

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 214
95TH GENERAL ASSEMBLY

Reported from the Committee on Veterans' Affairs, Pensions and Urban Affairs, April 9, 2009, with recommendation that the Senate Committee Substitute do pass and be placed on the Consent Calendar.

0857S.04C

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 70.655, 70.660, 70.695, 70.710, 70.720, and 70.730, RSMo, and to enact in lieu thereof six 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Section A. Sections 70.655, 70.660, 70.695, 70.710, 70.720, and 70.730, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 70.655, 70.660, 70.695, 70.710, 70.720, and 70.730, to read as follows:

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

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

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

(3) Benefit program LT-4. A member with credited service covered by benefit program LT-4 shall receive an allowance for life equal to one percent of the member's final average salary multiplied by the number of years of such credited service. In addition, if such member is retiring as provided in section

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

16 70.645 or section 70.650 or section 70.670, and if such member's age at retirement
17 is younger than age sixty-two, then such member shall receive a temporary
18 allowance equal to one percent of the member's final average salary multiplied
19 by the number of years of such credited service. Such temporary allowance shall
20 terminate at the end of the calendar month in which the earlier of the following
21 events occurs: such member's death; or the member's attainment of age sixty-two;

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

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

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

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

52 (8) Benefit program LT-4(65). A member with credited service covered by
53 benefit program LT-4(65) shall receive an allowance for life equal to one percent
54 of the member's final average salary multiplied by the number of years of such
55 credited service. In addition, if such member is retiring as provided in section
56 70.645 or section 70.650 or section 70.670, and if such member's age at retirement
57 is younger than age sixty-five, then such member shall receive a temporary
58 allowance equal to one percent of the member's final average salary multiplied
59 by the number of years of such credited service. Such temporary allowance shall
60 terminate at the end of the calendar month in which the earlier of the following
61 events occurs: such member's death; or the member's attainment of age sixty-five;

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

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

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

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

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

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

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

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

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

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

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

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

160 7. Subject to the provisions of subsections 9 and 10 of this section, for an
161 allowance becoming effective on September 28, 1975, or later, and beginning with
162 the October first which is at least twelve full months after the effective date of
163 the allowance, the amount of the allowance shall be redetermined effective each
164 October first and such redetermined amount shall be payable for the ensuing
165 year. Subject to the limitations stated in the next sentence, such redetermined
166 amount shall be the amount of the allowance otherwise payable multiplied by the
167 following percent: one hundred percent, plus two percent for each full year
168 (excluding any fraction of a year) in the period from the effective date of the
169 allowance to the current October first. [In no event shall] Such redetermined
170 amount [(1) be less than the amount of the allowance otherwise payable nor (2)]
171 **shall not** be more than the amount of the allowance otherwise payable
172 multiplied by the following fraction: the numerator shall be the Consumer Price
173 Index for the month of June immediately preceding such October first (but in no
174 event an amount less than the denominator below) and the denominator shall be
175 the Consumer Price Index for the month of June immediately preceding the
176 effective date of the allowance, **provided that in no event shall such**
177 **redetermination result in a reduction to the allowance payable.** As used
178 herein, "Consumer Price Index" means the Consumer Price Index for Urban Wage
179 Earners and Clerical Workers, as determined by the United States Department
180 of Labor and in effect January 1, 1975; provided, should such Consumer Price
181 Index be restructured subsequent to 1974 in a manner materially changing its
182 character, the board shall change the application of the Consumer Price Index so
183 that as far as is practicable the 1975 intent of the use of the Consumer Price
184 Index shall be continued. As used herein "the amount of the allowance otherwise
185 payable" means the amount of the allowance which would be payable without
186 regard to these provisions redetermining allowance amounts after retirement.

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

192 9. (1) The system establishes reserves for the payment of future
193 allowances to retirants and beneficiaries. Should the board determine, after
194 consulting with the actuary, that the established reserves are more than
195 sufficient to provide such allowances, the board may increase the annual increase

196 rate provided for in subsections 7 and 8 of this section, as it applies to any
197 allowance payable, but in no event shall the total of all redetermined amounts as
198 of October first of any year be greater than one hundred four percent of the
199 allowances which would have been payable that October first without such
200 redeterminations; provided, as of any redetermination date the same annual
201 increase rate shall be applied to all allowances with effective dates in the range
202 of November first to October first of the following year. The board may extend
203 the provisions of subsections 7 and 8 of this section to allowances which became
204 effective before September 28, 1975; provided such an action by the board shall
205 not increase an employer contribution rate then in effect;

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

211 10. Should the board determine that the provisions of subsections 7, 8 and
212 9 of this section are jeopardizing the financial solvency of the system, the board
213 shall suspend these provisions redetermining allowance amounts after retirement
214 for such periods of time as the board deems appropriate.

