 105.693, 143.124, and 169.490, to read as follows:

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

(1) All employees who are neither policemen nor firemen 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 nor firemen on or after the date such political subdivision becomes an employer shall become members of the system.

(3) If his employing political subdivision has elected to cover present and future policemen, all policemen who are in the employ of a political subdivision the day preceding the date such political subdivision covers policemen hereunder and who continue in such employ as a policeman on and after such date, and all persons who become employed by a

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 political subdivision as a policeman on or after the date the political subdivision covers  
14 policemen shall become members of the system.

15 (4) If his employing political subdivision has elected to cover only future policemen,  
16 all persons who become employed by a political subdivision as a policeman on or after the  
17 date such political subdivision covers policemen hereunder shall become members of the  
18 system.

19 (5) If his employing political subdivision has elected to cover present and future  
20 firemen, all firemen who are in the employ of a political subdivision the day preceding the  
21 date such political subdivision covers firemen hereunder and who continue in such employ as  
22 a fireman on and after such date, and all persons who become employed by a political  
23 subdivision as a fireman on or after the date the political subdivision covers firemen  
24 hereunder shall become members of the system.

25 (6) If his employing political subdivision has elected to cover only future firemen, all  
26 persons who become employed by a political subdivision as a fireman on or after the date  
27 such political subdivision covers firemen hereunder shall become members of the system.

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

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

70.655. 1. Upon a member's retirement he or she shall receive an allowance for life in  
2 accordance with the applicable benefit program elected by the member's employer, as  
3 follows:

4 (1) Benefit program L-1. A member with credited service covered by benefit  
5 program L-1 shall receive an allowance for life equal to one percent of the member's final  
6 average salary multiplied by the number of years of such credited service;

7 (2) Benefit program L-3. A member with credited service covered by benefit  
8 program L-3 shall receive an allowance for life equal to one and one-quarter percent of the  
9 member's final average salary multiplied by the number of years of such credited service;

10 (3) Benefit program LT-4. A member with credited service covered by benefit  
11 program LT-4 shall receive an allowance for life equal to one percent of the member's final  
12 average salary multiplied by the number of years of such credited service. In addition, if such  
13 member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and if  
14 such member's age at retirement is younger than age sixty-two, then such member shall  
15 receive a temporary allowance equal to one percent of the member's final average salary  
16 multiplied by the number of years of such credited service. Such temporary allowance shall

17 terminate at the end of the calendar month in which the earlier of the following events occurs:  
18 such member's death; or the member's attainment of age sixty-two;

19 (4) Benefit program LT-5. A member with credited service covered by benefit  
20 program LT-5 shall receive an allowance for life equal to one and one-quarter percent of the  
21 member's final average salary multiplied by the number of years of such credited service. In  
22 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section  
23 70.670, and if such member's age at retirement is younger than age sixty-two, then such  
24 member shall receive a temporary allowance equal to three-quarters of one percent of the  
25 member's final average salary multiplied by the number of years of such credited service.  
26 Such temporary allowance shall terminate at the end of the calendar month in which the  
27 earlier of the following events occurs: such member's death; or the member's attainment of  
28 age sixty-two;

29 (5) Benefit program L-6. A member with credited service covered by benefit  
30 program L-6 shall receive an allowance for life equal to two percent of the member's final  
31 average salary multiplied by the number of years of such credited service;

32 (6) Benefit program L-7. A member with credited service covered by benefit  
33 program L-7 shall receive an allowance for life equal to one and one-half percent of the  
34 member's final average salary multiplied by the number of years of such credited service;

35 (7) Benefit program LT-8. A member with credited service covered by benefit  
36 program LT-8 shall receive an allowance for life equal to one and one-half percent of the  
37 member's final average salary multiplied by the number of years of such credited service. In  
38 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section  
39 70.670, and if such member's age at retirement is younger than age sixty-two, then such  
40 member shall receive a temporary allowance equal to one-half of one percent of the member's  
41 final average salary multiplied by the number of years of such credited service. Such  
42 temporary allowance shall terminate at the end of the calendar month in which the earlier of  
43 the following events occurs: such member's death; or the member's attainment of age sixty-  
44 two;

45 (8) Benefit program LT-4(65). A member with credited service covered by benefit  
46 program LT-4(65) shall receive an allowance for life equal to one percent of the member's  
47 final average salary multiplied by the number of years of such credited service. In addition, if  
48 such member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and  
49 if such member's age at retirement is younger than age sixty-five, then such member shall  
50 receive a temporary allowance equal to one percent of the member's final average salary  
51 multiplied by the number of years of such credited service. Such temporary allowance shall  
52 terminate at the end of the calendar month in which the earlier of the following events occurs:  
53 such member's death; or the member's attainment of age sixty-five;

54           (9) Benefit program LT-5(65). A member with credited service covered by benefit  
55 program LT-5(65) shall receive an allowance for life equal to one and one-quarter percent of  
56 the member's final average salary multiplied by the number of years of such credited service.  
57 In addition, if such member is retiring as provided in section 70.645 or section 70.650 or  
58 section 70.670, and if such member's age at retirement is younger than age sixty-five, then  
59 such member shall receive a temporary allowance equal to three-quarters of one percent of  
60 the member's final average salary multiplied by the number of years of such credited service.  
61 Such temporary allowance shall terminate at the end of the calendar month in which the  
62 earlier of the following events occurs: such member's death; or the member's attainment of  
63 age sixty-five;

64           (10) Benefit program LT-8(65). A member with credited service covered by benefit  
65 program LT-8(65) shall receive an allowance for life equal to one and one-half percent of the  
66 member's final average salary multiplied by the number of years of such credited service. In  
67 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section  
68 70.670, and if such member's age at retirement is younger than age sixty-five, then such  
69 member shall receive a temporary allowance equal to one-half of one percent of the member's  
70 final average salary multiplied by the number of years of such credited service. Such  
71 temporary allowance shall terminate at the end of the calendar month in which the earlier of  
72 the following events occurs: such member's death; or the member's attainment of age sixty-  
73 five;

74           (11) Benefit program L-9. A member with credited service covered by benefit  
75 program L-9 shall receive an allowance for life equal to one and six-tenths percent of the  
76 member's final average salary multiplied by the number of years of such credited service;

77           (12) Benefit program LT-10(65). A member with credited service covered by benefit  
78 program LT-10(65) shall receive an allowance for life equal to one and six-tenths percent of  
79 the members' final average salary multiplied by the number of years of such credited service.  
80 In addition, if such member is retiring as provided in section 70.645 or section 70.650 or  
81 section 70.670, and if such member's age at retirement is younger than age sixty-five, then  
82 such member shall receive a temporary allowance equal to four-tenths of one percent of the  
83 member's final average salary multiplied by the number of years of such credited service.  
84 Such temporary allowance shall terminate at the end of the calendar month in which the  
85 earlier of the following events occurs: such member's death; or the member's attainment of  
86 age sixty-five;

