

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 300**  
98TH GENERAL ASSEMBLY

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Reported from the Committee on General Laws and Pensions, March 17, 2015, with recommendation that the Senate Committee Substitute do pass.

1654S.02C

ADRIANE D. CROUSE, Secretary.

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**AN ACT**

To repeal sections 86.1110, 86.1270, 86.1500, and 86.1630, RSMo, and to enact in lieu thereof four new sections relating to retirement benefits for employees of the police department of Kansas City.

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

Section A. Sections 86.1110, 86.1270, 86.1500, and 86.1630, RSMo, are  
2 repealed and four new sections enacted in lieu thereof, to be known as sections  
3 86.1110, 86.1270, 86.1500, and 86.1630, to read as follows:

86.1110. 1. Whenever a member is given a leave of absence for military  
2 service and returns to employment after discharge from the service, such member  
3 shall be entitled to creditable service for the years of employment prior to the  
4 leave of absence.

5 2. Except as provided in subsection 3 of this section, a member who served  
6 on active duty in the Armed Forces of the United States and who became a  
7 member, or returned to membership, after discharge under honorable conditions,  
8 may elect prior to retirement to purchase creditable service equivalent to such  
9 service in the Armed Forces, not to exceed two years, provided the member is not  
10 receiving and is not eligible to receive retirement credits or benefits from any  
11 other public or private retirement plan for the service to be purchased, other than  
12 a United States military service retirement system or United States Social  
13 Security benefits attributable to such military service, and an affidavit so stating  
14 is filed by the member with the retirement system. A member electing to make  
15 such purchase shall pay to the retirement system an amount equal to the  
16 actuarial cost of the additional benefits attributable to the additional service

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

17 credit to be purchased, as of the date the member elects to make such  
18 purchase. Payment in full of the amount due from a member electing to purchase  
19 creditable service under this subsection shall be made over a period not to exceed  
20 five years, measured from the date of election, or prior to the commencement date  
21 for payment of benefits to the member from the retirement system, whichever is  
22 earlier, including interest on unpaid balances compounded annually at the  
23 interest rate assumed from time to time for actuarial valuations of the retirement  
24 system. If payment in full including interest is not made within the prescribed  
25 period, any partial payments made by the member shall be refunded, and no  
26 creditable service attributable to such election, or as a result of any such partial  
27 payments, shall be allowed; provided that if a benefit commencement date occurs  
28 because of the death or disability of a member who has made an election under  
29 this subsection and if the member is current in payments under an approved  
30 installment plan at the time of the death or disability, such election shall be valid  
31 if the member, the surviving spouse, or other person entitled to benefit payments  
32 pays the entire balance of the remaining amount due, including interest to the  
33 date of such payment, within sixty days after the member's death or  
34 disability. The time of a disability shall be deemed to be the time when such  
35 member is retired by the board of police commissioners for reason of disability as  
36 provided in sections 86.900 to 86.1280.

37         3. Notwithstanding any other provision of sections 86.900 to 86.1280, **on**  
38 **or after August 28, 2015**, a member who [is on leave of absence for military  
39 service during any portion of which leave the United States is in a state of  
40 declared war, or a compulsory draft is in effect for any of the military branches  
41 of the United States, or any units of the military reserves of the United States,  
42 including the National Guard, are mobilized for combat military operations,]  
43 **returns to service from a leave of absence for active duty military**  
44 **service** and who becomes entitled to reemployment rights and other employment  
45 benefits under Title 38, Chapter 43 of the U.S. Code, relating to employment and  
46 reemployment rights of members of the uniformed services by meeting the  
47 requirements for such rights and benefits under Section 4312 of said chapter, or  
48 the corresponding provisions of any subsequent applicable federal statute, shall  
49 be entitled to service credit for the time spent in such military service for all  
50 purposes of sections 86.900 to 86.1280 [and such member shall not be required  
51 to pay any member contributions for such time. If it becomes necessary for the  
52 years of such service to be included in the calculation of such member's

