

FIRST REGULAR SESSION

SENATE BILL NO. 514

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR BLACK.

1793S.01I

KRISTINA MARTIN, Secretary

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,
2 70.745, 70.746, and 70.747, RSMo, are repealed and eight new
3 sections enacted in lieu thereof, to be known as sections
4 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, and
5 70.748, to read as follows:

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

3 (1) All employees who are neither policemen nor
4 firemen who are in the employ of a political subdivision the
5 day preceding the date such political subdivision becomes an
6 employer and who continue in such employ on and after such
7 date shall become members of the system.

8 (2) All persons who become employed by a political
9 subdivision as neither policemen nor firemen on or after the
10 date such political subdivision becomes an employer shall
11 become members of the system.

12 (3) If his employing political subdivision has elected
13 to cover present and future policemen, all policemen who are
14 in the employ of a political subdivision the day preceding
15 the date such political subdivision covers policemen

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

16 hereunder and who continue in such employ as a policeman on
17 and after such date, and all persons who become employed by
18 a political subdivision as a policeman on or after the date
19 the political subdivision covers policemen shall become
20 members of the system.

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

26 (5) If his employing political subdivision has elected
27 to cover present and future firemen, all firemen who are in
28 the employ of a political subdivision the day preceding the
29 date such political subdivision covers firemen hereunder and
30 who continue in such employ as a fireman on and after such
31 date, and all persons who become employed by a political
32 subdivision as a fireman on or after the date the political
33 subdivision covers firemen hereunder shall become members of
34 the system.

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

40 2. [In no event shall an employee become a member if
41 continuous employment to time of retirement will leave the
42 employee with less than minimum number of years of credited
43 service specified in section 70.645.]

44 3.] In any case of question as to the system
45 membership status of any person, the board shall decide the
46 question.

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

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

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

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

29 (4) Benefit program LT-5. A member with credited
30 service covered by benefit program LT-5 shall receive an
31 allowance for life equal to one and one-quarter percent of
32 the member's final average salary multiplied by the number

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

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

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

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

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

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

82 (9) Benefit program LT-5(65). A member with credited
83 service covered by benefit program LT-5(65) shall receive an
84 allowance for life equal to one and one-quarter percent of
85 the member's final average salary multiplied by the number
86 of years of such credited service. In addition, if such
87 member is retiring as provided in section 70.645 or section
88 70.650 or section 70.670, and if such member's age at
89 retirement is younger than age sixty-five, then such member
90 shall receive a temporary allowance equal to three-quarters
91 of one percent of the member's final average salary
92 multiplied by the number of years of such credited service.
93 Such temporary allowance shall terminate at the end of the
94 calendar month in which the earlier of the following events
95 occurs: such member's death; or the member's attainment of
96 age sixty-five;

97 (10) Benefit program LT-8(65). A member with credited
98 service covered by benefit program LT-8(65) shall receive an
99 allowance for life equal to one and one-half percent of the
100 member's final average salary multiplied by the number of
101 years of such credited service. In addition, if such member
102 is retiring as provided in section 70.645 or section 70.650
103 or section 70.670, and if such member's age at retirement is
104 younger than age sixty-five, then such member shall receive
105 a temporary allowance equal to one-half of one percent of
106 the member's final average salary multiplied by the number
107 of years of such credited service. Such temporary allowance
108 shall terminate at the end of the calendar month in which
109 the earlier of the following events occurs: such member's
110 death; or the member's attainment of age sixty-five;

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

116 (12) Benefit program LT-10(65). A member with
117 credited service covered by benefit program LT-10(65) shall
118 receive an allowance for life equal to one and six-tenths
119 percent of the members' final average salary multiplied by
120 the number of years of such credited service. In addition,
121 if such member is retiring as provided in section 70.645 or
122 section 70.650 or section 70.670, and if such member's age
123 at retirement is younger than age sixty-five, then such
124 member shall receive a temporary allowance equal to four-
125 tenths of one percent of the member's final average salary
126 multiplied by the number of years of such credited service.
127 Such temporary allowance shall terminate at the end of the
128 calendar month in which the earlier of the following events

