

FIRST REGULAR SESSION

SENATE BILL NO. 121

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR STOUFFER.

Read 1st time January 18, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

0889S.011

AN ACT

To repeal sections 70.710, 70.720, and 70.730, RSMo, and to enact in lieu thereof three new sections relating to Missouri local government employees' retirement system.

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

Section A. Sections 70.710, 70.720, and 70.730, RSMo, are repealed and
2 three new sections enacted in lieu thereof, to be known as sections 70.710, 70.720,
3 and 70.730, to read as follows:

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 **the** same to the system
55 to 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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