

SECOND REGULAR SESSION

# SENATE BILL NO. 1228

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR PURGASON.

Read 1st time March 1, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

5382S.011

## AN ACT

To repeal section 70.665, RSMo, and to enact in lieu thereof one new section 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Section A. Section 70.665, RSMo, is repealed and one new section enacted  
2 in lieu thereof, to be known as section 70.665, to read as follows:

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

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

8 (a) **In any city of the third classification with more than twelve**  
9 **thousand one hundred but fewer than twelve thousand two hundred**  
10 **inhabitants, the member's employer may elect to provide a member who**  
11 **has credited service of at least twenty years covered by benefit**  
12 **program L-1 an allowance for life equal to two percent of the member's**  
13 **final average salary multiplied by the number of years of credited**  
14 **service accrued on or after August 28, 2006.**

15 (b) **The provisions of paragraph (a) of subdivision (1) of**  
16 **subsection 1 shall apply on or after the effective date of this section**  
17 **and shall not be applied retroactively.**

18 (2) Benefit program L-3. A member with credited service covered by  
19 benefit program L-3 shall receive an allowance for life equal to one and  
20 one-quarter percent of the member's final average salary multiplied by the

21 number of years of such credited service;

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

32 (4) Benefit program LT-5. A member with credited service covered by  
33 benefit program LT-5 shall receive an allowance for life equal to one and  
34 one-quarter percent of the member's final average salary multiplied by the  
35 number of years of such credited service. In addition, if such member is retiring  
36 as provided in section 70.645 or section 70.650 or section 70.670, and if such  
37 member's age at retirement is younger than age sixty-two, then such member  
38 shall receive a temporary allowance equal to three-quarters of one percent of the  
39 member's final average salary multiplied by the number of years of such credited  
40 service. Such temporary allowance shall terminate at the end of the calendar  
41 month in which the earlier of the following events occurs: such member's death;  
42 or the member's attainment of age sixty-two;

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

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

51 (7) Benefit program LT-8. A member with credited service covered by  
52 benefit program LT-8 shall receive an allowance for life equal to one and one-half  
53 percent of the member's final average salary multiplied by the number of years  
54 of such credited service. In addition, if such member is retiring as provided in  
55 section 70.645 or section 70.650 or section 70.670, and if such member's age at  
56 retirement is younger than age sixty-two, then such member shall receive a

57 temporary allowance equal to one-half of one percent of the member's final  
58 average salary multiplied by the number of years of such credited service. Such  
59 temporary allowance shall terminate at the end of the calendar month in which  
60 the earlier of the following events occurs: such member's death; or the member's  
61 attainment of age sixty-two;

62 (8) Benefit program LT-4(65). A member with credited service covered by  
63 benefit program LT-4(65) shall receive an allowance for life equal to one percent  
64 of the member's final average salary multiplied by the number of years of such  
65 credited service. In addition, if such member is retiring as provided in section  
66 70.645 or section 70.650 or section 70.670, and if such member's age at retirement  
67 is younger than age sixty-five, then such member shall receive a temporary  
68 allowance equal to one percent of the member's final average salary multiplied  
69 by the number of years of such credited service. Such temporary allowance shall  
70 terminate at the end of the calendar month in which the earlier of the following  
71 events occurs: such member's death; or the member's attainment of age sixty-five;

72 (9) Benefit program LT-5(65). A member with credited service covered by  
73 benefit program LT-5(65) shall receive an allowance for life equal to one and  
74 one-quarter percent of the member's final average salary multiplied by the  
75 number of years of such credited service. In addition, if such member is retiring  
76 as provided in section 70.645 or section 70.650 or section 70.670, and if such  
77 member's age at retirement is younger than age sixty-five, then such member  
78 shall receive a temporary allowance equal to three-quarters of one percent of the  
79 member's final average salary multiplied by the number of years of such credited  
80 service. Such temporary allowance shall terminate at the end of the calendar  
81 month in which the earlier of the following events occurs: such member's death;  
82 or the member's attainment of age sixty-five;

83 (10) Benefit program LT-8(65). A member with credited service covered  
84 by benefit program LT-8(65) shall receive an allowance for life equal to one and  
85 one-half percent of the member's final average salary multiplied by the number  
86 of years of such credited service. In addition, if such member is retiring as  
87 provided in section 70.645 or section 70.650 or section 70.670, and if such  
88 member's age at retirement is younger than age sixty-five, then such member  
89 shall receive a temporary allowance equal to one-half of one percent of the  
90 member's final average salary multiplied by the number of years of such credited  
91 service. Such temporary allowance shall terminate at the end of the calendar  
92 month in which the earlier of the following events occurs: such member's death;

93 or the member's attainment of age sixty-five;

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

98 (12) Benefit program LT-10(65). A member with credited service covered  
99 by benefit program LT-10(65) shall receive an allowance for life equal to one and  
100 six-tenths percent of the members' final average salary multiplied by the number  
101 of years of such credited service. In addition, if such member is retiring as  
102 provided in section 70.645 or section 70.650 or section 70.670, and if such  
103 member's age at retirement is younger than age sixty-five, then such member  
104 shall receive a temporary allowance equal to four-tenths of one percent of the  
105 member's final average salary multiplied by the number of years of such credited  
106 service. Such temporary allowance shall terminate at the end of the calendar  
107 month in which the earlier of the following events occurs: such member's death;  
108 or the member's attainment of age sixty-five;

109 (13) Benefit program L-11. Benefit program L-11 may cover employment  
110 in a position only if such position is not concurrently covered by federal Social  
111 Security; in addition, if such position was previously covered by federal Social  
112 Security, benefit program L-11 may cover only employment rendered after  
113 cessation of federal Social Security coverage. A member with credited service  
114 covered by benefit program L-11 shall receive an allowance for life equal to two  
115 and one-half percent of the member's final average salary multiplied by the  
116 number of years of such credited service;

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

121 (15) Benefit program LT-14(65). A member with credited service covered  
122 by benefit program LT-14(65) shall receive an allowance for life equal to one and  
123 three-quarter percent of the member's final average salary multiplied by the  
124 number of years of such credited service. In addition, if such member is retiring  
125 as provided in section 70.645, 70.650, or 70.670, then such member shall receive  
126 a temporary allowance equal to one-quarter of one percent of the member's final  
127 average salary multiplied by the number of years of such credited service. Such  
128 temporary allowance shall terminate at the end of the calendar month in which

129 the earlier of the following events occurs: such member's death or the member's  
130 attainment of age sixty-five.

