

FIRST REGULAR SESSION

HOUSE BILL NO. 976

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HOVIS.

2097H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, and 70.747, RSMo, and to enact in lieu thereof eight new sections relating to the Missouri local government employees' retirement system.

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Section A. Sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, and 70.747, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, and 70.748, to read as follows: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 political subdivision as a policeman on or after the date the political subdivision covers policemen shall become members of the system.

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.

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 ~~[10.]~~ **9.** Should the board determine that the provisions of subsections ~~7[5-8]~~ 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.

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