87           (13) Benefit program L-11. Benefit program L-11 may cover employment in a  
88 position only if such position is not concurrently covered by federal Social Security; in  
89 addition, if such position was previously covered by federal Social Security, benefit program  
90 L-11 may cover only employment rendered after cessation of federal Social Security

91 coverage. A member with credited service covered by benefit program L-11 shall receive an  
92 allowance for life equal to two and one-half percent of the member's final average salary  
93 multiplied by the number of years of such credited service;

94 (14) Benefit program L-12. A member with credited service covered by benefit  
95 program L-12 shall receive an allowance for life equal to one and three-quarter percent of the  
96 member's final average salary multiplied by the number of years of such credited service;

97 (15) Benefit program LT-14(65). A member with credited service covered by benefit  
98 program LT-14(65) shall receive an allowance for life equal to one and three-quarter percent  
99 of the member's final average salary multiplied by the number of years of such credited  
100 service. In addition, if such member is retiring as provided in section 70.645, 70.650, or  
101 70.670, then such member shall receive a temporary allowance equal to one-quarter of one  
102 percent of the member's final average salary multiplied by the number of years of such  
103 credited service. Such temporary allowance shall terminate at the end of the calendar month  
104 in which the earlier of the following events occurs: such member's death or the member's  
105 attainment of age sixty-five.

106 2. If each portion of a member's credited service is not covered by the same benefit  
107 program, then the member's total allowance for life shall be the total of the allowance for life  
108 determined under each applicable benefit program.

109 3. Each employer shall have the credited service of each of its members covered by  
110 benefit program L-1 provided for in this section unless such employer shall have elected  
111 another benefit program provided for in this section.

112 4. Except as otherwise provided in this subsection, each political subdivision, by  
113 majority vote of its governing body, may elect from time to time to cover its members, whose  
114 political subdivision employment is concurrently covered by federal Social Security, under  
115 one of the benefit programs provided for in this section. Each political subdivision, by  
116 majority vote of its governing body, may elect from time to time to cover its members, whose  
117 political subdivision employment is not concurrently covered by federal Social Security,  
118 under one of the benefit programs provided for in this section. The clerk or secretary of the  
119 political subdivision shall certify the election of the benefit program to the board within ten  
120 days after such vote. The effective date of the political subdivision's benefit program is the  
121 first day of the calendar month specified by such governing body, or the first day of the  
122 calendar month next following receipt by the board of the certification of election of benefit  
123 program, or the effective date of the political subdivision becoming an employer, whichever  
124 is the latest. Such election of benefit program may be changed from time to time by such  
125 vote, but not more often than biennially. If such changed benefit program provides larger  
126 allowances than the benefit program previously in effect, then such larger benefit program  
127 shall be applicable to the past and future employment with the employer by present and future

128 employees. If such changed benefit program provides smaller allowances than the benefit  
129 program previously in effect, then such changed benefit program shall be applicable only to  
130 credited service for employment rendered from and after the effective date of such change.  
131 After August 28, 1994, political subdivisions shall not elect coverage under benefit program  
132 LT-4, benefit program LT-5, or benefit program LT-8. After August 28, 2005, political  
133 subdivisions shall not elect coverage under benefit program L-9 or benefit program LT-10  
134 (65).

135 5. Should an employer change its election of benefit program as provided in this  
136 section, the employer contributions shall be correspondingly changed effective the same date  
137 as the benefit program change.

138 6. The limitation on increases in an employer's contribution provided by subsection 6  
139 of section 70.730 shall not apply to any contribution increase resulting from an employer  
140 electing a benefit program which provides larger allowances.

141 7. Subject to the provisions of subsections **8 and 9** ~~[and 10]~~ of this section, for an  
142 allowance becoming effective on September 28, 1975, or later, and beginning with the  
143 October first which is at least twelve full months after the effective date of the allowance, the  
144 amount of the allowance shall be redetermined effective each October first and such  
145 redetermined amount shall be payable for the ensuing year. Subject to the limitations stated  
146 in the next sentence, such redetermined amount shall be the amount of the allowance  
147 otherwise payable multiplied by the following percent: one hundred percent, plus two percent  
148 for each full year (excluding any fraction of a year) in the period from the effective date of the  
149 allowance to the current October first. In no event shall such redetermined amount (1) be less  
150 than the amount of the allowance otherwise payable nor (2) be more than the amount of the  
151 allowance otherwise payable multiplied by the following fraction: the numerator shall be the  
152 Consumer Price Index for the month of June immediately preceding such October first (but in  
153 no event an amount less than the denominator below) and the denominator shall be the  
154 Consumer Price Index for the month of June immediately preceding the effective date of the  
155 allowance. As used herein, "Consumer Price Index" means **a measure of** the Consumer Price  
156 Index ~~[for Urban Wage Earners and Clerical Workers,]~~ as determined by the United States  
157 Department of Labor and **adopted by the board of trustees** ~~[in effect January 1, 1975;~~  
158 ~~provided, should such Consumer Price Index be restructured subsequent to 1974 in a manner~~  
159 ~~materially changing its character, the board shall change the application of the Consumer~~  
160 ~~Price Index so that as far as is practicable the 1975 intent of the use of the Consumer Price~~  
161 ~~Index shall be continued]~~. As used herein "the amount of the allowance otherwise payable"  
162 means the amount of the allowance which would be payable without regard to these  
163 provisions redetermining allowance amounts after retirement.

164 8. ~~[Subject to the provisions of subsections 9 and 10 of this section, for an allowance~~  
165 ~~becoming effective on September 28, 1975, or later, the maximum allowance payable under~~  
166 ~~the provisions of section 70.685 shall be redetermined each October first in the same manner~~  
167 ~~as an allowance is redetermined under the provisions of subsection 7 of this section.~~

168 9.] (1) The system establishes reserves for the payment of future allowances to  
169 retirants and beneficiaries. Should the board determine, after consulting with the actuary, that  
170 the established reserves are more than sufficient to provide such allowances, the board may  
171 increase the annual increase rate provided for in ~~[subsections]~~ **subsection 7** ~~[and 8]~~ of this  
172 section, as it applies to any allowance payable, but in no event shall the total of all  
173 redetermined amounts as of October first of any year be greater than one hundred four percent  
174 of the allowances which would have been payable that October first without such  
175 redeterminations; provided, as of any redetermination date the same annual increase rate shall  
176 be applied to all allowances with effective dates in the range of November first to October  
177 first of the following year. The board may extend the provisions of ~~[subsections]~~ **subsection**  
178 **7** ~~[and 8]~~ of this section to allowances which became effective before September 28, 1975;  
179 provided such an action by the board shall not increase an employer contribution rate then in  
180 effect;

181 (2) After August 28, 1993, the annual increase rate established by this subsection  
182 shall be a compound rate, compounded annually, and the four percent annual maximum rate  
183 shall also be a compound rate, compounded annually; provided, the use of such compounding  
184 shall not begin until October 1, 1993, and shall not affect redeterminations made prior to that  
185 date.

186 ~~[40:]~~ 9. Should the board determine that the provisions of subsections 7~~[, 8]~~ and ~~[9]~~ **8**  
187 of this section are jeopardizing the financial solvency of the system, the board shall suspend  
188 these provisions redetermining allowance amounts after retirement for such periods of time as  
189 the board deems appropriate.