129 occurs: such member's death; or the member's attainment of
130 age sixty-five;

131 (13) Benefit program L-11. Benefit program L-11 may
132 cover employment in a position only if such position is not
133 concurrently covered by federal Social Security; in
134 addition, if such position was previously covered by federal
135 Social Security, benefit program L-11 may cover only
136 employment rendered after cessation of federal Social
137 Security coverage. A member with credited service covered
138 by benefit program L-11 shall receive an allowance for life
139 equal to two and one-half percent of the member's final
140 average salary multiplied by the number of years of such
141 credited service;

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

147 (15) Benefit program LT-14(65). A member with
148 credited service covered by benefit program LT-14(65) shall
149 receive an allowance for life equal to one and three-quarter
150 percent of the member's final average salary multiplied by
151 the number of years of such credited service. In addition,
152 if such member is retiring as provided in section 70.645,
153 70.650, or 70.670, then such member shall receive a
154 temporary allowance equal to one-quarter of one percent of
155 the member's final average salary multiplied by the number
156 of years of such credited service. Such temporary allowance
157 shall terminate at the end of the calendar month in which
158 the earlier of the following events occurs: such member's
159 death or the member's attainment of age sixty-five.

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

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

168 4. Except as otherwise provided in this subsection,
169 each political subdivision, by majority vote of its
170 governing body, may elect from time to time to cover its
171 members, whose political subdivision employment is
172 concurrently covered by federal Social Security, under one
173 of the benefit programs provided for in this section. Each
174 political subdivision, by majority vote of its governing
175 body, may elect from time to time to cover its members,
176 whose political subdivision employment is not concurrently
177 covered by federal Social Security, under one of the benefit
178 programs provided for in this section. The clerk or
179 secretary of the political subdivision shall certify the
180 election of the benefit program to the board within ten days
181 after such vote. The effective date of the political
182 subdivision's benefit program is the first day of the
183 calendar month specified by such governing body, or the
184 first day of the calendar month next following receipt by
185 the board of the certification of election of benefit
186 program, or the effective date of the political subdivision
187 becoming an employer, whichever is the latest. Such
188 election of benefit program may be changed from time to time
189 by such vote, but not more often than biennially. If such
190 changed benefit program provides larger allowances than the
191 benefit program previously in effect, then such larger

192 benefit program shall be applicable to the past and future
193 employment with the employer by present and future
194 employees. If such changed benefit program provides smaller
195 allowances than the benefit program previously in effect,
196 then such changed benefit program shall be applicable only
197 to credited service for employment rendered from and after
198 the effective date of such change. After August 28, 1994,
199 political subdivisions shall not elect coverage under
200 benefit program LT-4, benefit program LT-5, or benefit
201 program LT-8. After August 28, 2005, political subdivisions
202 shall not elect coverage under benefit program L-9 or
203 benefit program LT-10(65).

204 5. Should an employer change its election of benefit
205 program as provided in this section, the employer
206 contributions shall be correspondingly changed effective the
207 same date as the benefit program change.

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

213 7. Subject to the provisions of subsections **8 and 9**
214 **[and 10]** of this section, for an allowance becoming
215 effective on September 28, 1975, or later, and beginning
216 with the October first which is at least twelve full months
217 after the effective date of the allowance, the amount of the
218 allowance shall be redetermined effective each October first
219 and such redetermined amount shall be payable for the
220 ensuing year. Subject to the limitations stated in the next
221 sentence, such redetermined amount shall be the amount of
222 the allowance otherwise payable multiplied by the following
223 percent: one hundred percent, plus two percent for each

