

FIRST REGULAR SESSION

SENATE BILL NO. 223

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CURLS.

Read 1st time January 28, 2013, and ordered printed.

TERRY L. SPIELER, Secretary.

1235S.011

AN ACT

To repeal sections 169.270, 169.291, 169.301, 169.324, and 169.350, RSMo, and to enact in lieu thereof five new sections relating to the public school retirement system of Kansas City.

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

Section A. Sections 169.270, 169.291, 169.301, 169.324, and 169.350, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 169.270, 169.291, 169.301, 169.324, and 169.350, to read as follows:

169.270. Unless a different meaning is clearly required by the context, the following words and phrases as used in sections 169.270 to 169.400 shall have the following meanings:

(1) "Accumulated contributions", the sum of all amounts deducted from the compensation of a member or paid on behalf of the member by the employer and credited to the member's individual account together with interest thereon in the employees' contribution fund. The board of trustees shall determine the rate of interest allowed thereon as provided for in section 169.295;

(2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of formulas and/or tables which have been approved by the board of trustees. The formulas and tables in effect at any time shall be set forth in a written document which shall be maintained at the offices of the retirement system and treated for all purposes as part of the documents governing the retirement system established by section 169.280. The formulas and tables may be changed from time to time if recommended by the retirement system's actuary and approved by the board of trustees;

(3) "Average final compensation", the highest average annual

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 compensation received for any four consecutive years of service. In determining
19 whether years of service are "consecutive", only periods for which creditable
20 service is earned shall be considered, and all other periods shall be disregarded;

21 (4) "Beneficiary", any person designated by a member for a retirement
22 allowance or other benefit as provided by sections 169.270 to 169.400;

23 (5) "Board of education", the board of directors or corresponding board, by
24 whatever name, having charge of the public schools of the school district in which
25 the retirement system is established;

26 (6) "Board of trustees", the board provided for in section 169.291 to
27 administer the retirement system;

28 (7) "Break in service", an occurrence when a regular employee ceases to
29 be a regular employee for any reason other than retirement (including
30 termination of employment, resignation, or furlough but not including vacation,
31 sick leave, excused absence or leave of absence granted by an employer) and such
32 person does not again become a regular employee until after sixty consecutive
33 calendar days have elapsed, or after fifteen consecutive school or work days have
34 elapsed, whichever occurs later. A break in service also occurs when a regular
35 employee retires under the retirement system established by section 169.280 and
36 does not again become a regular employee until after fifteen consecutive school
37 or work days have elapsed. A "school or work day" is a day on which the
38 employee's employer requires (or if the position no longer exists, would require,
39 based on past practice) employees having the former employee's last job
40 description to report to their place of employment for any reason;

41 (8) "Charter school", any charter school established pursuant to sections
42 160.400 to 160.420 and located, at the time it is established, within the school
43 district;

44 (9) "Compensation", the regular compensation as shown on the salary and
45 wage schedules of the employer, including any amounts paid by the employer on
46 a member's behalf pursuant to subdivision (5) of subsection 1 of section 169.350,
47 but such term is not to include extra pay, overtime pay, consideration for entering
48 into early retirement, or any other payments not included on salary and wage
49 schedules. For any year beginning after December 31, 1988, the annual
50 compensation of each member taken into account under the retirement system
51 shall not exceed the limitation set forth in Section 401(a)(17) of the Internal
52 Revenue Code of 1986, as amended;

53 (10) "Creditable service", the amount of time that a regular employee is

54 a member of the retirement system and makes contributions thereto in
55 accordance with the provisions of sections 169.270 to 169.400;

56 (11) "Employee", any person who is classified by the school district, a
57 charter school, the library district or the retirement system established by section
58 169.280 as an employee of such employer and is reported contemporaneously for
59 federal and state tax purposes as an employee of such employer. A person is not
60 considered to be an employee for purposes of such retirement system with respect
61 to any service for which the person was not reported contemporaneously for
62 federal and state tax purposes as an employee of such employer, regardless of
63 whether the person is or may later be determined to be or to have been a common
64 law employee of such employer, including but not limited to a person classified
65 by the employer as independent contractors and persons employed by other
66 entities which contract to provide staff and services to the employer. In no event
67 shall a person reported for federal tax purposes as an employee of a private,
68 for-profit entity be deemed to be an employee eligible to participate in the
69 retirement system established by section 169.280 with respect to such
70 employment;