70.680. 1. Any member in service with five or more years of credited service who  
2 has not attained the age and service requirements of section 70.645 and who becomes totally  
3 and permanently physically or mentally incapacitated for his duty as an employee, as the  
4 result of a personal injury or disease, may be retired by the board upon written application  
5 filed with the board by or on behalf of the member; provided, that after a medical examination  
6 of such member made by or under the direction of a medical committee consisting of three  
7 physicians, one of whom shall be selected by the board, one by or on behalf of such member,  
8 and the third by the first two physicians so named, the medical committee reports to the  
9 board, by majority opinion in writing, that such member is physically or mentally totally  
10 incapacitated for the further performance of duty, that such incapacity will probably be  
11 permanent and that such member should be retired.

12           2. Upon disability retirement, as provided in subsection 1 of this section, a member  
13 shall receive an allowance for life provided for in section 70.655 and shall have the right to  
14 elect an option provided for in section 70.660. His or her disability retirement and allowance  
15 shall be subject to the provisions of subsection 5 of this section ~~[and to the provisions of~~  
16 ~~section 70.685]~~.

17           3. Any member in service who becomes totally and permanently physically or  
18 mentally incapacitated for his duty as an employee, as the natural and proximate result of a  
19 personal injury or disease which the board finds to have arisen out of and in the course of his  
20 actual performance of duty as an employee, may be retired by the board upon written  
21 application filed with the board by or on behalf of the member; provided, that after a medical  
22 examination of such member made by or under the direction of a medical committee  
23 consisting of three physicians, one of whom shall be selected by the board, one by or on  
24 behalf of such member, and the third by the first two physicians so named, the medical  
25 committee reports to the board, by majority opinion in writing, that such member is  
26 physically or mentally totally incapacitated for the further performance of duty, that such  
27 incapacity will probably be permanent, and that such member should be retired.

28           4. Upon disability retirement as provided in subsection 3 of this section, a member  
29 shall receive an allowance for life provided for in section 70.655; provided, that for the sole  
30 purpose of computing the amount of such allowance, he or she shall be given credited service  
31 for the period from the date of his or her disability retirement to the date he or she would  
32 attain age sixty. He or she shall have the right to elect an option provided for in section  
33 70.660. His or her disability retirement and allowance shall be subject to the provisions of  
34 subsection 5 of this section ~~[and to the provisions of section 70.685]~~.

35           5. At least once each year during the first five years following a member's retirement  
36 on account of disability, and at least once in each three-year period thereafter, the board shall  
37 require any disability retirant who has not attained his minimum service retirement age to  
38 undergo a medical examination to be made by a physician designated by the board. If the  
39 retirant refuses to submit to medical examination in any such period, his disability allowance  
40 shall be suspended by the board until his withdrawal of such refusal. If such refusal continues  
41 for one year, all his rights in and to a disability allowance shall be revoked by the board. If,  
42 upon medical examination of the retirant, the physician reports to the board that the retirant is  
43 physically and mentally able and capable of resuming his duty as an employee in the position  
44 held by him at the time of his disability retirement, then the board shall, if demanded by the  
45 retirant, arrange a further medical examination of such member made by or under the  
46 direction of a medical committee consisting of three physicians, one of whom shall be  
47 selected by the board, one by or on behalf of the member, and the third by the first two  
48 physicians named. Should the medical committee concur, by majority opinion in writing to

49 the board, the disability retirant is capable of resumption of duty, his disability retirement  
50 shall terminate and he shall be returned to duty and he shall immediately again become a  
51 member of the system, his credited service at the time of disability retirement shall be  
52 restored to his credit, and the amount of his accumulated contributions at the time of his  
53 disability retirement shall be restored to his credit in the members deposit fund. If he was in  
54 receipt of a duty disability allowance provided for in subsection 3 of this section, he shall also  
55 be given service credit for the period he was in receipt of the duty disability allowance.

70.690. 1. In the event a member ceases to be a member other than by death before  
2 the date he becomes entitled to retire with an allowance payable by the system, he shall be  
3 paid, upon his written application filed with the board, his accumulated contributions standing  
4 to his credit in the members deposit fund.

5 2. In the event a member dies, and no allowance becomes or will become payable by  
6 the system on account of his death, his accumulated contributions standing to his credit in the  
7 members deposit fund at the time of his death shall be paid to such person or persons as he  
8 shall have nominated by written designation duly executed and filed with the board. If there  
9 be no such designated person or persons surviving such member, such accumulated  
10 contributions shall be paid to his surviving spouse, or to his estate if there is no surviving  
11 spouse.

12 3. In the event a member's membership in the system terminates, and no allowance  
13 becomes or will become payable on his account, any accumulated contributions standing to  
14 his credit in the members deposit fund unclaimed by such member or his legal representative  
15 within ~~three~~ ten years after the date his membership terminated, shall be transferred to the  
16 income-expense fund. If thereafter proper application is made for such accumulated  
17 contributions, the board shall pay them from the income-expense fund, but without interest  
18 after the date payment was first due.

70.745. 1. The board shall be the trustees of the funds of the system. Subject to the  
2 provisions of any applicable federal or state laws, the board shall have full power to invest  
3 and reinvest the moneys of the system, and to hold, purchase, sell, assign, transfer or dispose  
4 of any of the securities and investments in which such moneys shall have been invested, as  
5 well as the proceeds of such investments and such moneys.

6 2. **The board of trustees may deliberate about, or make tentative or final**  
7 **decisions on, investments or other financial matters in a closed meeting under chapter**  
8 **610 if disclosure of the deliberations or decisions would jeopardize the ability to**  
9 **implement a decision or to achieve investment objectives. A record of the retirement**  
10 **system that discloses deliberations about, or a tentative decision on, investments or**  
11 **other financial matters is not a public record under chapter 610 to the extent and so long**

12 **as its disclosure would jeopardize the ability to implement a decision or to achieve**  
13 **investment objectives.**

70.746. Notwithstanding any other provision of law to the contrary, the board of  
2 trustees may delegate to its duly appointed investment counselor authority to act in place of  
3 the board in the investment and reinvestment of all or part of the moneys of the system, and  
4 may also delegate to such counselor the authority to act in place of the board in the holding,  
5 purchasing, selling, assigning, transferring, or disposing of any or all of the securities and  
6 investments in which such moneys shall have been invested, as well as the proceeds of such  
7 investments and such moneys. ~~[Such investment counselor shall be registered as an~~  
8 ~~investment advisor with the United States Securities and Exchange Commission.]~~ In  
9 exercising or delegating its investment powers and authority, members of the board shall  
10 exercise ordinary business care and prudence under the facts and circumstances prevailing at  
11 the time of the action or decision. In so doing, the board shall consider the long- and short-  
12 term needs of the system in carrying out its purposes, the system's present and anticipated  
13 financial requirements, the expected total return on the system's investment, general  
14 economic conditions, income, growth, long-term net appreciation, and probable safety of  
15 funds. No member of the board shall be liable for any action taken or omitted with respect to  
16 the exercise of or delegation of these powers and authority if such member shall have  
17 discharged the duties of his or her position in good faith and with that degree of diligence,  
18 care, and skill which prudent men and women would ordinarily exercise under similar  
19 circumstances in a like position.