70.660. 1. Except as otherwise provided herein, before the date the first
2 payment of a person's allowance becomes due but not thereafter, a person about
3 to become a retirant may elect to receive his or her allowance for life with or
4 without a partial lump-sum distribution, as provided in this subsection. A person
5 about to become a retirant may elect to receive a partial lump-sum distribution
6 equal to twenty-four times the amount of his or her monthly allowance for life,
7 not including any monthly temporary allowance which may be payable. Such
8 lump sum shall be paid to the retirant, upon written application to the board, not
9 fewer than ninety days nor more than one hundred fifty days after the date the
10 first payment of his or her monthly allowance becomes due. The retirant's
11 monthly life allowance shall be reduced to eighty-four percent if the retirant's age
12 at the time of retirement is sixty, which percent shall be decreased by four-tenths
13 of one percent for each year the retirant's age at the time of retirement is greater
14 than sixty, or which percent shall be increased by four-tenths of one percent for
15 each year the retirant's age at the time of retirement is less than sixty, **up to a**
16 **maximum of ninety percent.** The reductions in monthly life allowance in this
17 subsection shall be calculated and applied before any reductions under subsection

18 2 of this section are calculated and applied.

19 2. Before the date the first payment of a person's allowance becomes due
20 but not thereafter, a person about to become a retirant may elect to have his or
21 her allowance for life reduced but not any temporary allowance which may be
22 payable, and nominate a beneficiary, as provided by option A, B, C, [or] D, **or E**
23 set forth below:

24 (1) Option A. Under option A, a retirant's allowance payable to the
25 retirant shall be reduced to a certain percent of the allowance otherwise payable
26 to the retirant. If such first payment due date is on or after October 1, 1998, such
27 percent shall be eighty-five percent if the retirant's age and the retirant's
28 beneficiary's age are the same on such first due date, which shall be decreased
29 by three-quarters of one percent for each year that the beneficiary's age is less
30 than the retirant's age, or which shall be increased by three-quarters of one
31 percent, up to a maximum of ninety percent, for each year that the beneficiary's
32 age is more than the retirant's age. Upon the retirant's death three-quarters of
33 the retirant's reduced allowance to which the retirant would have been entitled
34 had the retirant lived shall be paid to his or her surviving beneficiary, nominated
35 before such first payment due date but not thereafter, who was the retirant's
36 spouse for not less than the two years immediately preceding such first payment
37 due date, or another person aged forty years or older **who is a lineal**
38 **descendant or other kinship of the retirant up to the third degree and**
39 **who is** receiving more than one-half support from the retirant for not less than
40 the two years immediately preceding such first payment due date. **Such other**
41 **person's kinship shall be computed by counting upward from the**
42 **decedent to the nearest common ancestor and then downward to the**
43 **relative where the degree of kinship is the sum of these two counts, so**
44 **that brothers are related in the second degree.**

45 (2) Option B. Under option B, a retirant's allowance payable to the
46 retirant shall be reduced to a certain percent of the allowance otherwise payable
47 to the retirant. If such first payment due date is on or after October 1, 1998, such
48 percent shall be ninety percent if the retirant's age and the retirant's
49 beneficiary's age are the same on such first payment due date, which shall be
50 decreased by one-half of one percent for each year that the beneficiary's age is
51 less than the retirant's age, or which shall be increased by one-half of one
52 percent, up to a maximum of ninety-five percent for each year that the
53 beneficiary's age is more than the retirant's age. Upon the retirant's death

54 one-half of his or her reduced allowance to which the retirant would have been
55 entitled had the retirant lived shall be paid to the retirant's surviving beneficiary,
56 nominated before such first payment due date but not thereafter, who was either
57 the retirant's spouse for not less than the two years immediately preceding such
58 first payment due date, or another person aged forty years or older **who is a**
59 **lineal descendant or other kinship of the retirant up to the third degree**
60 **and who is** receiving more than one-half support from the retirant for not less
61 than the two years immediately preceding such first payment due date. **Such**
62 **other person's kinship shall be computed by counting upward from the**
63 **decedent to the nearest common ancestor and then downward to the**
64 **relative where the degree of kinship is the sum of these two counts, so**
65 **that brothers are related in the second degree.**

66 (3) Option C. Under option C, a retirant's allowance payable to the
67 retirant shall be reduced to ninety-five percent of the allowance otherwise payable
68 to the retirant if such first payment due date is on or after October 1, 1998. If
69 the retirant dies before having received one hundred twenty monthly payments
70 of his or her reduced allowance, his or her reduced allowance to which the
71 retirant would have been entitled had the retirant lived shall be paid for the
72 remainder of the one hundred twenty months' period to such person as the
73 retirant shall have nominated by written designation duly executed and filed with
74 the board. If there is no such beneficiary surviving the retirant, the reserve for
75 such allowance for the remainder of such one hundred twenty months' period
76 shall be paid to the retirant's estate.