71 (12) "Employer", the school district, any charter school, the library
72 district, or the retirement system established by section 169.280, or any
73 combination thereof, as required by the context to identify the employer of any
74 member, or, for purposes only of subsection 2 of section 169.324, of any retiree;

75 (13) "Employer's board", the board of education, the governing board of
76 any charter school, the board of trustees of the library district, the board of
77 trustees, or any combination thereof, as required by the context to identify the
78 governing body of an employer;

79 (14) "Library district", any urban public library district created from or
80 within a school district under the provisions of section 182.703;

81 (15) "Medical board", the board of physicians provided for in section
82 169.291;

83 (16) "Member", any person who is a regular employee after the retirement
84 system has been established hereunder ("active member"), and any person who
85 (i) was an active member, (ii) has vested retirement benefits hereunder, and (iii)
86 is not receiving a retirement allowance hereunder ("inactive member"). **A person**
87 **shall cease to be a member if the person has a break in service before**
88 **earning any vested retirement benefits or if the person withdraws his**
89 **or her accumulated contributions from the retirement system;**

90 (17) "Minimum normal retirement age", **for any member who retires**
91 **before January 1, 2014, or who is a member of the retirement system on**
92 **December 31, 2013, and remains a member continuously to retirement,**
93 the earlier of the date the member attains the age of sixty or the date the member
94 has a total of at least seventy-five credits, with each year of creditable service and
95 each year of age equal to one credit[,] **and** with both years of creditable service
96 and years of age prorated for fractional years; **for any person who becomes**
97 **a member of the retirement system on or after January 1, 2014,**
98 **including any person who was previously a member of the retirement**
99 **system before January 1, 2014, but ceased to be a member for any**
100 **reason other than retirement, the earlier of the date the member**
101 **attains the age of sixty-two or the date the member has a total of at**
102 **least eighty credits, with each year of creditable service and each year**
103 **of age equal to one credit and with both years of creditable service and**
104 **years of age prorated for fractional years;**

105 (18) "Prior service", service prior to the date the system becomes operative
106 which is creditable in accordance with the provisions of section 169.311. Prior
107 service in excess of thirty-eight years shall be considered thirty-eight years;

108 (19) "Regular employee", any employee who is assigned to an established
109 position which requires service of not less than twenty-five hours per week, and
110 not less than nine calendar months a year. Any regular employee who is
111 subsequently assigned without break in service to a position demanding less
112 service than is required of a regular employee shall continue the employee's
113 status as a regular employee. Except as stated in the preceding sentence, a
114 temporary, part-time, or furloughed employee is not a regular employee;

115 (20) "Retirant", a former member receiving a retirement allowance
116 hereunder;

117 (21) "Retirement allowance", annuity payments to a retirant or to such
118 beneficiary as is entitled to same;

119 (22) "School district", any school district in which a retirement system
120 shall be established under section 169.280.

169.291. 1. The general administration and the responsibility for the
2 proper operation of the retirement system are hereby vested in a board of trustees
3 of twelve persons who shall be resident taxpayers of the school district, as follows:

4 (1) Four trustees to be appointed for terms of four years by the board of
5 education; provided, however, that the terms of office of the first four trustees so

6 appointed shall begin immediately upon their appointment and shall expire one,
7 two, three and four years from the date the retirement system becomes operative,
8 respectively;

9 (2) Four trustees to be elected for terms of four years by and from the
10 members of the retirement system; provided, however, that the terms of office of
11 the first four trustees so elected shall begin immediately upon their election and
12 shall expire one, two, three and four years from the date the retirement system
13 becomes operative, respectively;

14 (3) The ninth trustee shall be the superintendent of schools of the school
15 district;

16 (4) The tenth trustee shall be one retirant of the retirement system
17 elected for a term of four years beginning the first day of January immediately
18 following August 13, 1986, by the retirants of the retirement system;

19 (5) The eleventh trustee shall be appointed for a term of four years
20 beginning the first day of January immediately following August 13, 1990, by the
21 board of trustees described in subdivision (3) of section 182.701;

22 (6) The twelfth trustee shall be a retirant of the retirement system elected
23 for a term of four years beginning the first day of January immediately following
24 August 28, 1992, by the retirants of the retirement system.