70.747. Notwithstanding any other provision of law to the contrary, the board shall  
2 have full power to invest and reinvest the funds and moneys of the system in improved real  
3 estate, including collective real estate funds and real estate investment trusts, wherever  
4 situated~~]; provided, however, that not more than one-tenth of the funds and moneys of the~~  
5 ~~system at the time of such investment shall be so invested].~~

**70.748. 1. Notwithstanding the provisions of section 105.662 to the contrary, the**  
2 **board may set up and maintain a local government employee retirement systems of**  
3 **Missouri investment fund account in which investment and reinvestment of all or part**  
4 **of the moneys of the retirement system may be placed and be available for investment**  
5 **purposes.**

6 **2. For the purpose of investing the funds of the retirement system, the funds may**  
7 **be combined with the funds of any retirement plan that is administered by the**  
8 **retirement system under section 70.621 and any retirement plan established for the**  
9 **purpose of providing benefits for employees of the system, but the funds of each plan**  
10 **shall be accounted for separately and for all other reporting purposes shall be separate.**

11           **3. The board of trustees may promulgate such rules and regulations consistent**  
12 **with the provisions of this section as deemed necessary for its proper administration,**  
13 **pursuant to the provisions of this section and this chapter. Any rule or portion of a rule,**  
14 **as that term is defined in section 536.010, that is created under the authority delegated**  
15 **in this section shall become effective only if it complies with and is subject to all of the**  
16 **provisions of chapter 536 and, if applicable, section 536.028. This section and chapter**  
17 **536 are nonseverable and if any of the powers vested with the general assembly**  
18 **pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul**  
19 **a rule are subsequently held unconstitutional, then the grant of rulemaking authority**  
20 **and any rule proposed or adopted after August 28, 2025, shall be invalid and void.**

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

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

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

8           (3) "Average final compensation":

9           (a) With respect to a member who earns no creditable service on or after October 1,  
10 2001, the average earnable compensation of the member during the member's last three years  
11 of creditable service as a police officer, or if the member has had less than three years of  
12 creditable service, the average earnable compensation of the member's entire period of  
13 creditable service;

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

87.140. 1. The general administration and the responsibility for the proper operation  
2 of the retirement system shall be vested in a board of trustees of nine persons. The board shall  
3 be constituted as follows:

4 (1) The chief of the fire department of the city, ex officio;

5 (2) The comptroller or deputy comptroller of the city, ex officio;

6 (3) Two members to be appointed by the mayor of the city to serve for a term of two  
7 years;

8 (4) Three members to be elected by the members of the retirement system for a term  
9 of three years who shall be members of the system and hold office only while members of the  
10 system;

11 (5) Two members who shall be retired firemen to be elected by the retired firemen of  
12 the city and who shall hold office for a term of three years.

13 2. If a vacancy occurs in the office of trustee, the vacancy shall be filled for the  
14 unexpired term in the same manner as the office was previously filled.

15 3. The trustees shall serve without compensation, but they shall be reimbursed from  
16 the expense fund for all necessary expenses which they may incur through service on the  
17 board.

18 4. Each trustee shall, within ten days after his appointment or election, take an oath of  
19 office before the clerk of circuit court of the city, that, so far as it devolves upon him, he will

20 diligently and honestly administer the affairs of the board and that he will not knowingly  
21 violate or willingly permit to be violated any of the provisions of the law applicable to the  
22 retirement system. The oath shall be subscribed to by the member making it and certified by  
23 the clerk of circuit court and filed in his office.

24 5. Each trustee shall be entitled to one vote on the board. Five votes shall be  
25 necessary for a decision by the trustees at any meeting of the board.

26 **6. Notwithstanding any provision of sections 87.120 to 87.371 to the contrary, the**  
27 **board of trustees of the retirement system shall not be prevented from simultaneously**  
28 **acting as the trustees of any other pension plan that provides retirement, disability, and**  
29 **death benefits for firefighters employed by any city not within a county and the**  
30 **firefighters' covered dependents. The administration of the other pension plan shall be**  
31 **in accordance with the terms of such pension plan. Nothing in this subsection shall**  
32 **prevent the board of aldermen of a city not within a county from adopting ordinances to**  
33 **govern the pensioning of firefighters and such firefighters' covered dependents in any**  
34 **other pension plan simultaneously administered by the board of trustees of the**  
35 **retirement system.**

87.145. The board of trustees shall have exclusive original jurisdiction in all matters  
2 relating to or affecting the funds herein provided for, including, in addition to all other  
3 matters, all claims for benefits and refunds under this law, and its action, decision or  
4 determination in any matter shall be reviewable under chapter 536 only, and any party to the  
5 proceedings shall have a right of appeal from the decision of the reviewing court. Subject to  
6 the limitations of sections 87.120 to 87.370, the board of trustees shall, from time to time,  
7 establish rules and regulations for the administration of funds created by this law, for the  
8 transaction of its business, and for the limitation of the time within which claims may be filed.  
9 **The administration of any pension plan other than the retirement system includes the**  
10 **ability of the board of trustees, from time to time, to establish rules and regulations for**  
11 **the administration of funds of such other pension plan and for the transaction of such**  
12 **other pension plan's business. Nothing in this section shall prevent the board of**  
13 **aldermen of a city not within a county from adopting ordinances to govern the**  
14 **pensioning of firefighters and such firefighters' covered dependents in any other pension**  
15 **plan simultaneously administered by the board of trustees of the retirement system.**

87.155. 1. The board of trustees shall keep in convenient form such data as is  
2 necessary for actuarial valuation of the funds of the retirement system and for checking the  
3 experience of the system.

4 2. The board of trustees shall keep a record of all its proceedings which shall be open  
5 to public inspection. It shall publish annually a report showing the fiscal transactions of the  
6 retirement system for the preceding fiscal year, the amount of the accumulated cash and

7 securities of the system, and the last balance sheet showing the financial condition of the  
8 system by means of an actuarial valuation of the assets and liabilities of the retirement  
9 system.

