

SENATE COMMITTEE SUBSTITUTE

FOR

HOUSE BILL NO. 147

AN ACT

To repeal sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, and 143.124, RSMo, and to enact in lieu thereof eighteen new sections relating to retirement.

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

Section A. Sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, and 143.124, RSMo, are repealed and eighteen new sections enacted in lieu thereof, to be known as sections 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 70.748, 86.200, 87.140, 87.145, 87.155, 87.260, 87.350, 105.688, 105.692, 105.693, and 143.124, to read as follows:

70.630. 1. The membership of the system shall include the following persons:

(1) All employees who are neither policemen nor firemen who are in the employ of a political subdivision the day preceding the date such political subdivision becomes an employer and who continue in such employ on and after such date shall become members of the system.

(2) All persons who become employed by a political subdivision as neither policemen nor firemen on or after the date such political subdivision becomes an employer shall become members of the system.

(3) If his employing political subdivision has elected to cover present and future policemen, all policemen who are in the employ of a political subdivision the day preceding the date such political subdivision covers policemen hereunder and who continue in such employ as a policeman on

and after such date, and all persons who become employed by a political subdivision as a policeman on or after the date the political subdivision covers policemen shall become members of the system.

(4) If his employing political subdivision has elected to cover only future policemen, all persons who become employed by a political subdivision as a policeman on or after the date such political subdivision covers policemen hereunder shall become members of the system.

(5) If his employing political subdivision has elected to cover present and future firemen, all firemen who are in the employ of a political subdivision the day preceding the date such political subdivision covers firemen hereunder and who continue in such employ as a fireman on and after such date, and all persons who become employed by a political subdivision as a fireman on or after the date the political subdivision covers firemen hereunder shall become members of the system.

(6) If his employing political subdivision has elected to cover only future firemen, all persons who become employed by a political subdivision as a fireman on or after the date such political subdivision covers firemen hereunder shall become members of the system.

2. [In no event shall an employee become a member if continuous employment to time of retirement will leave the employee with less than minimum number of years of credited service specified in section 70.645.]

3.1 In any case of question as to the system membership status of any person, the board shall decide the question.

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 allowance equal to one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-two;

(4) Benefit program LT-5. A member with credited service covered by benefit program LT-5 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. 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 allowance equal to three-quarters of one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-two;

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

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

(7) Benefit program LT-8. A member with credited service covered by benefit program LT-8 shall receive an allowance for life equal to one and one-half 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 allowance equal to one-half of one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-two;

(8) Benefit program LT-4(65). A member with credited service covered by benefit program LT-4(65) 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-five, then such member shall receive a temporary allowance equal to one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-five;

(9) Benefit program LT-5(65). A member with credited service covered by benefit program LT-5(65) 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. 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-five, then such member shall receive a temporary allowance equal to three-quarters of one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-five;

(10) Benefit program LT-8(65). A member with credited service covered by benefit program LT-8(65) shall receive an allowance for life equal to one and one-half 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-five, then such member shall receive a temporary allowance equal to one-half of one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-five;

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

(12) Benefit program LT-10(65). A member with credited service covered by benefit program LT-10(65) shall receive an allowance for life equal to one and six-tenths percent of the members' 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-five, then such member shall receive a temporary allowance equal to four-tenths of one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death; or the member's attainment of age sixty-five;

(13) Benefit program L-11. Benefit program L-11 may cover employment in a position only if such position is not concurrently covered by federal Social Security; in

addition, if such position was previously covered by federal Social Security, benefit program L-11 may cover only employment rendered after cessation of federal Social Security coverage. A member with credited service covered by benefit program L-11 shall receive an allowance for life equal to two and one-half percent of the member's final average salary multiplied by the number of years of such credited service;

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

(15) Benefit program LT-14(65). A member with credited service covered by benefit program LT-14(65) shall receive an allowance for life equal to one and three-quarter 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, 70.650, or 70.670, then such member shall receive a temporary allowance equal to one-quarter of one percent of the member's final average salary multiplied by the number of years of such credited service. Such temporary allowance shall terminate at the end of the calendar month in which the earlier of the following events occurs: such member's death or the member's attainment of age sixty-five.