25 2. If a vacancy occurs in the office of a trustee, the vacancy shall be filled
26 for the unexpired term in the same manner as the office was previously filled,
27 except that the board of trustees may appoint a qualified person to fill the
28 vacancy in the office of an elected member until the next regular election at which
29 time a member shall be elected for the unexpired term. No vacancy or vacancies
30 on the board of trustees shall impair the power of the remaining trustees to
31 administer the retirement system pending the filling of such vacancy or
32 vacancies.

33 3. In the event of a lapse of the school district's corporate organization as
34 described in subsections 1 and 4 of section 162.081, the general administration
35 and responsibility for the proper operation of the retirement system shall
36 continue to be vested in a twelve-person board of trustees, all of whom shall be
37 resident taxpayers of a city, other than a city not within a county, of four hundred
38 thousand or more. In such event, if vacancies occur in the offices of the four
39 trustees appointed, prior to the lapse, by the board of education, or in the offices
40 of the four trustees elected, prior to the lapse, by the members of the retirement
41 system, or in the office of trustee held, prior to the lapse, by the superintendent

42 of schools in the school district, as provided in subdivisions (1), (2) and (3) of
43 subsection 1 of this section, the board of trustees shall appoint a qualified person
44 to fill each vacancy and subsequent vacancies in the office of trustee for terms of
45 up to four years, as determined by the board of trustees.

46 4. Each trustee shall, before assuming the duties of a trustee, take the
47 oath of office before the court of the judicial circuit or one of the courts of the
48 judicial circuit in which the school district is located that so far as it devolves
49 upon the trustee, such trustee shall diligently and honestly administer the affairs
50 of the board of trustees and that the trustee will not knowingly violate or
51 willingly permit to be violated any of the provisions of the law applicable to the
52 retirement system. Such oath shall be subscribed to by the trustee making it and
53 filed in the office of the clerk of the circuit court.

54 5. Each trustee shall be entitled to one vote in the board of
55 trustees. Seven trustees shall constitute a quorum at any meeting of the board
56 of trustees. At any meeting of the board of trustees where a quorum is present,
57 the vote of at least seven of the trustees in support of a motion, resolution or
58 other matter is necessary to be the decision of the board; provided, however, that
59 in the event of a lapse in the school district's corporate organization as described
60 in subsections 1 and 4 of section 162.081, a majority of the trustees then in office
61 shall constitute a quorum at any meeting of the board of trustees, and the vote
62 of a majority of the trustees then in office in support of a motion, resolution or
63 other matter shall be necessary to be the decision of the board.

64 6. The board of trustees shall have exclusive original jurisdiction in all
65 matters relating to or affecting the funds herein provided for, including, in
66 addition to all other matters, all claims for benefits or refunds, and its action,
67 decision or determination in any matter shall be reviewable in accordance with
68 chapter 536 or chapter 621. Subject to the limitations of sections 169.270 to
69 169.400, the board of trustees shall, from time to time, establish rules and
70 regulations for the administration of funds of the retirement system, for the
71 transaction of its business, and for the limitation of the time within which claims
72 may be filed.

73 7. The trustees shall serve without compensation. The board of trustees
74 shall elect from its membership a chairman and a vice chairman. The board of
75 trustees shall appoint an executive director who shall serve as the administrative
76 officer of the retirement system and as secretary to the board of trustees. It shall
77 employ one or more persons, firms or corporations experienced in the investment

78 of moneys to serve as investment counsel to the board of trustees. The
79 compensation of all persons engaged by the board of trustees and all other
80 expenses of the board necessary for the operation of the retirement system shall
81 be paid at such rates and in such amounts as the board of trustees shall approve,
82 and shall be paid from the investment income.

83 8. The board of trustees shall keep in convenient form such data as shall
84 be necessary for actuarial valuations of the various funds of the retirement
85 system and for checking the experience of the system.

86 9. The board of trustees shall keep a record of all its proceedings which
87 shall be open to public inspection. It shall prepare annually and furnish to the
88 board of education and to each member of the retirement system who so requests
89 a report showing the fiscal transactions of the retirement system for the
90 preceding fiscal year, the amount of accumulated cash and securities of the
91 system, and the last balance sheet showing the financial condition of the system
92 by means of an actuarial valuation of the assets and liabilities of the retirement
93 system.