53 compensation for any purpose, such member shall be deemed to have received the  
54 same compensation throughout such period of service as the member's base  
55 annual salary immediately prior to the commencement of such leave of absence;  
56 provided, however, that the foregoing provisions of this subsection shall apply  
57 only to such portion of such leave with respect to which the cumulative length of  
58 the absence and of all previous absences from a position of employment with the  
59 employer by reason of service in the uniformed services does not exceed five years  
60 except for such period of any such excess as meets the requirements for  
61 exceptions to such five-year limitation set forth in the aforesaid Section 4312]  
62 **only to the extent such member pays any required member**  
63 **contributions for such time. The amount of required member**  
64 **contributions shall be calculated on the base compensation the member**  
65 **would have received during such leave period. The total amount of**  
66 **service credit that will be granted at the member contribution rate is**  
67 **limited to a maximum of five years. The retirement board may waive**  
68 **the required contributions for military leave of absence, not to exceed**  
69 **three years of creditable service, if the member provides duty orders**  
70 **under Title 10 or Title 32 U.S.C. and discharge from active duty**  
71 **documentation in the form of a DD214 or NGB23.**

86.1270. 1. A retirement plan under sections 86.900 to 86.1280 is a  
2 qualified plan under the provisions of applicable federal law. The benefits and  
3 conditions of a retirement plan under sections 86.900 to 86.1280 shall always be  
4 adjusted to ensure that the tax-exempt status is maintained.

5 2. The retirement board shall administer the retirement system in a  
6 manner as to retain at all times qualified status under Section 401(a) of the  
7 Internal Revenue Code.

8 3. The retirement board shall hold in trust the assets of the retirement  
9 system for the exclusive benefit of the members and their beneficiaries and for  
10 defraying reasonable administrative expenses of the system. No part of such  
11 assets shall, at any time prior to the satisfaction of all liabilities with respect to  
12 members and their beneficiaries, be used for or diverted to any purpose other  
13 than such exclusive benefit or to any purpose inconsistent with sections 86.900  
14 to 86.1280.

15 4. A member's benefit shall be one hundred percent vested and  
16 nonforfeitable upon the member's attainment of normal retirement age, which  
17 shall be the earlier of:

18 (1) Completion of twenty-five years of service for Tier I members and  
19 twenty-seven years of service for Tier II members;

20 (2) Age sixty for any Tier I member who has completed at least ten years  
21 of creditable service or age sixty for any Tier II member who has completed at  
22 least fifteen years of creditable service;

23 (3) Age seventy without regard to years of service; or

24 (4) To the extent funded, upon the termination of the system established  
25 under sections 86.900 to 86.1280 or any partial termination which affects the  
26 members or any complete discontinuance of contributions by the city to the  
27 system. Amounts representing forfeited nonvested benefits of terminated  
28 members shall not be used to increase benefits payable from the system but may  
29 be used to reduce contributions for future plan years.

30 5. Distribution of benefits shall begin not later than April first of the year  
31 following the later of the calendar year during which the member becomes  
32 seventy and one-half years of age or the calendar year in which the member  
33 retires, and shall otherwise conform to Section 401(a)(9) of the Internal Revenue  
34 Code.

35 6. A member or beneficiary of a member shall not accrue a service  
36 retirement annuity, disability retirement annuity, death benefit, whether death  
37 occurs in the line of duty or otherwise, or any other benefit under sections 86.900  
38 to 86.1280 in excess of the benefit limits applicable to the fund under Section 415  
39 of the Internal Revenue Code. The retirement board shall reduce the amount of  
40 any benefit that exceeds those limits by the amount of the excess. If the total  
41 benefits under the retirement system and the benefits and contributions to which  
42 any member is entitled under any other qualified plan or plans maintained by the  
43 board of police commissioners that employs the member would otherwise exceed  
44 the applicable limits under Section 415 of the Internal Revenue Code, the benefits  
45 the member would otherwise receive from the retirement system shall be reduced  
46 to the extent necessary to enable the benefits to comply with Section 415 of the  
47 Internal Revenue Code.

48 7. The total salary taken into account for any purpose for any member of  
49 the retirement system shall not exceed two hundred thousand dollars per year,  
50 subject to periodic adjustments in accordance with guidelines provided by the  
51 United States Secretary of the Treasury, and shall not exceed such other limits  
52 as may be applicable at any given time under Section 401(a)(17) of the Internal  
53 Revenue Code.

54           8. If the amount of any benefit is to be determined on the basis of  
55 actuarial assumptions that are not otherwise specifically set forth for that  
56 purpose in sections 86.900 to 86.1280, the actuarial assumptions to be used are  
57 those earnings and mortality assumptions being used on the date of the  
58 determination by the retirement system's actuary and approved by the retirement  
59 board. The actuarial assumptions being used at any particular time shall be  
60 attached as an addendum to a copy of the retirement system's statute that is  
61 maintained by the retirement board and shall be treated for all purposes as a  
62 part of sections 86.900 to 86.1280. The actuarial assumptions may be changed  
63 by the retirement system's actuary annually if approved by the retirement board,  
64 but a change in actuarial assumptions shall not result in any decrease in benefits  
65 accrued as of the effective date of the change.

