

SECOND REGULAR SESSION

SENATE BILL NO. 939

91ST GENERAL ASSEMBLY

INTRODUCED BY SENATORS WIGGINS AND DePASCO.

Read 1st time January 15, 2002, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

3637L.011

AN ACT

To amend chapter 86 RSMo, by adding thereto three new sections relating to police employees' retirement systems.

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

Section A. Chapter 86 RSMo, is amended by adding thereto three new sections, to be known as sections 86.434, 86.444, and 86.665, to read as follows:

86.434. 1. Any member entitled to commence a pension pursuant to section 86.433 with twenty-six years or more of creditable service may elect an optional distribution under the partial lump-sum option plan provided in this section if the member:

(1) Notifies the retirement system in writing of the member's retirement date at least ninety days in advance and requests an explanation of the member's rights pursuant to this section; and

(2) Notifies the retirement system of the member's election at least thirty days in advance of the retirement date.

Following the receipt of an initial notice of a member's retirement date and request for an explanation pursuant to this subsection, the retirement system shall, at least sixty days in advance of the retirement date, provide the member with a written explanation of the member's rights pursuant to this section and of the amount by which the member's regular monthly base pension would be reduced in the event of the member's election of any of the options available to the member pursuant to this section.

2. A member entitled to make an election pursuant to this section may elect to

receive a lump-sum distribution with the member's initial monthly pension payment pursuant to section 86.433, subject to all the terms of this section. The member may elect the amount of the member's lump-sum distribution from one, but not more than one of the following options for which the member qualifies:

(1) A member with twenty-six or more years of creditable service may elect a lump-sum amount equal to twelve times the initial monthly base pension the member would receive if no election were made under this section;

(2) A member with twenty-seven or more years of creditable service may elect a lump-sum amount equal to twenty-four times the initial monthly base pension the member would receive if no election were made pursuant to this section; or

(3) A member with twenty-eight or more years of creditable service may elect a lump-sum amount equal to thirty-six times the initial monthly base pension the member would receive if no election were made pursuant to this section.

3. When a member makes an election to receive a lump-sum distribution pursuant to this section, the base pension which the member would have received in the absence of the election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump-sum distribution and the reduced base pension shall be the member's base pension thereafter for all purposes in relation to base pension amounts pursuant to sections 86.370 to 86.497.

4. An election pursuant to this section to receive a lump-sum distribution and reduced monthly base pension shall be void if the member dies before retirement and all amounts due to a surviving spouse or other beneficiary of the member shall be determined without regard to the election.

86.444. 1. Any member who retired prior to August 28, 2000, and any member whose pension is payable pursuant to section 86.450 or 86.457 and who retired after August 28, 2000, but prior to August 28, 2001, may receive in each year beginning August 29, 2002, in addition to the member's base pension, an equalizing cost-of-living adjustment not to exceed an aggregate of twenty-five percent of the member's base pension pursuant to this section, provided the retirement system shall remain actuarially sound.

2. The equalizing cost-of-living adjustment provided by this section shall be an increase computed each year on the base pension by the retirement board in an amount, if any, that the board in its discretion determines to be satisfactory. The cumulative aggregate amount of equalizing cost of living adjustments pursuant to this section shall not exceed twenty-five percent of the amount of the member's base pension pursuant to this section.

3. In determining and granting the equalizing cost-of-living adjustments, the

retirement board shall adopt rules to effectuate this section, including the manner of computation of the adjustments and their effective dates. The retirement board shall once each year determine the adjustments to be made and the date for granting such adjustments. The board may apply the adjustments in full to members who retired during the year prior to the adjustments but who have not been retired for one full year and to the surviving spouse or children of a member who died during the year prior to the adjustments.

4. Equalizing cost-of-living adjustments pursuant to this section shall increase the base pension of the recipient member, effective with the effective date of each increase pursuant to this section, for all purposes pursuant to sections 86.370 to 86.497.

5. For the purposes of this section, the term "member" shall include a surviving spouse entitled to pension benefits from this retirement system and any children of the member who are entitled to receive part or all of the pension which would be received by a surviving spouse if living. The right to an equalizing cost of living adjustment pursuant to this section for a surviving spouse or children shall be determined by the retirement date of the member through whose account the spouse's or children's rights are derived.