94 10. The board of trustees shall have, in its own name, power to sue and
95 to be sued, to enter into contracts, to own property, real and personal, and to
96 convey the same; but the members of such board of trustees shall not be
97 personally liable for obligations or liabilities of the board of trustees or of the
98 retirement system.

99 11. The board of trustees shall arrange for necessary legal advice for the
100 operation of the retirement system.

101 12. The board of trustees shall designate a medical board to be composed
102 of three or more physicians who shall not be eligible for membership in the
103 system and who shall pass upon all medical examinations required under the
104 provisions of sections 169.270 to 169.400, shall investigate all essential
105 statements and certificates made by or on behalf of a member in connection with
106 an application for disability retirement and shall report in writing to the board
107 of trustees its conclusions and recommendations upon all matters referred to it.

108 13. The board of trustees shall designate an actuary who shall be the
109 technical advisor of the board of trustees on matters regarding the operation of
110 the retirement system and shall perform such other duties as are required in
111 connection therewith. Such person shall be qualified as an actuary by
112 membership as a Fellow of the Society of Actuaries or by similar objective
113 standards.

114 14. At least once in each five-year period the actuary shall make an
115 investigation into the actuarial experience of the members, retirants and
116 beneficiaries of the retirement system and, taking into account the results of such
117 investigation, the board of trustees shall adopt for the retirement system such
118 actuarial assumptions as the board of trustees deems necessary for the financial
119 soundness of the retirement system.

120 15. On the basis of such actuarial assumptions as the board of trustees
121 adopts, the actuary shall make annual valuations of the assets and liabilities of
122 the funds of the retirement system.

123 16. The rate of contribution payable by the [employer] **employers** shall
124 equal one and ninety-nine one-hundredths percent, effective July 1, 1993; three
125 and ninety-nine one-hundredths percent, effective July 1, 1995; five and
126 ninety-nine one-hundredths percent, effective July 1, 1996; seven and one-half
127 percent effective January 1, 1999, and for [all] subsequent **calendar** years
128 **through 2013. For calendar year 2014 and each subsequent year, the**
129 **rate of contribution payable by the employers for each year shall be**
130 **determined by the actuary for the retirement system in the manner**
131 **provided in subsection 4 of section 169.350 and shall be certified by the**
132 **board of trustees to the employers at least six months prior to the date**
133 **such rate is to be effective.**

134 17. In the event of a lapse of a school district's corporate organization as
135 described in subsections 1 and 4 of section 162.081, no retirement system, nor any
136 of the assets of any retirement system, shall be transferred to or merged with
137 another retirement system without prior approval of such transfer or merge by
138 the board of trustees of the retirement system.

169.301. 1. Any active member who has completed five or more years of
2 actual (not purchased) creditable service shall be entitled to a vested retirement
3 benefit equal to the annual service retirement allowance provided in sections
4 169.270 to 169.400 payable after attaining the minimum normal retirement age
5 and calculated in accordance with the law in effect on the last date such person
6 was a regular employee; provided, that such member does not withdraw such
7 person's accumulated contributions pursuant to section 169.328 prior to attaining
8 the minimum normal retirement age.

9 2. Any member who elected on October 13, 1961, or within thirty days
10 thereafter, to continue to contribute and to receive benefits under sections
11 169.270 to 169.400 may continue to be a member of the retirement system under

12 the terms and conditions of the plan in effect immediately prior to October 13,
13 1961, or may, upon written request to the board of trustees, transfer to the
14 present plan, provided that the member pays into the system any additional
15 contributions with interest the member would have credited to the member's
16 account if such person had been a member of the current plan since its inception
17 or, if the person's contributions and interest are in excess of what the person
18 would have paid, such person will receive a refund of such excess. The board of
19 trustees shall adopt appropriate rules and regulations governing the operation
20 of the plan in effect immediately prior to October 13, 1961.

21 3. Should a retirant again become an active member, such person's
22 retirement allowance payments shall cease during such membership and shall be
23 recalculated upon subsequent retirement to include any creditable service earned
24 during the person's latest period of active membership in accordance with
25 subsection 2 of section 169.324.