77 (4) Option D. **Under option D, a retirant's allowance payable to**
78 **the retirant shall be reduced to a certain percent of the allowance**
79 **otherwise payable to the retirant. If such first payment due date is on**
80 **or after October 1, 2009, such percent shall be eighty percent if the**
81 **retirant's age and the retirant's beneficiary's age are the same on such**
82 **first payment due date, which shall be decreased by three-quarters of**
83 **one percent for each year the beneficiary's age is less than the**
84 **retirant's age or shall be increased by three-quarters of one percent, up**
85 **to a maximum of eighty-seven and one-half percent for each year the**
86 **beneficiary's age is more than the retirant's age. Upon the retirant's**
87 **death, the retirant's reduced allowance to which the retirant would**
88 **have been entitled had the retirant lived shall be paid to his or her**
89 **surviving beneficiary, nominated before such first payment due date**

90 **but not thereafter, who was the retirant's spouse for not less than the**
91 **two years immediately preceding such first payment due date or**
92 **another person aged forty years or older who is a lineal descendant or**
93 **other kinship of the retirant up to the third degree and who is**
94 **receiving more than one-half support from the retirant for not less than**
95 **the two years immediately preceding such first payment due**
96 **date. Such other person's kinship shall be computed by counting**
97 **upward from the decedent to the nearest common ancestor and then**
98 **downward to the relative where the degree of kinship is the sum of**
99 **these two counts, so that brothers are related in the second degree.**

100 **(5) Option E.** Some other option approved by the board which shall be
101 the actuarial equivalent of the allowance to which the member is entitled under
102 this system.

103 3. The death of the beneficiary designated under option A [or], B, or D
104 of subsection 2 of this section before the death of the retirant after retirement
105 shall, upon written notification to the system of the death of the beneficiary,
106 cancel any optional plan elected at retirement to provide continuing lifetime
107 benefits to the beneficiary and shall return the retirant to his or her single
108 lifetime benefit equivalent, to be effective the month following receipt of the
109 written notification of the death of the beneficiary by the system.

110 4. If a member fails to elect a benefit option under subsection 2 of this
111 section, his or her allowance for life shall be paid to the member as a single
112 lifetime benefit.

70.695. The right of a person to an allowance, to the return of
2 accumulated contributions, the allowance itself, any allowance option, and any
3 other right accrued or accruing under the provisions of sections 70.600 to 70.755,
4 and all moneys belonging to the system shall not be subject to execution,
5 garnishment, attachment, the operation of bankruptcy or insolvency laws, or to
6 any other process of law whatsoever, and shall be unassignable, except as is
7 specifically provided in sections 70.600 to 70.755; except that:

8 (1) Any political subdivision shall have the right of setoff for any claim
9 arising from embezzlement by or fraud of a member, retirant, or beneficiary; and

10 (2) Such rights shall not be exempt from attachment or execution in a
11 proceeding instituted for the support and maintenance of children. In all such
12 actions described in this subdivision, the system shall be entitled to collect a fee
13 of up to twenty dollars chargeable against the person for each delinquent

14 attachment, execution, sequestration or garnishment payment;

15 **(3) A retirant may authorize the board to have deducted from his**
16 **or her allowance the payments required of him or her to provide for**
17 **health insurance or long-term care insurance premiums in accordance**
18 **with Section 402 of the Internal Revenue Code of 1986, as amended.**

70.710. 1. The "Employer Accumulation Fund" is hereby created. It is the
2 fund in which shall be accumulated the contributions made by employers for
3 benefits, and from which shall be made transfers, as provided in sections 70.600
4 to 70.755.

5 2. When paid to the system, the employer contributions provided for in
6 subsections 2 and 3 of section 70.730 shall be credited to the employer
7 accumulation fund account of the employer making the contributions.

8 3. When an allowance other than a disability allowance **or an allowance**
9 **that results from a member's death that was the natural and proximate**
10 **result of a personal injury or disease arising out of and in the course**
11 **of his or her actual performance of duty as an employee** first becomes due
12 and payable, there shall be transferred to the benefit reserve fund from his
13 employer's account in the employer accumulation fund the difference between the
14 reserve for the allowance and the accumulated contributions standing to his
15 credit in the members deposit fund at the time the allowance first becomes due
16 and payable, of the member or former member to whom or on whose behalf the
17 allowance is payable.

18 4. A separate account shall be maintained in the employer accumulation
19 fund for each employer. No employer shall be responsible for the employer
20 accumulation fund liabilities of another employer.

21 5. When a disability allowance **or an allowance that results from a**
22 **member's death that was the natural and proximate result of a personal**
23 **injury or disease arising out of and in the course of his or her actual**
24 **performance of duty as an employee** first becomes due and payable, the
25 accrued service pension reserve covering the retiring member shall be calculated
26 in the manner provided for in subsection 3 of section 70.730, as of the effective
27 date of the disability allowance. Such reserve shall be transferred to the benefit
28 reserve fund from the employer's account in the employer accumulation fund.

