

FIRST REGULAR SESSION

# SENATE BILL NO. 512

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR DEMPSEY.

Read 1st time February 25, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

2171S.011

## 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Section A. Sections 70.655, 70.660, 70.695, 70.710, 70.720, and 70.730, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 70.655, 70.660, 70.695, 70.710, 70.720, and 70.730, to read as follows: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 70.645 or section 70.650 or section 70.670, and if such member's age at retirement is younger than age sixty-two, then such member shall receive a temporary

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

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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