26 4. In the event of the complete termination of the retirement system
27 established by section 169.280 or the complete discontinuance of contributions to
28 such retirement system, the rights of all members to benefits accrued to the date
29 of such termination or discontinuance, to the extent then funded, shall be fully
30 vested and nonforfeitable.

31 5. If a member leaves employment with an employer to perform qualified
32 military service, as defined in Section 414(u) of the Internal Revenue Code of
33 1986, as amended, and dies while in such service, the member's survivors shall
34 be entitled to any additional benefits (other than benefit accruals relating to the
35 period of qualified military service) that would have been provided had the
36 member resumed employment with the employer and then terminated on account
37 of death in accordance with the requirements of Sections [407(a)(37)] **401(a)(37)**
38 and 414(u) of the Internal Revenue Code of 1986, as amended. In such event, the
39 member's period of qualified military [services] **service** shall be counted as
40 creditable service for purposes of vesting but not for purposes of determining the
41 amount of the member's retirement allowance.

169.324. 1. The annual service retirement allowance payable pursuant
2 to section 169.320 [in equal monthly installments for life shall be the retirant's
3 number of years of creditable service multiplied by one and three-fourths percent
4 of the person's average final compensation, subject to a maximum of sixty percent
5 of the person's average final compensation. For any member who retires as an
6 active member on or after June 30, 1999, the annual service retirement allowance

7 payable pursuant to section 169.320 in equal monthly installments for life shall
8 be the retirant's number of years of creditable service multiplied by two percent
9 of the person's average final compensation, subject to a maximum of sixty percent
10 of the person's average final compensation. Any member whose number of years
11 of creditable service is greater than thirty-four and one-quarter on August 28,
12 1993, shall receive an annual service retirement allowance payable pursuant to
13 section 169.320 in equal monthly installments for life equal to the retirant's
14 number of years of creditable service as of August 28, 1993, multiplied by one and
15 three-fourths percent of the person's average final compensation but shall not
16 receive a greater annual service retirement allowance based on additional years
17 of creditable service after August 28, 1993. Provided, however, that,] **shall be**
18 **the retirant's number of years of creditable service multiplied by a**
19 **percentage of the retirant's average final compensation, determined as**
20 **follows:**

21 (1) A retirant whose last employment as a regular employee
22 ended prior to June 30, 1999, shall receive an annual service retirement
23 allowance payable pursuant to section 169.320 in equal monthly
24 installments for life equal to the retirant's number of years of
25 creditable service multiplied by one and three-fourths percent of the
26 person's average final compensation, subject to a maximum of sixty
27 percent of the person's average final compensation;

28 (2) A retirant whose number of years of creditable service is
29 greater than thirty-four and one-quarter on August 28, 1993, shall
30 receive an annual service retirement allowance payable pursuant to
31 section 169.320 in equal monthly installments for life equal to the
32 retirant's number of years of creditable service as of August 28, 1993,
33 multiplied by one and three-fourths percent of the person's average
34 final compensation but shall not receive a greater annual service
35 retirement allowance based on additional years of creditable service
36 after August 28, 1993;

37 (3) A retirant who was an active member of the retirement
38 system at any time on or after June 30, 1999, and who either retires
39 before January 1, 2014, or is a member of the retirement system on
40 December 31, 2013, and remains a member continuously to retirement
41 shall receive an annual service retirement allowance payable pursuant
42 to section 169.320 in equal monthly installments for life equal to the
43 retirant's number of years of creditable service multiplied by two

44 **percent of the person's average final compensation, subject to a**
45 **maximum of sixty percent of the person's final compensation;**

46 **(4) A retirant who becomes a member of the retirement system**
47 **on or after January 1, 2014, including any retirant who was a member**
48 **of the retirement system before January 1, 2014, but ceased to be a**
49 **member for any reason other than retirement, shall receive an annual**
50 **service retirement allowance payable pursuant to section 169.320 in**
51 **equal monthly installments for life equal to the retirant's number of**
52 **years of creditable service multiplied by one and three-fourths percent**
53 **of the person's average final compensation, subject to a maximum of**
54 **sixty percent of the person's average final compensation;**