224 full year (excluding any fraction of a year) in the period
225 from the effective date of the allowance to the current
226 October first. In no event shall such redetermined amount
227 (1) be less than the amount of the allowance otherwise
228 payable nor (2) be more than the amount of the allowance
229 otherwise payable multiplied by the following fraction: the
230 numerator shall be the Consumer Price Index for the month of
231 June immediately preceding such October first (but in no
232 event an amount less than the denominator below) and the
233 denominator shall be the Consumer Price Index for the month
234 of June immediately preceding the effective date of the
235 allowance. As used herein, "Consumer Price Index" means a
236 **measure of** the Consumer Price Index [for Urban Wage Earners
237 and Clerical Workers,] as determined by the United States
238 Department of Labor and **adopted by the board of trustees** [in
239 effect January 1, 1975; provided, should such Consumer Price
240 Index be restructured subsequent to 1974 in a manner
241 materially changing its character, the board shall change
242 the application of the Consumer Price Index so that as far
243 as is practicable the 1975 intent of the use of the Consumer
244 Price Index shall be continued]. As used herein "the amount
245 of the allowance otherwise payable" means the amount of the
246 allowance which would be payable without regard to these
247 provisions redetermining allowance amounts after retirement.

248 8. [Subject to the provisions of subsections 9 and 10
249 of this section, for an allowance becoming effective on
250 September 28, 1975, or later, the maximum allowance payable
251 under the provisions of section 70.685 shall be redetermined
252 each October first in the same manner as an allowance is
253 redetermined under the provisions of subsection 7 of this
254 section.]

255 **9.]** (1) The system establishes reserves for the
256 payment of future allowances to retirants and
257 beneficiaries. Should the board determine, after consulting
258 with the actuary, that the established reserves are more
259 than sufficient to provide such allowances, the board may
260 increase the annual increase rate provided for in
261 **[subsections] subsection 7 [and 8]** of this section, as it
262 applies to any allowance payable, but in no event shall the
263 total of all redetermined amounts as of October first of any
264 year be greater than one hundred four percent of the
265 allowances which would have been payable that October first
266 without such redeterminations; provided, as of any
267 redetermination date the same annual increase rate shall be
268 applied to all allowances with effective dates in the range
269 of November first to October first of the following year.
270 The board may extend the provisions of **[subsections]**
271 **subsection 7 [and 8]** of this section to allowances which
272 became effective before September 28, 1975; provided such an
273 action by the board shall not increase an employer
274 contribution rate then in effect;

275 (2) After August 28, 1993, the annual increase rate
276 established by this subsection shall be a compound rate,
277 compounded annually, and the four percent annual maximum
278 rate shall also be a compound rate, compounded annually;
279 provided, the use of such compounding shall not begin until
280 October 1, 1993, and shall not affect redeterminations made
281 prior to that date.

282 **[10.] 9.** Should the board determine that the
283 provisions of subsections 7 **[, 8]** and **[9] 8** of this section
284 are jeopardizing the financial solvency of the system, the
285 board shall suspend these provisions redetermining allowance

286 amounts after retirement for such periods of time as the
287 board deems appropriate.

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

18 2. Upon disability retirement, as provided in
19 subsection 1 of this section, a member shall receive an
20 allowance for life provided for in section 70.655 and shall
21 have the right to elect an option provided for in section
22 70.660. His or her disability retirement and allowance
23 shall be subject to the provisions of subsection 5 of this
24 section [and to the provisions of section 70.685].

25 3. Any member in service who becomes totally and
26 permanently physically or mentally incapacitated for his
27 duty as an employee, as the natural and proximate result of
28 a personal injury or disease which the board finds to have
29 arisen out of and in the course of his actual performance of
30 duty as an employee, may be retired by the board upon

31 written application filed with the board by or on behalf of
32 the member; provided, that after a medical examination of
33 such member made by or under the direction of a medical
34 committee consisting of three physicians, one of whom shall
35 be selected by the board, one by or on behalf of such
36 member, and the third by the first two physicians so named,
37 the medical committee reports to the board, by majority
38 opinion in writing, that such member is physically or
39 mentally totally incapacitated for the further performance
40 of duty, that such incapacity will probably be permanent,
41 and that such member should be retired.