6. For purposes of this section, the term "base pension", means:

(1) For a member who retired prior to August 28, 2000, the member's base pension as of August 28, 2000; or

(2) For a member whose pension is payable pursuant to section 86.450 or 86.457 and who retired after August 28, 2000, but prior to August 28, 2001, the member's base pension as of August 28, 2001.

7. The determination of whether the retirement pension system will remain actuarially sound shall be made at or before the time any equalizing cost-of-living adjustment is granted. If at any time the retirement pension system becomes actuarially unsound, pension payments shall continue as adjusted by the equalizing cost of living adjustment increases that are granted. A member of the retirement board shall have no personal liability for granting or declining the increases pursuant to this section if the member in good faith relied and acted upon advice of a qualified actuary as to the soundness of the retirement system.

86.665. 1. Any member entitled to commence a pension pursuant to section 86.650 or 86.660 may elect an optional distribution under the partial lump-sum option plan provided in this section if the member:

(1) Notifies the retirement system in writing of the member's retirement date at least ninety days in advance and requests an explanation of the member's rights

pursuant to this section; and

(2) Notifies the retirement system of the member's election hereunder at least thirty days in advance of the retirement date.

Following receipt of an initial notice of a member's retirement date and request for an explanation pursuant to this section, the retirement system shall, at least sixty days in advance of the retirement date, provide the member a written explanation of the member's rights pursuant to this section and of the amount by which the member's regular monthly base pension would be reduced in the event of the member's election of any of the options available to the member pursuant to this section.

2. A member entitled to make an election pursuant to this section may elect to receive a lump-sum distribution with the member's initial monthly pension payment pursuant to section 86.650 or 86.660, subject to all the terms of this section. The member may elect the amount of the member's lump-sum distribution from one, but not more than one of the following options for which the member qualifies:

(1) A member with one or more years of creditable service after the member's eligible retirement date may elect a lump-sum amount equal to twelve times the initial monthly base pension the member would receive if no election were made pursuant to this section;

(2) A member with two or more years of creditable service after the member's eligible retirement date may elect a lump-sum amount equal to twenty-four times the initial monthly base pension the member would receive if no election were made pursuant to this section; or

(3) A member with three or more years of creditable service after the member's eligible retirement date may elect a lump-sum amount equal to thirty-six times the initial monthly base pension the member would receive if no election were made pursuant to this section.

3. As used in this section, the term "eligible retirement date", means the earliest date on which the member could elect to retire and be entitled to receive a pension pursuant to section 86.650 or 86.660.

4. When a member makes an election to receive a lump-sum distribution pursuant to this section, the base pension that the member would have received in the absence of an election shall be reduced on an actuarially equivalent basis to reflect the payment of the lump-sum distribution and the reduced base pension shall be the member's base pension thereafter for all purposes relating to base pension amounts pursuant to sections 86.600 to 86.790.

5. If a member electing a lump-sum distribution pursuant to this section has elected the optional annuity described in section 86.650, the calculation of the

member's pension shall be made in the following order:

(1) The amount of the member's normal pension pursuant to section 86.650 reduced by any applicable reductions required pursuant to section 86.660;

(2) The amount of the member's normal pension determined pursuant to subdivision (1) of this subsection shall be reduced to the actuarially equivalent amount to produce the optional form of annuity described in subsection 2 of section 86.650;

(3) The amount of reduced pension as determined pursuant to subdivision (2) of this subsection shall be further reduced as required to produce an actuarially equivalent benefit in the form of the lump-sum distribution option elected pursuant to this section and a remaining monthly annuity to be paid to the member or paid to the surviving spouse of the member for the lifetime of the spouse without regard to remarriage on the basis that the annuity for the member's spouse, if the spouse survives the member, shall be the same amount as the annuity paid to the member.

6. An election pursuant to this section to receive a lump-sum distribution and reduced monthly base pension is void if the member dies before retirement, and the amounts due to a surviving spouse or beneficiary of the deceased member shall be determined without regard to the election.

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