55 **(5) Notwithstanding the provisions of subdivisions (1) to (4) of**
56 **this subsection, effective January 1, 1996, any [retiree] retirant who retired**
57 **on, before or after January 1, 1996, with at least twenty years of creditable**
58 **service shall receive at least three hundred dollars each month as a retirement**
59 **allowance, or the actuarial equivalent thereof if the [retiree] retirant elected any**
60 **of the options available under section 169.326. [Provided, further, any retiree]**
61 **Any retirant who retired with at least ten years of creditable service shall**
62 **receive at least one hundred fifty dollars each month as a retirement allowance,**
63 **plus fifteen dollars for each additional full year of creditable service greater than**
64 **ten years but less than twenty years (or the actuarial equivalent thereof if the**
65 **[retiree] retirant elected any of the options available under section**
66 **169.326). Any beneficiary of a deceased [retiree] retirant who retired with at**
67 **least ten years of creditable service and elected one of the options available under**
68 **section 169.326 shall also be entitled to the actuarial equivalent of the minimum**
69 **benefit provided by this subsection, determined from the option chosen.**

70 2. Except as otherwise provided in sections 169.331, 169.580 and 169.585,
71 payment of a retirant's retirement allowance will be suspended for any month for
72 which such person receives remuneration from the person's employer or from any
73 other employer in the retirement system established by section 169.280 for the
74 performance of services except any such person other than a person receiving a
75 disability retirement allowance under section 169.322 may serve as a nonregular
76 substitute, part-time or temporary employee for not more than six hundred hours
77 in any school year without becoming a member and without having the person's
78 retirement allowance discontinued, provided that through such substitute,
79 part-time, or temporary employment, the person may earn no more than fifty

80 percent of the annual salary or wages the person was last paid by the employer
81 before the person retired and commenced receiving a retirement allowance,
82 adjusted for inflation. If a person exceeds such hours limit or such compensation
83 limit, payment of the person's retirement allowance shall be suspended for the
84 month in which such limit was exceeded and each subsequent month in the school
85 year for which the person receives remuneration from any employer in the
86 retirement system. If a retirant is reemployed by any employer in any capacity,
87 whether pursuant to this section, or section 169.331, 169.580, or 169.585, or as
88 a regular employee, the amount of such person's retirement allowance
89 attributable to service prior to the person's first retirement date shall not be
90 changed by the reemployment. If the person again becomes an active member
91 and earns additional creditable service, upon the person's second retirement the
92 person's retirement allowance shall be the sum of:

93 (1) The retirement allowance the person was receiving at the time the
94 person's retirement allowance was suspended, pursuant to the payment option
95 elected as of the first retirement date, plus the amount of any increase in such
96 retirement allowance the person would have received pursuant to subsection 3 of
97 this section had payments not been suspended during the person's reemployment;
98 and

99 (2) An additional retirement allowance computed using the benefit
100 formula in effect on the person's second retirement date, the person's creditable
101 service following reemployment, and the person's average final annual
102 compensation as of the second retirement date. The sum calculated pursuant to
103 this subsection shall not exceed the greater of sixty percent of the person's
104 average final compensation as of the second retirement date or the amount
105 determined pursuant to subdivision (1) of this subsection. Compensation earned
106 prior to the person's first retirement date shall be considered in determining the
107 person's average final compensation as of the second retirement date if such
108 compensation would otherwise be included in determining the person's average
109 final compensation.

110 3. The board of trustees shall determine annually whether the investment
111 return on funds of the system can provide for an increase in benefits for retirants
112 eligible for such increase. A retirant shall and will be eligible for an increase
113 awarded pursuant to this section as of the second January following the date the
114 retirant commenced receiving retirement benefits. Any such increase shall also
115 apply to any monthly joint and survivor retirement allowance payable to such

116 retirant's beneficiaries, regardless of age. The board shall make such
117 determination as follows:

118 (1) After determination by the actuary of the investment return for the
119 preceding year as of December thirty-first (the "valuation year"), the actuary shall
120 recommend to the board of trustees what portion of the investment return is
121 available to provide such benefits increase, if any, and shall recommend the
122 amount of such benefits increase, if any, to be implemented as of the first day of
123 the thirteenth month following the end of the valuation year, and [the] first
124 payable on or about the first day of the fourteenth month following the end of the
125 valuation year. The actuary shall make such recommendations so as not to affect
126 the financial soundness of the retirement system, recognizing the following
127 safeguards:

128 (a) The retirement system's funded ratio as of January first of the year
129 preceding the year of a proposed increase shall be at least one hundred percent
130 after adjusting for the effect of the proposed increase. The funded ratio is the
131 ratio of assets to the pension benefit obligation;