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

3. Each employer shall have the credited service of each of its members covered by benefit program L-1 provided

for in this section unless such employer shall have elected another benefit program provided for in this section.

4. Except as otherwise provided in this subsection, each political subdivision, by majority vote of its governing body, may elect from time to time to cover its members, whose political subdivision employment is concurrently covered by federal Social Security, under one of the benefit programs provided for in this section. Each political subdivision, by majority vote of its governing body, may elect from time to time to cover its members, whose political subdivision employment is not concurrently covered by federal Social Security, under one of the benefit programs provided for in this section. The clerk or secretary of the political subdivision shall certify the election of the benefit program to the board within ten days after such vote. The effective date of the political subdivision's benefit program is the first day of the calendar month specified by such governing body, or the first day of the calendar month next following receipt by the board of the certification of election of benefit program, or the effective date of the political subdivision becoming an employer, whichever is the latest. Such election of benefit program may be changed from time to time by such vote, but not more often than biennially. If such changed benefit program provides larger allowances than the benefit program previously in effect, then such larger benefit program shall be applicable to the past and future employment with the employer by present and future employees. If such changed benefit program provides smaller allowances than the benefit program previously in effect, then such changed benefit program shall be applicable only to credited service for employment rendered from and after the effective date of such change. After August 28, 1994,

political subdivisions shall not elect coverage under benefit program LT-4, benefit program LT-5, or benefit program LT-8. After August 28, 2005, political subdivisions shall not elect coverage under benefit program L-9 or benefit program LT-10(65).

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

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

7. Subject to the provisions of subsections 8 and 9 [and 10] of this section, for an allowance becoming effective on September 28, 1975, or later, and beginning with the October first which is at least twelve full months after the effective date of the allowance, the amount of the allowance shall be redetermined effective each October first and such redetermined amount shall be payable for the ensuing year. Subject to the limitations stated in the next sentence, such redetermined amount shall be the amount of the allowance otherwise payable multiplied by the following percent: one hundred percent, plus two percent for each full year (excluding any fraction of a year) in the period from the effective date of the allowance to the current October first. In no event shall such redetermined amount (1) be less than the amount of the allowance otherwise payable nor (2) be more than the amount of the allowance otherwise payable multiplied by the following fraction: the numerator shall be the Consumer Price Index for the month of June immediately preceding such October first (but in no

event an amount less than the denominator below) and the denominator shall be the Consumer Price Index for the month of June immediately preceding the effective date of the allowance. As used herein, "Consumer Price Index" means a measure of the Consumer Price Index [for Urban Wage Earners and Clerical Workers,] as determined by the United States Department of Labor and adopted by the board of trustees [in effect January 1, 1975; provided, should such Consumer Price Index be restructured subsequent to 1974 in a manner materially changing its character, the board shall change the application of the Consumer Price Index so that as far as is practicable the 1975 intent of the use of the Consumer Price Index shall be continued]. As used herein "the amount of the allowance otherwise payable" means the amount of the allowance which would be payable without regard to these provisions redetermining allowance amounts after retirement.

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

9.1 (1) The system establishes reserves for the payment of future allowances to retirants and beneficiaries. Should the board determine, after consulting with the actuary, that the established reserves are more than sufficient to provide such allowances, the board may increase the annual increase rate provided for in [subsections] subsection 7 [and 8] of this section, as it applies to any allowance payable, but in no event shall the total of all redetermined amounts as of October first of any year be greater than one hundred four percent of the

allowances which would have been payable that October first without such redeterminations; provided, as of any redetermination date the same annual increase rate shall be applied to all allowances with effective dates in the range of November first to October first of the following year. The board may extend the provisions of [subsections] subsection 7 [and 8] of this section to allowances which became effective before September 28, 1975; provided such an action by the board shall not increase an employer contribution rate then in effect;