66           9. Any member or beneficiary who is entitled to receive any distribution  
67 that is an eligible rollover distribution, as defined by Section 402(c)(4) of the  
68 Internal Revenue Code, is entitled to have that distribution transferred directly  
69 to another eligible retirement plan of the member's or beneficiary's choice upon  
70 providing direction to the secretary of this retirement system regarding the  
71 transfer in accordance with procedures established by the retirement  
72 board. **Effective for distributions made on or after January 1, 2010, a**  
73 **nonspouse beneficiary may elect to directly rollover an eligible rollover**  
74 **distribution to an individual retirement account under Section 408(a)**  
75 **of the Internal Revenue Code of 1986, as amended; to an individual**  
76 **retirement annuity under Section 408(b) of the Internal Revenue Code**  
77 **of 1986, as amended; or if the participant satisfies the requirements for**  
78 **making a Roth contribution under Section 408(A)(c)(3)(B) of the**  
79 **Internal Revenue Code of 1986, as amended, to a Roth individual**  
80 **retirement account.**

81           10. For all distributions made after December 31, 2001:

82           (1) For the purposes of subsection 9 of this section, an eligible retirement  
83 plan shall also mean an annuity contract described in Section 403(b) of the  
84 Internal Revenue Code and an eligible plan under Section 457(b) of the Internal  
85 Revenue Code which is maintained by the state, political subdivision of a state,  
86 or any agency or instrumentality of a state or political subdivision of a state and  
87 which agrees to separately account for amounts transferred into such plan from  
88 the retirement system. The definition of eligible retirement plan shall also apply  
89 in the case of a distribution to a surviving spouse or to a spouse or former spouse

90 who is the alternate payee under a qualified domestic relations order, as defined  
91 in Section 414(p) of the Internal Revenue Code; and

92 (2) For purposes of subsection 9 of this section, a portion of a distribution  
93 shall not fail to be an eligible rollover distribution merely because the portion  
94 consists of after-tax employee contributions which are not includable in gross  
95 income. However, such portion may be paid only to an individual retirement  
96 account or annuity described in Section 408(a) or 408(b) of the Internal Revenue  
97 Code, or to a qualified defined contribution plan described in Section 401(a) or  
98 403(a) of the Internal Revenue Code that agrees to separately account for  
99 amounts so transferred, including separately accounting for the portion of such  
100 distribution that is includable in gross income and the portion of such  
101 distribution that is not so includable.

86.1500. 1. Whenever a member is given a leave of absence for military  
2 service and returns to employment after discharge from the service, such member  
3 shall be entitled to creditable service for the years of employment prior to the  
4 leave of absence.

5 2. Except as provided in subsection 3 of this section, a member who served  
6 on active duty in the Armed Forces of the United States and who became a  
7 member, or returned to membership, after discharge under honorable conditions,  
8 may elect prior to retirement to purchase creditable service equivalent to such  
9 service in the Armed Forces, not to exceed two years, provided the member is not  
10 receiving and is not eligible to receive retirement credits or benefits from any  
11 other public or private retirement plan for the service to be purchased, other than  
12 a United States military service retirement system or United States Social  
13 Security benefits attributable to such military service, and an affidavit so stating  
14 is filed by the member with the retirement system. A member electing to make  
15 such purchase shall pay to the retirement system an amount equal to the  
16 actuarial cost of the additional benefits attributable to the additional service  
17 credit to be purchased, as of the date the member elects to make such  
18 purchase. Payment in full of the amount due from a member electing to purchase  
19 creditable service under this subsection shall be made over a period not to exceed  
20 five years, measured from the date of election, or prior to the commencement date  
21 for payment of benefits to the member from the retirement system, whichever is  
22 earlier, including interest on unpaid balances compounded annually at the  
23 interest rate assumed from time to time for actuarial valuations of the retirement  
24 system. If payment in full including interest is not made within the prescribed

25 period, any partial payments made by the member shall be refunded, and no  
26 creditable service attributable to such election, or as a result of any such partial  
27 payments, shall be allowed; provided that if a benefit commencement date occurs  
28 because of the death or disability of a member who has made an election under  
29 this subsection and if the member is current in payments under an approved  
30 installment plan at the time of the death or disability, such election shall be valid  
31 if the member, the surviving spouse or other person entitled to benefit payments  
32 pays the entire balance of the remaining amount due, including interest to the  
33 date of such payment, within sixty days after the member's death or  
34 disability. The time of a disability shall be deemed to be the time when such  
35 member is determined by the retirement board to be totally and permanently  
36 disabled as provided in section 86.1560.