132 (b) The actuarially required contribution rate, after adjusting for the
133 effect of the proposed increase, may not exceed the [statutory] **then applicable**
134 **employer and member contribution rate as determined under subsection**
135 **4 of section 169.350**;

136 (c) The actuary shall certify to the board of trustees that the proposed
137 increase will not impair the actuarial soundness of the retirement system;

138 (d) A benefit increase, under this section, once awarded, cannot be
139 reduced in succeeding years;

140 (2) The board of trustees shall review the actuary's recommendation and
141 report and shall, in their discretion, determine if any increase is prudent and, if
142 so, shall determine the amount of increase to be awarded.

143 4. This section does not guarantee an annual increase to any retirant.

144 5. If an inactive member becomes an active member after June 30, 2001,
145 and after a break in service, unless the person earns at least four additional
146 years of creditable service without another break in service, upon retirement the
147 person's retirement allowance shall be calculated separately for each separate
148 period of service ending in a break in service. The retirement allowance shall be
149 the sum of the separate retirement allowances computed for each such period of
150 service using the benefit formula in effect, the person's average final
151 compensation as of the last day of such period of service and the creditable

152 service the person earned during such period of service; provided, however, if the
153 person earns at least four additional years of creditable service without another
154 break in service, all of the person's creditable service prior to and including such
155 service shall be aggregated and, upon retirement, the retirement allowance shall
156 be computed using the benefit formula in effect and the person's average final
157 compensation as of the last day of such period of four or more years and all of the
158 creditable service the person earned prior to and during such period.

159 6. Notwithstanding anything contained in this section to the contrary, the
160 amount of the annual service retirement allowance payable to any retirant
161 pursuant to the provisions of sections 169.270 to 169.400, including any
162 adjustments made pursuant to subsection 3 of this section, shall at all times
163 comply with the provisions and limitations of Section 415 of the Internal Revenue
164 Code of 1986, as amended, and the regulations thereunder, the terms of which are
165 specifically incorporated herein by reference.

166 7. All retirement systems established by the laws of the state of Missouri
167 shall develop a procurement action plan for utilization of minority and women
168 money managers, brokers and investment counselors. Such retirement systems
169 shall report their progress annually to the joint committee on public employee
170 retirement and the governor's minority advocacy commission.

169.350. 1. All of the assets of the retirement system (other than tangible
2 real or personal property owned by the retirement system for use in carrying out
3 its duties, such as office supplies and furniture) shall be credited, according to the
4 purpose for which they are held, in either the employees' contribution fund or the
5 general reserve fund.

6 (1) The employees' contribution fund shall be the fund in which shall be
7 accumulated the contributions of the members. The employer shall, except as
8 provided in subdivision (5) of this subsection, cause to be deducted from the
9 compensation of each member on each and every payroll, for each and every
10 payroll period, the pro rata portion of five and nine-tenths percent of his
11 annualized compensation. Effective January 1, 1999, **through December 31,**
12 **2013,** the employer shall deduct an additional one and six-tenths percent of the
13 member's annualized compensation. **For 2014 and for each subsequent year,**
14 **the employer shall deduct from each member's annualized**
15 **compensation the rate of contribution determined for such year by the**
16 **actuary for the retirement system in the manner provided in subsection**
17 **4 of this section.**

18 (2) The employer shall pay all such deductions and any amount it may
19 elect to pay pursuant to subdivision (5) of this subsection to the retirement
20 system at once. The retirement system shall credit such deductions and such
21 amounts to the individual account of each member from whose compensation the
22 deduction was made or with respect to whose compensation the amount was paid
23 pursuant to subdivision (5) of this subsection. In determining the deduction for
24 a member in any payroll period, the board of trustees may consider the rate of
25 compensation payable to such member on the first day of the payroll period as
26 continuing throughout such period.

27 (3) The deductions provided for herein are declared to be a part of the
28 compensation of the member and the making of such deductions shall constitute
29 payments by the member out of the person's compensation and such deductions
30 shall be made notwithstanding that the amount actually paid to the member after
31 such deductions is less than the minimum compensation provided by law for any
32 member. Every member shall be deemed to consent to the deductions made and
33 provided for herein, and shall receipt for the person's full compensation, and the
34 making of the deduction and the payment of compensation less the deduction
35 shall be a full and complete discharge and acquittance of all claims and demands
36 whatsoever for services rendered during the period covered by the payment except
37 as to benefits provided by sections 169.270 to 169.400.