10 **3. To the extent the board of trustees administers a pension plan other than the**  
11 **retirement system, the board of trustees shall maintain separate records of all**  
12 **proceedings of such other pension plan.**

87.260. The board of trustees of the firefighters' retirement system shall have the  
2 exclusive authority and discretion to invest and reinvest the funds in property of any kind, real  
3 or personal. The board of trustees shall invest and manage the fund as a prudent investor  
4 would, by considering the purposes, terms, distribution requirements, and other circumstances  
5 of the firefighters' retirement system. In satisfying this standard, the board of trustees shall  
6 exercise reasonable care, skill, and caution. No trustee shall have any interest as a trustee in  
7 the gains or profits made on any investment, except benefits from interest in investments  
8 common to all members of the plan, if entitled thereto. **To the extent the board of trustees**  
9 **administers a pension plan other than the retirement system, the board of trustees shall**  
10 **also have the authority and discretion to invest and reinvest the funds of such other**  
11 **pension plan in property of any kind, real or personal. The board of trustees may**  
12 **choose to invest the funds of the retirement system and the funds of the other pension**  
13 **plan in the same investments so long as the amounts invested and the gains, profits, or**  
14 **losses on such investments are accounted for separately. No benefits due to the**  
15 **firefighters or such firefighters' covered dependents from the other pension plan shall**  
16 **be paid from the funds of the retirement system. Nothing in this section shall prevent**  
17 **the board of aldermen of a city not within a county from adopting ordinances to govern**  
18 **the pensioning of firefighters and such firefighters' covered dependents in any other**  
19 **pension plan simultaneously administered by the board of trustees of the retirement**  
20 **system.**

87.350. The expense fund shall be the fund to which shall be credited all money  
2 provided to pay the administration expenses of the retirement system and from which shall be  
3 paid all the expenses necessary in connection with the administration and operation of the  
4 system. Annually the board of trustees shall estimate the amount of money necessary to be  
5 paid into the expense fund during the ensuing year to provide for the expense of operation of  
6 the retirement system. Such estimate shall be provided by the board of trustees from interest  
7 and other earnings on assets of the retirement system. **In no event shall any expenses,**  
8 **including administrative expenses, incurred by the board of trustees in the**  
9 **administration of any pension plan other than the retirement system or in the**  
10 **investment of any funds of any pension plan other than the retirement system be paid**

11 **from the funds of the retirement system. Such expenses shall be paid entirely from the**  
12 **funds of the other pension plan.**

105.688. The assets of a system may be invested, reinvested and managed by an  
2 investment fiduciary subject to the terms, conditions and limitations provided in sections  
3 105.687 to 105.689. An investment fiduciary shall discharge his or her duties in the interest  
4 of the participants in the system and their beneficiaries and shall:

5 (1) Act with the same care, skill, prudence, and diligence under the circumstances  
6 then prevailing that a prudent person acting in a similar capacity and familiar with those  
7 matters would use in the conduct of a similar enterprise with similar aims;

8 (2) Act with due regard for the management, reputation, and stability of the issuer and  
9 the character of the particular investments being considered;

10 (3) Make investments for the purposes of providing benefits to participants and  
11 participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the  
12 system;

13 (4) Give appropriate consideration to those facts and circumstances that the  
14 investment fiduciary knows or should know are relevant to the particular investment or  
15 investment course of action involved, including the role of the investment or investment  
16 course of action plays in that portion of the system's investments for which the investment  
17 fiduciary has responsibility. For purposes of this subdivision, "appropriate consideration"  
18 shall include, but is not necessarily limited to a determination by the investment fiduciary that  
19 a particular investment or investment course of action is reasonably designed, as part of the  
20 investments of the system, to further the purposes of the system, taking into consideration the  
21 risk of loss and the opportunity for gain or other return associated with the investment or  
22 investment course of action; and consideration of the following factors as they relate to the  
23 investment or investment course of action:

24 (a) The diversification of the investments of the system;

25 (b) The liquidity and current return of the investments of the system relative to the  
26 anticipated cash flow requirements of the system; and

27 (c) The projected return of the investments of the system relative to the funding  
28 objectives of the system;

29 (5) Give appropriate consideration to investments which would enhance the general  
30 welfare of this state and its citizens if those investments offer the safety and rate of return  
31 comparable to other investments available to the investment fiduciary at the time the  
32 investment decision is made;

33 (6) **Not be prohibited from closing records to the extent that such records relate**  
34 **to information submitted by an individual, corporation, or other business entity in**

35 connection with investments in or financial transactions with business entities for  
36 investment purposes;

37 (7) Not consider environmental, social, or governance characteristics in a  
38 manner that would override his or her fiduciary duties as defined in this section;

39 (8) Not be subject to any legislative, regulatory, or other mandates to invest with  
40 environmentally, socially, or other noneconomically motivated influence unless they are  
41 consistent with the fiduciary's responsibility as provided in this section or as provided in  
42 the system's governing statutes with respect to the investment of system assets or other  
43 duties imposed by law relating to the investment, management, deposit, or custody of  
44 system assets; and

45 (9) Not be subject to any legislative, regulatory, or other mandates for  
46 divestment from any indirect holdings in actively or passively managed investment  
47 funds or in private assets.

105.692. 1. All shares of common stock held directly by a system, as defined  
2 under section 105.687, shall be voted solely in the economic interest of plan participants.  
3 Voting shares for the purposes of furthering noneconomic environmental, social,  
4 political, ideological, or other goals is prohibited.

5 2. A system shall vote all proxies associated with its directly held shares of  
6 common stock by one of the following methods:

7 (1) By internal system staff; or

8 (2) By an investment manager or proxy voting service provider who has  
9 committed in writing to vote the shares pursuant to proxy voting guidelines chosen by  
10 the system or has committed in writing to vote the shares in a manner consistent with  
11 the obligation to act solely in the economic interest of plan participants.

105.693. 1. As used in this section, the following terms mean:

2 (1) "Board", the governing board or decision-making body of a system that is  
3 authorized by law to administer the system;

4 (2) "Control":

5 (a) The same meaning as such term is defined in the Investment Company Act of  
6 1940, 15 U.S.C. Section 80a-2(a); or

7 (b) Involvement in an entity's governance structure, monitoring, or internal  
8 human resources decisions consistent with the objectives set out in the Opinion on  
9 Strengthening the United Front Work of the Private Economy in the New Era issued by  
10 the General Office of the Central Committee of the Chinese Communist Party (2020) or  
11 a successor or similar document;

12 (3) "Divest", a sale, redemption, replacement, or any other activity that  
13 terminates an investment;

14           (4) "Fund", the retirement benefit fund of a system;

15           (5) "Investment", any investment, as such term is defined in section 105.687,  
16 that the board or system is authorized to make;

17           (6) "Person", an individual or entity;

18           (7) "Restricted entity", the following, including wholly-owned subsidiaries,  
19 majority-owned subsidiaries, parent companies, and affiliates that exist for profit-  
20 making purposes:

21           (a) Any person, other than a U.S. person, as the term "U.S. person" is defined in  
22 15 CFR 772.1, that is identified for the People's Republic of China on the Entity List,  
23 Supplement No. 4 to 15 CFR 744, as a person reasonably believed to be involved, or to  
24 pose a significant risk of being or becoming involved, in activities contrary to the  
25 national security or foreign policy interests of the United States until the End-User  
26 Review Committee of the Bureau of Industry and Security in the United States  
27 Department of Commerce determines that the person no longer meets that criteria and  
28 removes the person from the list;

29           (b) Any person that:

30           a. The United States Secretary of Defense has listed as a Communist Chinese  
31 military company operating directly or indirectly in the United States or in any of its  
32 territories or possessions under Section 1237 of the Strom Thurmond National Defense  
33 Authorization Act of Fiscal Year 1999, P.L. 105-261, as amended by Section 1233 of P.L.  
34 106-398 and Section 1222 of P.L. 108-375, 50 U.S.C. Section 1701 note, until such time as  
35 the United States Secretary of Defense removes the person from such list;

36           b. The United States Secretary of Defense, in consultation with the United States  
37 Secretary of the Treasury, determines is a Communist Chinese military company  
38 operating directly or indirectly in the United States or in any of its territories or  
39 possessions and therefore lists as such under Section 1237 of the Strom Thurmond  
40 National Defense Authorization Act of Fiscal Year 1999, P.L. 105-261, as amended by  
41 Section 1233 of P.L. 106-398 and Section 1222 of P.L. 108-375, 50 U.S.C. Section 1701  
42 note, until such time as the United States Secretary of Defense removes the person from  
43 such list; or

44           c. The United States Secretary of the Treasury publicly lists as meeting the  
45 criteria in Section 1237(b)(4)(B) of the Strom Thurmond National Defense  
46 Authorization Act of Fiscal Year 1999, P.L. 105-261, as amended by Section 1222 of  
47 P.L. 108-375, 50 U.S.C. Section 1701 note, or publicly lists as a subsidiary of a person  
48 already determined to be a Communist Chinese military company, until the United  
49 States Secretary of the Treasury determines that the person no longer meets that criteria  
50 and removes the person from such list;

51 (c) Any organization or citizen that is identified by the appropriate government  
52 agencies to be required by the National Intelligence Law of the People's Republic of  
53 China (2017), as amended in 2018, or any successor to support, assist, and cooperate  
54 with the state intelligence work of the People's Republic of China and keep the secrets of  
55 the national intelligence work of the People's Republic of China; or

56 (d) Any person that is listed on the Specially Designated Nationals and Blocked  
57 Persons List published by the Office of Foreign Assets Control of United States  
58 Department of the Treasury;

59 (8) "Restricted investment product", an investment product that:

60 (a) Is managed by one or more persons:

61 a. That are not employed by the system; and

62 b. In which the system on behalf of the fund owns investments together with  
63 investors other than the system; and

64 (b) Holds investments in a restricted entity;

65 (9) "System", any state or local public retirement system or plan established by  
66 the state or any political subdivision or instrumentality of the state for the purpose of  
67 providing plan benefits for elected or appointed public officials or employees of the state  
68 or any political subdivision or instrumentality of the state.

69 2. After August 28, 2025, a system shall not knowingly invest in a restricted  
70 entity or a restricted investment product and shall divest any investment that the system  
71 has on behalf of a fund in accordance with this section.

72 3. Before December 1, 2025, and at least annually on or before December first of  
73 each subsequent year, the board shall make a good faith effort to identify all restricted  
74 entities and restricted investment products in which the system holds an investment.  
75 The board may use an independent research firm to assist the board.

76 4. (1) If the board determines after a review under subsection 3 of this section  
77 that the system has investments in a restricted entity or a restricted investment product,  
78 the board shall establish a plan to divest the investment and complete the divestment as  
79 soon as financially prudent. Except as provided in subdivision (2) of this subsection, the  
80 investment shall be divested no later than August 28, 2026.

81 (2) The investment may be divested after August 28, 2026, but shall be divested  
82 no later than August 28, 2028, if the board finds that the following conditions exist:

83 (a) The divestment of the investment by August 28, 2026, would result in the  
84 system incurring aggregate transaction costs in excess of five hundred thousand dollars;

85 (b) The selling of global public equity interests would result in a loss on  
86 secondary markets; or

87           (c) The divestment of the investment by August 28, 2026, would otherwise fail to  
88 comply with federal or state law or other legal obligations.

89           5. Prior to divesting any commingled fund required by this section in which the  
90 divestment would result in a realized loss, the staff of the system shall notify the board  
91 and if, within two business days, a majority of the trustees of the board object, no  
92 further action shall be taken until a special or regular meeting of the board.

93           6. The board shall determine whether to cease or defer divestment in the entity  
94 or product initiated under this section and resume investment in the entity or product  
95 during any period in which the entity or product has not returned to being a restricted  
96 entity or restricted investment product if any of the following conditions are met:

97           (1) The entity or product meets or exceeds the rules and standards of the Public  
98 Company Accounting Oversight Board and the Sarbanes-Oxley Act of 2002, P.L. 107-  
99 204, 116 Stat. 745; or

100           (2) The board determines that a fund has holdings in a passively managed  
101 commingled fund that includes a restricted entity and the estimated cost of divestment  
102 of the commingled fund is greater than ten percent of the total value of the restricted  
103 entities held in the commingled fund.

104           7. (1) On or before December 31, 2025, and annually on or before December  
105 thirty-first of each subsequent year, the board shall submit a report to the general  
106 assembly.

107           (2) The report shall include at least the following information, as of the date of  
108 the report:

109           (a) A copy of the restricted entity list;

110           (b) All publicly traded securities sold, redeemed, divested, or withdrawn in  
111 compliance with this section;

112           (c) All commingled funds that are exempted from divestment under subsection 5  
113 or 6 of this section; and

114           (d) Any progress made under subsection 6 of this section.

115           8. With respect to actions taken in compliance with this section, including all  
116 good faith determinations regarding restricted entities and restricted investment  
117 products, the board and the system are exempt from any conflicting statutory or  
118 common law obligations, including any obligations with respect to choice of asset  
119 managers, investment fiduciaries, investment funds, or investments for fund investment  
120 portfolios.

121           9. The state and any political subdivision of the state; its officers, agents, and  
122 employees; and the board and employees of a system shall be immune from civil liability  
123 for any act or omission related to the removal of an asset from a fund under this section

124 **and are entitled to indemnification from the system for all losses, costs, and expenses,**  
125 **including reasonable attorney's fees, associated with defending against any claim or suit**  
126 **relating to an act authorized under section.**

127 **10. (1) Notwithstanding any provision of law to the contrary, the provisions of**  
128 **this section do not apply to investments in private market funds.**

129 **(2) Notwithstanding any provision of law to the contrary, the provisions of this**  
130 **section do not apply to indirect holdings in actively managed investment funds.**

131 **(3) If a manager or investment fiduciary creates a similar actively managed**  
132 **investment fund without the restricted entities, the board shall replace all applicable**  
133 **investments with the investments in the similar actively managed investment fund**  
134 **within a period consistent with prudent investing standards.**

143.124. 1. Other provisions of law to the contrary notwithstanding, for tax years  
2 ending on or before December 31, 2006, the total amount of all annuities, pensions, or  
3 retirement allowances above the amount of six thousand dollars annually provided by any law  
4 of this state, the United States, or any other state to any person except as provided in  
5 subsection 4 of this section, shall be subject to tax pursuant to the provisions of this chapter,  
6 in the same manner, to the same extent and under the same conditions as any other taxable  
7 income received by the person receiving it. For purposes of this section, "annuity, pension,  
8 retirement benefit, or retirement allowance" shall be defined as an annuity, pension or  
9 retirement allowance provided by the United States, this state, any other state or any political  
10 subdivision or agency or institution of this or any other state. For all tax years beginning on  
11 or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance  
12 shall be defined to include 401(k) plans, deferred compensation plans, self-employed  
13 retirement plans, also known as Keogh plans, annuities from a defined pension plan and  
14 individual retirement arrangements, also known as IRAs, as described in the Internal Revenue  
15 Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance  
16 provided by the United States, this state, any other state or any political subdivision or agency  
17 or institution of this or any other state. An individual taxpayer shall only be allowed a  
18 maximum deduction equal to the amounts provided under this section for each taxpayer on  
19 the combined return.