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

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

137           4. Except as otherwise provided in this subsection, each political  
138 subdivision, by majority vote of its governing body, may elect from time to time  
139 to cover its members, whose political subdivision employment is concurrently  
140 covered by federal Social Security, under one of the benefit programs provided for  
141 in this section. Each political subdivision, by majority vote of its governing body,  
142 may elect from time to time to cover its members, whose political subdivision  
143 employment is not concurrently covered by federal Social Security, under one of  
144 the benefit programs provided for in this section. The clerk or secretary of the  
145 political subdivision shall certify the election of the benefit program to the board  
146 within ten days after such vote. The effective date of the political subdivision's  
147 benefit program is the first day of the calendar month specified by such governing  
148 body, or the first day of the calendar month next following receipt by the board  
149 of the certification of election of benefit program, or the effective date of the  
150 political subdivision becoming an employer, whichever is the latest. Such election  
151 of benefit program may be changed from time to time by such vote, but not more  
152 often than biennially. If such changed benefit program provides larger  
153 allowances than the benefit program previously in effect, then such larger benefit  
154 program shall be applicable to the past and future employment with the employer  
155 by present and future employees. If such changed benefit program provides  
156 smaller allowances than the benefit program previously in effect, then such  
157 changed benefit program shall be applicable only to credited service for  
158 employment rendered from and after the effective date of such change. After  
159 August 28, 1994, political subdivisions shall not elect coverage under benefit  
160 program LT-4, benefit program LT-5, or benefit program LT-8. After August 28,  
161 2005, political subdivisions shall not elect coverage under benefit program L-9 or  
162 benefit program LT-10(65).

163           5. Should an employer change its election of benefit program as provided  
164 in this section, the employer contributions shall be correspondingly changed

165 effective the same date as the benefit program change.

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

170           7. Subject to the provisions of subsections 9 and 10 of this section, for an  
171 allowance becoming effective on September 28, 1975, or later, and beginning with  
172 the October first which is at least twelve full months after the effective date of  
173 the allowance, the amount of the allowance shall be redetermined effective each  
174 October first and such redetermined amount shall be payable for the ensuing  
175 year. Subject to the limitations stated in the next sentence, such redetermined  
176 amount shall be the amount of the allowance otherwise payable multiplied by the  
177 following percent: one hundred percent, plus two percent for each full year  
178 (excluding any fraction of a year) in the period from the effective date of the  
179 allowance to the current October first. In no event shall such redetermined  
180 amount (1) be less than the amount of the allowance otherwise payable nor (2) be  
181 more than the amount of the allowance otherwise payable multiplied by the  
182 following fraction: the numerator shall be the Consumer Price Index for the  
183 month of June immediately preceding such October first (but in no event an  
184 amount less than the denominator below) and the denominator shall be the  
185 Consumer Price Index for the month of June immediately preceding the effective  
186 date of the allowance. As used herein, "Consumer Price Index" means the  
187 Consumer Price Index for Urban Wage Earners and Clerical Workers, as  
188 determined by the United States Department of Labor and in effect January 1,  
189 1975; provided, should such Consumer Price Index be restructured subsequent to  
190 1974 in a manner materially changing its character, the board shall change the  
191 application of the Consumer Price Index so that as far as is practicable the 1975  
192 intent of the use of the Consumer Price Index shall be continued. As used herein  
193 "the amount of the allowance otherwise payable" means the amount of the  
194 allowance which would be payable without regard to these provisions  
195 redetermining allowance amounts after retirement.

196           8. Subject to the provisions of subsections 9 and 10 of this section, for an  
197 allowance becoming effective on September 28, 1975, or later, the maximum  
198 allowance payable under the provisions of section 70.685 shall be redetermined  
199 each October first in the same manner as an allowance is redetermined under the  
200 provisions of subsection 7 of this section.

201           9. (1) The system establishes reserves for the payment of future  
202 allowances to retirants and beneficiaries. Should the board determine, after  
203 consulting with the actuary, that the established reserves are more than  
204 sufficient to provide such allowances, the board may increase the annual increase  
205 rate provided for in subsections 7 and 8 of this section, as it applies to any  
206 allowance payable, but in no event shall the total of all redetermined amounts as  
207 of October first of any year be greater than one hundred four percent of the  
208 allowances which would have been payable that October first without such  
209 redeterminations; provided, as of any redetermination date the same annual  
210 increase rate shall be applied to all allowances with effective dates in the range  
211 of November first to October first of the following year. The board may extend  
212 the provisions of subsections 7 and 8 of this section to allowances which became  
213 effective before September 28, 1975; provided such an action by the board shall  
214 not increase an employer contribution rate then in effect;

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

220           10. Should the board determine that the provisions of subsections 7, 8 and  
221 9 of this section are jeopardizing the financial solvency of the system, the board  
222 shall suspend these provisions redetermining allowance amounts after retirement  
223 for such periods of time as the board deems appropriate.

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