37         3. Notwithstanding any other provision of sections 86.1310 to 86.1640, **on**  
38 **or after August 28, 2015**, a member who [is on leave of absence for military  
39 service during any portion of which leave the United States is in a state of  
40 declared war, or a compulsory draft is in effect for any of the military branches  
41 of the United States, or any units of the military reserves of the United States,  
42 including the National Guard, are mobilized for combat military operations,]  
43 **returns to service from a leave of absence for active duty military**  
44 **service** and who becomes entitled to reemployment rights and other employment  
45 benefits under Title 38, Chapter 43 of the U.S. Code, relating to employment and  
46 reemployment rights of members of the uniformed services by meeting the  
47 requirements for such rights and benefits under Section 4312 of said chapter, or  
48 the corresponding provisions of any subsequent applicable federal statute, shall  
49 be entitled to service credit for the time spent in such military service for all  
50 purposes of sections 86.1310 to 86.1640 [and such member shall not be required  
51 to pay any member contributions for such time. If it becomes necessary for the  
52 years of such service to be included in the calculation of such member's  
53 compensation for any purpose, such member shall be deemed to have received the  
54 same compensation throughout such period of service as the member's base  
55 annual salary immediately prior to the commencement of such leave of absence;  
56 provided, however, that the foregoing provisions of this subsection shall apply  
57 only to such portion of such leave with respect to which the cumulative length of  
58 the absence and of all previous absences from a position of employment with the  
59 employer by reason of service in the uniformed services does not exceed five years  
60 except for such period of any such excess as meets the requirements for

61 exceptions to such five-year limitation set forth in the aforesaid Section 4312]  
62 **only to the extent such member pays any required member**  
63 **contributions for such time. The amount of required member**  
64 **contributions shall be calculated on the base compensation the member**  
65 **would have received during such leave period. The total amount of**  
66 **service credit that will be granted at the member contribution rate is**  
67 **limited to a maximum of five years. The retirement board may waive**  
68 **the required contributions for military leave of absence, not to exceed**  
69 **three years of creditable service, if the member provides duty orders**  
70 **under Title 10 or Title 32 U.S.C. and discharge from active duty**  
71 **documentation in the form of a DD214 or NGB23.**

86.1630. 1. A retirement plan under sections 86.1310 to 86.1640 is a  
2 qualified plan under the provisions of applicable federal law. The benefits and  
3 conditions of a retirement plan under sections 86.1310 to 86.1640 shall always be  
4 adjusted to ensure that the tax-exempt status is maintained.

5 2. The retirement board shall administer this retirement system in such  
6 manner as to retain at all times qualified status under Section 401(a) of the  
7 Internal Revenue Code.

8 3. The retirement board shall hold in trust the assets of the retirement  
9 system for the exclusive benefit of the members and their beneficiaries and for  
10 defraying reasonable administrative expenses of the system. No part of such  
11 assets shall, at any time prior to the satisfaction of all liabilities with respect to  
12 members and their beneficiaries, be used for or diverted to any purpose other  
13 than such exclusive benefit or to any purpose inconsistent with sections 86.1310  
14 to 86.1640.

15 4. A member's benefit shall be one hundred percent vested and  
16 nonforfeitable upon the member's attainment of normal retirement age, which  
17 shall be the earlier of:

18 (1) The attaining of the age of sixty-five or the member's tenth  
19 anniversary of employment, whichever is later for any Tier I member, or the  
20 attaining of the age of sixty-seven or the member's twentieth anniversary of  
21 employment, whichever is later for any Tier II member;

22 (2) For any Tier I member when the total sum of age and years of  
23 creditable service equals or exceeds eighty, or for any Tier II member when the  
24 total sum of age and years of creditable service equals or exceeds eighty-five; or

25 (3) To the extent funded, upon the termination of the system established

26 under sections 86.1310 to 86.1640 or any partial termination which affects the  
27 member or any complete discontinuance of contributions by the city to the  
28 system. Amounts representing forfeited nonvested benefits of terminated  
29 members shall not be used to increase benefits payable from the system but may  
30 be used to reduce contributions for future plan years.

31 5. Distribution of benefits shall begin not later than April first of the year  
32 following the later of the calendar year during which the member becomes  
33 seventy and one-half years of age or the calendar year in which the member  
34 retires, and shall otherwise conform to Section 401(a)(9) of the Internal Revenue  
35 Code.