20 2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall  
21 be subtracted from Missouri adjusted gross income for that period, determined pursuant to  
22 section 143.121, the first three thousand dollars of retirement benefits received by each  
23 taxpayer:

24 (1) If the taxpayer's filing status is single, head of household or qualifying widow(er)  
25 and the taxpayer's Missouri adjusted gross income is less than twelve thousand five hundred  
26 dollars; or

27 (2) If the taxpayer's filing status is married filing combined and their combined  
28 Missouri adjusted gross income is less than sixteen thousand dollars; or

29 (3) If the taxpayer's filing status is married filing separately and the taxpayer's  
30 Missouri adjusted gross income is less than eight thousand dollars.

31 3. ~~[For the tax years beginning on or after January 1, 1990, but ending on or before~~  
32 ~~December 31, 2006,]~~ There shall be subtracted from Missouri adjusted gross income,  
33 determined pursuant to section 143.121, ~~[a maximum of the first six thousand dollars of~~  
34 ~~retirement benefits received by each taxpayer from sources other than privately funded~~  
35 ~~sources, and for tax years beginning on or after January 1, 1998, there shall be subtracted~~  
36 ~~from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of~~  
37 ~~the first one thousand dollars of any retirement allowance received from any privately funded~~  
38 ~~source for tax years beginning on or after January 1, 1998, but before January 1, 1999, and a~~  
39 ~~maximum of the first three thousand dollars of any retirement allowance received from any~~  
40 ~~privately funded source for tax years beginning on or after January 1, 1999, but before~~  
41 ~~January 1, 2000, and a maximum of the first four thousand dollars of any retirement~~  
42 ~~allowance received from any privately funded source for tax years beginning on or after~~  
43 ~~January 1, 2000, but before January 1, 2001, and a maximum of the first five thousand dollars~~  
44 ~~of any retirement allowance received from any privately funded source for tax years~~  
45 ~~beginning on or after January 1, 2001, but before January 1, 2002, and]~~ a maximum of the  
46 first six thousand dollars of any retirement allowance received **by each taxpayer** from any  
47 privately funded sources for tax years beginning on or after January 1, 2002, **but before**  
48 **January 1, 2026, and a maximum of the first twelve thousand dollars of any retirement**  
49 **allowance received from any privately funded sources for tax years beginning on or**  
50 **after January 1, 2026.** A taxpayer shall be entitled to the maximum exemption provided by  
51 this subsection:

52 (1) If the taxpayer's filing status is single, head of household or qualifying widow(er)  
53 and the taxpayer's Missouri adjusted gross income is less than twenty-five thousand dollars  
54 **for all tax years ending on or before December 31, 2025, and less than fifty thousand**  
55 **dollars for all tax years beginning on or after January 1, 2026; or**

56 (2) If the taxpayer's filing status is married filing combined and their combined  
57 Missouri adjusted gross income is less than thirty-two thousand dollars **for all tax years**  
58 **ending on or before December 31, 2025, and less than sixty-four thousand dollars for all**  
59 **tax years beginning on or after January 1, 2026; or**

60 (3) If the taxpayer's filing status is married filing separately and the taxpayer's  
61 Missouri adjusted gross income is less than sixteen thousand dollars **for all tax years ending**  
62 **on or before December 31, 2025, and less than thirty-two thousand six hundred dollars**  
63 **for all tax years beginning on or after January 1, 2026.**

64           4. If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for  
65 such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection 3 of this  
66 section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the  
67 maximum exemption provided in subsection 3 of this section reduced by one dollar for every  
68 dollar such taxpayer's income exceeds the ceiling for his or her filing status.

69           5. For purposes of this subsection, the term "maximum Social Security benefit  
70 available" shall mean thirty-two thousand five hundred dollars for the tax year beginning on  
71 or after January 1, 2007, and for each subsequent tax year such amount shall be increased by  
72 the percentage increase in the Consumer Price Index for All Urban Consumers, or its  
73 successor index, as such index is defined and officially reported by the United States  
74 Department of Labor, or its successor agency. For the tax year beginning on or after January  
75 1, 2007, but ending on or before December 31, 2007, there shall be subtracted from Missouri  
76 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount  
77 equal to the greater of: six thousand dollars in retirement benefits received from sources other  
78 than privately funded sources, to the extent such benefits are included in the taxpayer's federal  
79 adjusted gross income; or twenty percent of the retirement benefits received from sources  
80 other than privately funded sources in the tax year, but not to exceed the maximum Social  
81 Security benefit available for such tax year. For the tax year beginning on or after January 1,  
82 2008, but ending on or before December 31, 2008, there shall be subtracted from Missouri  
83 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount  
84 equal to the greater of: six thousand dollars in retirement benefits received from sources other  
85 than privately funded sources, to the extent such benefits are included in the taxpayer's federal  
86 adjusted gross income; or thirty-five percent of the retirement benefits received from sources  
87 other than privately funded sources in the tax year, but not to exceed the maximum Social  
88 Security benefit available for such tax year. For the tax year beginning on or after January 1,  
89 2009, but ending on or before December 31, 2009, there shall be subtracted from Missouri  
90 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount  
91 equal to the greater of: six thousand dollars in retirement benefits received from sources other  
92 than privately funded sources, to the extent such benefits are included in the taxpayer's federal  
93 adjusted gross income; or fifty percent of the retirement benefits received from sources other  
94 than privately funded sources in the tax year, but not to exceed the maximum Social Security  
95 benefit available for such tax year. For the tax year beginning on or after January 1, 2010, but  
96 ending on or before December 31, 2010, there shall be subtracted from Missouri adjusted  
97 gross income, determined pursuant to section 143.121, a maximum of an amount equal to the  
98 greater of: six thousand dollars in retirement benefits received from sources other than  
99 privately funded sources, to the extent such benefits are included in the taxpayer's federal  
100 adjusted gross income; or sixty-five percent of the retirement benefits received from sources

other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2011, but ending on or before December 31, 2011, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or eighty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For all tax years beginning on or after January 1, 2012, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to one hundred percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For all tax years beginning on or before December 31, 2023, a taxpayer shall be entitled to the maximum exemption provided by this subsection:

(1) If the taxpayer's filing status is married filing combined, and their combined Missouri adjusted gross income is equal to or less than one hundred thousand dollars; or

(2) If the taxpayer's filing status is single, head of household, qualifying widow(er), or married filing separately, and the taxpayer's Missouri adjusted gross income is equal to or less than eighty-five thousand dollars.