70.720. 1. The "Casualty Reserve Fund" is hereby created. It is the fund
2 in which shall be accumulated the contributions made by employers for pensions
3 **either** to be paid members who retire on account of disability **or that result**

4 **from a member's death that was the natural and proximate result of a**
5 **personal injury or disease arising out of and in the course of his or her**
6 **actual performance of duty as an employee**, and from which shall be made
7 transfers as provided in sections 70.600 to 70.755.

8 2. When paid to the system, the employer contributions provided for in
9 subsection 4 of section 70.730 shall be credited to the casualty reserve fund.

10 3. When a disability allowance **or an allowance that results from a**
11 **member's death that was the natural and proximate result of a personal**
12 **injury or disease arising out of and in the course of his or her actual**
13 **performance of duty as an employee** first becomes due and payable, there
14 shall be transferred to the benefit reserve fund from the casualty reserve fund an
15 amount equal to the reserve for the allowance, minus:

16 (1) The accumulated contributions, standing to the member's credit in the
17 members deposit fund at the time the allowance first becomes due and payable;
18 and

19 (2) The accrued service pension reserve determined pursuant to subsection
20 5 of section 70.710.

70.730. 1. Each employer's contributions to the system shall be the total
2 of the contribution amounts provided for in subsections 2 through 5 of this
3 section; provided, that such contributions shall be subject to the provisions of
4 subsection 6 of this section.

5 2. An employer's normal cost contributions shall be determined as follows:
6 Using the financial assumptions adopted by the board from time to time, the
7 actuary shall annually compute the rate of contributions which, if paid annually
8 by each employer during the total service of its members, will be sufficient to
9 provide the pension reserves required at the time of their retirements to cover the
10 pensions to which they might be entitled or which might be payable on their
11 behalf. The board shall annually certify to the governing body of each employer
12 the amount of membership service contribution so determined, and each employer
13 shall pay such amount to the system during the employer's next fiscal year which
14 begins six months or more after the date of such board certification. Such
15 payments shall be made in such manner and form and in such frequency and
16 shall be accompanied by such supporting data as the board shall from time to
17 time determine. When received, such payments shall be credited to the
18 employer's account in the employer accumulation fund.

19 3. An employer's accrued service contributions shall be determined as

20 follows: Using the financial assumptions adopted by the board from time to time,
21 the actuary shall annually compute for each employer the portions of pension
22 reserves for pensions which will not be provided by future normal cost
23 contributions. The accrued service pension reserves so determined for each
24 employer less the employer's applicable balance in the employer accumulation
25 fund shall be amortized over a period of years, as determined by the board. Such
26 period of years shall not extend beyond the latest of (1) forty years from the date
27 the political subdivision became an employer, or (2) thirty years from the date the
28 employer last elected to increase its optional benefit program, or (3) fifteen years
29 from the date of the annual actuarial computation. The board shall annually
30 certify to the governing body of each employer the amount of accrued service
31 contribution so determined for the employer, and each employer shall pay such
32 amount to the system during the employer's next fiscal year which begins six
33 months or more after the date of such board certification. Such payments shall
34 be made in such manner and form and in such frequency and shall be
35 accompanied by such supporting data as the board shall from time to time
36 determine. When received, such payments shall be credited to the employer's
37 account in the employer accumulation fund.

38 4. The employer's contributions for the portions of disability pensions **or**
39 **pensions that result from a member's death that was the natural and**
40 **proximate result of a personal injury or disease arising out of and in**
41 **the course of his or her actual performance of duty as an employee** not
42 covered by accrued service pension reserves shall be determined on a one-year
43 term basis. The board may determine different rates of contributions for
44 employers having policeman members or having fireman members or having
45 neither policeman members nor fireman members. The board shall annually
46 certify to the governing body of each employer the amount of contribution so
47 ascertained for the employer, and each employer shall pay such amount to the
48 system during the employer's next fiscal year which begins six months or more
49 after the date of such board certification. Such payments shall be made in such
50 manner and form and in such frequency and shall be accompanied by such
51 supporting data as the board shall from time to time ascertain. When received,
52 such payments shall be credited to the casualty reserve fund.

53 5. Each employer shall provide its share, as determined by the board, of
54 the administrative expenses of the system and shall pay same to the system to
55 be credited to the income-expense fund.

56 6. The employer's total contribution to the system, expressed as a percent
57 of active member compensations, in any employer fiscal year, beginning with the
58 second fiscal year that the political subdivision is an employer, shall not exceed
59 its total contributions for the immediately preceding fiscal year, expressed as a
60 percent of active member compensations, by more than one percent.

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