36 6. A member or beneficiary of a member shall not accrue a service  
37 retirement annuity, disability retirement annuity, death benefit, whether death  
38 occurs in the line of duty or otherwise, or any other benefit under sections  
39 86.1310 to 86.1640 in excess of the benefit limits applicable to the fund under  
40 Section 415 of the Internal Revenue Code. The retirement board shall reduce the  
41 amount of any benefit that exceeds the limits of this section by the amount of the  
42 excess. If the total benefits under the retirement system and the benefits and  
43 contributions to which any member is entitled under any other qualified plan or  
44 plans maintained by the board of police commissioners that employs the member  
45 would otherwise exceed the applicable limits under Section 415 of the Internal  
46 Revenue Code, the benefits the member would otherwise receive from the  
47 retirement system are reduced to the extent necessary to enable the benefits to  
48 comply with Section 415 of the Internal Revenue Code.

49 7. The total salary taken into account for any purpose for any member of  
50 the retirement system shall not exceed two hundred thousand dollars per year,  
51 subject to periodic adjustments in accordance with guidelines provided by the  
52 United States Secretary of the Treasury and may not exceed such other limits as  
53 may be applicable at any given time under Section 401(a)(17) of the Internal  
54 Revenue Code.

55 8. If the amount of any benefit is determined on the basis of actuarial  
56 assumptions that are not specifically set forth for that purpose in sections  
57 86.1310 to 86.1640, the actuarial assumptions to be used are those earnings and  
58 mortality assumptions used on the date of the determination by the retirement  
59 system's actuary and approved by the retirement board. The actuarial  
60 assumptions used at any particular time shall be attached as an addendum to a  
61 copy of the retirement system's statute maintained by the retirement board and

62 shall be treated for all purposes as part of sections 86.1310 to 86.1640. The  
63 actuarial assumptions may be changed by the retirement system's actuary  
64 annually if approved by the retirement board, but a change in actuarial  
65 assumptions shall not result in any decrease in benefits accrued as of the  
66 effective date of the change.

67 9. Any member or beneficiary who is entitled to receive any distribution  
68 that is an eligible rollover distribution, as defined by Section 402(c)(4) of the  
69 Internal Revenue Code, is entitled to have that distribution transferred directly  
70 to another eligible retirement plan of the member's or beneficiary's choice upon  
71 providing direction to the secretary of the retirement system regarding the  
72 transfer in accordance with procedures established by the retirement  
73 board. **Effective for distributions made on or after January 1, 2010, a**  
74 **nonspouse beneficiary may elect to directly rollover an eligible rollover**  
75 **distribution to an individual retirement account under Section 408(a)**  
76 **of the Internal Revenue Code of 1986, as amended; to an individual**  
77 **retirement annuity under Section 408(b) of the Internal Revenue Code**  
78 **of 1986, as amended; or if the participant satisfies the requirements for**  
79 **making a Roth contribution under Section 408(A)(c)(3)(B) of the**  
80 **Internal Revenue Code of 1986, as amended, to a Roth individual**  
81 **retirement account.**

82 10. For all distributions made after December 31, 2001:

83 (1) For the purposes of subsection 9 of this section, an eligible retirement  
84 plan shall also mean an annuity described in Section 403(b) of the Internal  
85 Revenue Code and an eligible plan under Section 457(b) of the Internal Revenue  
86 Code that is maintained by a state, political subdivision of a state, or any agency  
87 or instrumentality of a state or political subdivision of a state and which agrees  
88 to separately account for amounts transferred into such plan from the retirement  
89 system. The definition for eligible retirement plan shall also apply in the case of  
90 a distribution to a surviving spouse or to a spouse or former spouse who is the  
91 alternate payee under a qualified domestic relations order, as defined in Section  
92 414(p) of the Internal Revenue Code; and

93 (2) For the purposes of subsection 9 of this section, a portion of a  
94 distribution shall not fail to be an eligible rollover distribution merely because  
95 the portion consists of after-tax employee contributions which are not includable  
96 in gross income. However, such portion may be paid only to an individual  
97 retirement account or annuity described in Section 408(a) or 408(b) of the

98 Internal Revenue Code, or to a qualified defined contribution plan described in  
99 Section 401(a) or 403(a) of the Internal Revenue Code that agrees to separately  
100 account for amounts so transferred, including separately accounting for the  
101 portion of such distribution that is includable in gross income and the portion of  
102 such distribution that is not so includable.

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