For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to the maximum exemption provided by this subsection regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

6. For all tax years beginning on or before December 31, 2023, if a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1) and (2) of subsection 5 of this section, such taxpayer shall be entitled to an exemption, less any applicable reduction provided under subsection 7 of this section, equal to the greater of zero or the maximum exemption provided in subsection 5 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

7. For purposes of calculating the subtraction provided in subsection 5 of this section, such subtraction shall be decreased by an amount equal to any Social Security benefit exemption provided under section 143.125.

8. For purposes of this section, any Social Security benefits otherwise included in Missouri adjusted gross income shall be subtracted; but Social Security benefits shall not be

137 subtracted for purposes of other computations pursuant to this chapter, and are not to be  
138 considered as retirement benefits for purposes of this section.

139       9. The provisions of subdivisions (1) and (2) of subsection 3 of this section shall  
140 apply during all tax years in which the federal Internal Revenue Code provides exemption  
141 levels for calculation of the taxability of Social Security benefits that are the same as the  
142 levels in subdivisions (1) and (2) of subsection 3 of this section. If the exemption levels for  
143 the calculation of the taxability of Social Security benefits are adjusted by applicable federal  
144 law or regulation, the exemption levels in subdivisions (1) and (2) of subsection 3 of this  
145 section shall be accordingly adjusted to the same exemption levels.

146       10. The portion of a taxpayer's lump sum distribution from an annuity or other  
147 retirement plan not otherwise included in Missouri adjusted gross income as calculated  
148 pursuant to this chapter but subject to taxation under Internal Revenue Code Section 402 shall  
149 be taxed in an amount equal to ten percent of the taxpayer's federal liability on such  
150 distribution for the same tax year.

151       11. For purposes of this section, retirement benefits received shall not include any  
152 withdrawals from qualified retirement plans which are subsequently rolled over into another  
153 retirement plan.

154       12. The exemptions provided for in this section shall not affect the calculation of the  
155 income to be used to determine the property tax credit provided in sections 135.010 to  
156 135.035.

157       13. The exemptions provided for in this section shall apply to any annuity, pension, or  
158 retirement allowance as defined in subsection 1 of this section to the extent that such amounts  
159 are included in the taxpayer's federal adjusted gross income and not otherwise deducted from  
160 the taxpayer's federal adjusted gross income in the calculation of Missouri taxable income.  
161 This subsection shall not apply to any individual who qualifies under federal guidelines to be  
162 one hundred percent disabled.

169.490. 1. All the assets of the retirement system shall be held as one fund.

2       2. (1) For any member hired before January 1, 2018, the employing board shall cause  
3 to be deducted from the compensation of each member at every payroll period five percent of  
4 his or her compensation.

5       (2) Beginning January 1, 2018, the percentage in subdivision (1) of this subsection  
6 shall increase one-half of one percent annually until such time as the percentage equals nine  
7 percent.

8       (3) For any member hired for the first time on or after January 1, 2018, the employing  
9 board shall cause to be deducted from the compensation of each member at every payroll  
10 period nine percent of such member's compensation.

11           (4) The amounts so deducted shall be transferred to the board of trustees and credited  
12 to the individual account of each member from whose compensation the deduction was made.  
13 In determining the amount earnable by a member in any payroll period, the board of trustees  
14 may consider the rate of earnable compensation payable to such member on the first day of  
15 the payroll period as continuing throughout such payroll period; it may omit deduction from  
16 compensation for any period less than a full payroll period if the employee was not a member  
17 on the first day of the payroll period; and to facilitate the making of the deductions, it may  
18 modify the deduction required of any member by such amount as shall not exceed one-tenth  
19 of one percent of the compensation upon the basis of which such deduction was made.

20           (5) The deductions provided for herein are declared to be a part of the salary of the  
21 member and the making of such deductions shall constitute payments by the member out of  
22 his or her salary or earnings and such deductions shall be made notwithstanding that the  
23 minimum compensation provided by law for any member shall be reduced thereby. Every  
24 member shall be deemed to consent to the deductions made and provided for herein, and shall  
25 receipt for his or her full salary or compensation, and the making of said deductions and the  
26 payment of salary or compensation less said deduction shall be a full and complete discharge  
27 and acquittance of all claims and demands whatsoever for services rendered during the period  
28 covered by the payment except as to benefits provided by sections 169.410 to 169.540.

29           (6) The employing board may elect to pay member contributions required by this  
30 section as an employer pick up of employee contributions under Section 414(h)(2) of the  
31 Internal Revenue Code of 1986, as amended, and such contributions picked up by the  
32 employing board shall be treated as contributions made by members for all purposes of  
33 sections 169.410 to 169.540.

34           3. If a retired member receiving a pension pursuant to sections 169.410 to 169.540 is  
35 restored to active service and again becomes an active member of the retirement system, there  
36 shall be credited to his or her individual account an amount equal to the excess, if any, of his  
37 or her accumulated contributions at retirement over the total pension benefits paid to him or  
38 her.

39           4. Annually, the actuary for the retirement system shall calculate each employer's  
40 contribution as an amount equal to a certain percentage of the total compensation of all  
41 members employed by that employer. The percentage shall be fixed on the basis of the  
42 liabilities of the retirement system as shown by the annual actuarial valuation. The annual  
43 actuarial valuation shall be made on the basis of such actuarial assumptions and the actuarial  
44 cost method adopted by the board of trustees, provided that the actuarial cost method adopted  
45 shall be in accordance with generally accepted actuarial standards and that the unfunded  
46 actuarial accrued liability, if any, shall be amortized by level annual payments over a period

47 not to exceed thirty years. The provisions of this subsection shall expire on December 31,  
48 2017; thereafter subsection 5 of this section shall apply.

49 5. **(1)** For calendar year 2018, the rate of contribution payable by each employer shall  
50 equal sixteen percent of the total compensation of all members employed by that employer.  
51 For each calendar year thereafter, the percentage rate of contribution payable by each  
52 employer of the total compensation of all members employed by that employer shall decrease  
53 one-half of one percent annually until calendar year ~~[2032]~~ **2025** when the rate of contribution  
54 payable by each employer shall equal ~~[nine]~~ **twelve and one-half** percent of the total  
55 compensation of all members employed by that employer~~[- For subsequent calendar years~~  
56 ~~after 2032]~~, **except as provided under subdivision (2) of this subsection.**

57 **(2) Beginning on the effective date of this section and for all subsequent calendar**  
58 **years after,** the rate of contribution payable by each employer shall equal ~~[nine]~~ **fourteen**  
59 percent of the total compensation of all members employed by that employer.

60 6. The expense and contingency reserve shall be a reserve for investment  
61 contingencies and estimated expenses of administration of the retirement system as  
62 determined annually by the board of trustees.

63 7. Gifts, devises, bequests and legacies may be accepted by the board of trustees to be  
64 held and invested as a part of the assets of the retirement system and shall not be separately  
65 accounted for except where specific direction for the use of a gift is made by a donor.

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