38 (4) The accumulated contributions with interest of a member withdrawn
39 by the person or paid to the person's estate or designated beneficiary in the event
40 of the person's death before retirement shall be paid from the employees'
41 contribution fund. Upon retirement of a member the member's accumulated
42 contributions with interest shall be transferred from the employees' contribution
43 fund to the general reserve fund.

44 (5) The employer may elect to pay on behalf of all members all or part of
45 the amount that the members would otherwise be required to contribute to the
46 employees' contribution fund pursuant to subdivision (1) of this subsection. Such
47 amounts paid by the employer shall be in lieu of members' contributions and shall
48 be treated for all purposes of sections 169.270 to 169.400 as contributions made
49 by members. Notwithstanding any other provision of this chapter to the contrary,
50 no member shall be entitled to receive such amounts directly. The election shall
51 be made by a duly adopted resolution of the employer's board and shall remain
52 in effect for at least one year from the effective date thereof. The election may
53 be thereafter terminated only by an affirmative act of the employer's board

54 notwithstanding any limitation in the term thereof in the adopting
55 resolution. Any such termination resolution shall be adopted at least sixty days
56 prior to the effective date thereof, and the effective date thereof shall coincide
57 with a fiscal year-end of the employer. In the absence of such a termination
58 resolution, the election shall remain in effect from fiscal year to fiscal year.

59 2. The general reserve fund shall be the fund in which shall be
60 accumulated all reserves for the payment of all benefit expenses and other
61 demands whatsoever upon the retirement system except those items heretofore
62 allocated to the employees' contribution fund.

63 (1) All contributions by the employer, except those the employer elects to
64 make on behalf of the members pursuant to subdivision (5) of subsection 1 of this
65 section, shall be credited to the general reserve fund.

66 (2) Should a retirant be restored to active service and again become a
67 member of the retirement system, the excess, if any, of the person's accumulated
68 contributions over benefits received by the retirant shall be transferred from the
69 general reserve fund to the employees' contribution fund and credited to the
70 person's account.

71 3. Gifts, devises, bequests and legacies may be accepted by the board of
72 trustees and deposited in the general reserve fund to be held, invested and used
73 at its discretion for the benefit of the retirement system except where specific
74 direction for the use of a gift is made by a donor.

75 **4. Beginning in 2013, the actuary for the retirement system shall**
76 **annually calculate the rate of employer contributions and member**
77 **contributions for 2014 and for each subsequent calendar year,**
78 **expressed as a level percentage of the annualized compensation of the**
79 **members, subject to the following:**

80 **(1) The rate of contribution for any calendar year shall be**
81 **determined based on an actuarial valuation of the retirement system**
82 **as of the first day of the prior calendar year. Such actuarial valuation**
83 **shall be performed using the actuarial cost method and actuarial**
84 **assumptions adopted by the board of trustees and in accordance with**
85 **accepted actuarial standards of practice in effect at the time the**
86 **valuation is performed, as promulgated by the actuarial standards**
87 **board or its successor;**

88 **(2) The target combined employer and member contribution rate**
89 **shall be the amount actuarially required to cover the normal cost and**

90 amortize any unfunded actuarial accrued liability over a period that
91 shall not exceed thirty years from the date of the valuation;

92 (3) The target combined rate as so determined shall be allocated
93 equally between the employer contribution rate and the member
94 contribution rate, provided, however, that the level rate of
95 contributions to be paid by the employers and the level rate of
96 contributions to be deducted from the compensation of members for
97 any calender year shall each be limited as follows:

98 (a) The contribution rate shall not be less than seven and one-
99 half percent;

100 (b) The contribution rate shall not exceed nine percent; and

101 (c) Changes in the contribution rate from year to year shall be
102 in increments of one-half percent such that the contribution rate for
103 any year shall not be greater than or less than the rate in effect for the
104 prior year by more than one-half percent;

105 (4) The board of trustees shall certify to the employers the
106 contribution rate for the following calendar year no later than six
107 months prior to the date such rate is to be effective.

✓

Copy