42 4. Upon disability retirement as provided in
43 subsection 3 of this section, a member shall receive an
44 allowance for life provided for in section 70.655; provided,
45 that for the sole purpose of computing the amount of such
46 allowance, he or she shall be given credited service for the
47 period from the date of his or her disability retirement to
48 the date he or she would attain age sixty. He or she shall
49 have the right to elect an option provided for in section
50 70.660. His or her disability retirement and allowance
51 shall be subject to the provisions of subsection 5 of this
52 section [and to the provisions of section 70.685].

53 5. At least once each year during the first five years
54 following a member's retirement on account of disability,
55 and at least once in each three-year period thereafter, the
56 board shall require any disability retirant who has not
57 attained his minimum service retirement age to undergo a
58 medical examination to be made by a physician designated by
59 the board. If the retirant refuses to submit to medical
60 examination in any such period, his disability allowance
61 shall be suspended by the board until his withdrawal of such
62 refusal. If such refusal continues for one year, all his

63 rights in and to a disability allowance shall be revoked by
64 the board. If, upon medical examination of the retirant,
65 the physician reports to the board that the retirant is
66 physically and mentally able and capable of resuming his
67 duty as an employee in the position held by him at the time
68 of his disability retirement, then the board shall, if
69 demanded by the retirant, arrange a further medical
70 examination of such member made by or under the direction of
71 a medical committee consisting of three physicians, one of
72 whom shall be selected by the board, one by or on behalf of
73 the member, and the third by the first two physicians
74 named. Should the medical committee concur, by majority
75 opinion in writing to the board, the disability retirant is
76 capable of resumption of duty, his disability retirement
77 shall terminate and he shall be returned to duty and he
78 shall immediately again become a member of the system, his
79 credited service at the time of disability retirement shall
80 be restored to his credit, and the amount of his accumulated
81 contributions at the time of his disability retirement shall
82 be restored to his credit in the members deposit fund. If
83 he was in receipt of a duty disability allowance provided
84 for in subsection 3 of this section, he shall also be given
85 service credit for the period he was in receipt of the duty
86 disability allowance.

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

7 2. In the event a member dies, and no allowance
8 becomes or will become payable by the system on account of

9 his death, his accumulated contributions standing to his
10 credit in the members deposit fund at the time of his death
11 shall be paid to such person or persons as he shall have
12 nominated by written designation duly executed and filed
13 with the board. If there be no such designated person or
14 persons surviving such member, such accumulated
15 contributions shall be paid to his surviving spouse, or to
16 his estate if there is no surviving spouse.

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

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

9 2. **The board of trustees may deliberate about, or make**
10 **tentative or final decisions on, investments or other**
11 **financial matters in a closed meeting under chapter 610 if**
12 **disclosure of the deliberations or decisions would**
13 **jeopardize the ability to implement a decision or to achieve**

14 **investment objectives. A record of the retirement system**
15 **that discloses deliberations about, or a tentative decision**
16 **on, investments or other financial matters is not a public**
17 **record under chapter 610 to the extent and so long as its**
18 **disclosure would jeopardize the ability to implement a**
19 **decision or to achieve investment objectives.**

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

27 and with that degree of diligence, care, and skill which
28 prudent men and women would ordinarily exercise under
29 similar circumstances in a like position.

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

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

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

3. The board of trustees may promulgate such rules and
16 regulations consistent with the provisions of this section
17 as deemed necessary for its proper administration, pursuant
18 to the provisions of this section and this chapter. Any
19 rule or portion of a rule, as that term is defined in
20 section 536.010, that is created under the authority
21 delegated in this section shall become effective only if it

22 complies with and is subject to all of the provisions of
23 chapter 536 and, if applicable, section 536.028. This
24 section and chapter 536 are nonseverable and if any of the
25 powers vested with the general assembly pursuant to chapter
26 536 to review, to delay the effective date, or to disapprove
27 and annul a rule are subsequently held unconstitutional,
28 then the grant of rulemaking authority and any rule proposed
29 or adopted after August 28, 2025, shall be invalid and void.

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