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

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

70.680. 1. Any member in service with five or more years of credited service who has not attained the age and service requirements of section 70.645 and who becomes totally and permanently physically or mentally incapacitated for his duty as an employee, as the result of a personal injury or disease, may be retired by the board upon written application filed with the board by or on behalf of the member; provided, that after a medical examination of such member made by or under the direction of a medical committee consisting of three physicians, one of whom shall be

selected by the board, one by or on behalf of such member, and the third by the first two physicians so named, the medical committee reports to the board, by majority opinion in writing, that such member is physically or mentally totally incapacitated for the further performance of duty, that such incapacity will probably be permanent and that such member should be retired.

2. Upon disability retirement, as provided in subsection 1 of this section, a member shall receive an allowance for life provided for in section 70.655 and shall have the right to elect an option provided for in section 70.660. His or her disability retirement and allowance shall be subject to the provisions of subsection 5 of this section [and to the provisions of section 70.685].

3. Any member in service who becomes totally and permanently physically or mentally incapacitated for his duty as an employee, as the natural and proximate result of a personal injury or disease which the board finds to have arisen out of and in the course of his actual performance of duty as an employee, may be retired by the board upon written application filed with the board by or on behalf of the member; provided, that after a medical examination of such member made by or under the direction of a medical committee consisting of three physicians, one of whom shall be selected by the board, one by or on behalf of such member, and the third by the first two physicians so named, the medical committee reports to the board, by majority opinion in writing, that such member is physically or mentally totally incapacitated for the further performance of duty, that such incapacity will probably be permanent, and that such member should be retired.

4. Upon disability retirement as provided in subsection 3 of this section, a member shall receive an

allowance for life provided for in section 70.655; provided, that for the sole purpose of computing the amount of such allowance, he or she shall be given credited service for the period from the date of his or her disability retirement to the date he or she would attain age sixty. He or she shall have the right to elect an option provided for in section 70.660. His or her disability retirement and allowance shall be subject to the provisions of subsection 5 of this section [and to the provisions of section 70.685].

5. At least once each year during the first five years following a member's retirement on account of disability, and at least once in each three-year period thereafter, the board shall require any disability retirant who has not attained his minimum service retirement age to undergo a medical examination to be made by a physician designated by the board. If the retirant refuses to submit to medical examination in any such period, his disability allowance shall be suspended by the board until his withdrawal of such refusal. If such refusal continues for one year, all his rights in and to a disability allowance shall be revoked by the board. If, upon medical examination of the retirant, the physician reports to the board that the retirant is physically and mentally able and capable of resuming his duty as an employee in the position held by him at the time of his disability retirement, then the board shall, if demanded by the retirant, arrange a further medical examination of such member made by or under the direction of a medical committee consisting of three physicians, one of whom shall be selected by the board, one by or on behalf of the member, and the third by the first two physicians named. Should the medical committee concur, by majority opinion in writing to the board, the disability retirant is capable of resumption of duty, his disability retirement

shall terminate and he shall be returned to duty and he shall immediately again become a member of the system, his credited service at the time of disability retirement shall be restored to his credit, and the amount of his accumulated contributions at the time of his disability retirement shall be restored to his credit in the members deposit fund. If he was in receipt of a duty disability allowance provided for in subsection 3 of this section, he shall also be given service credit for the period he was in receipt of the duty disability allowance.

70.690. 1. In the event a member ceases to be a member other than by death before the date he becomes entitled to retire with an allowance payable by the system, he shall be paid, upon his written application filed with the board, his accumulated contributions standing to his credit in the members deposit fund.

2. In the event a member dies, and no allowance becomes or will become payable by the system on account of his death, his accumulated contributions standing to his credit in the members deposit fund at the time of his death shall be paid to such person or persons as he shall have nominated by written designation duly executed and filed with the board. If there be no such designated person or persons surviving such member, such accumulated contributions shall be paid to his surviving spouse, or to his estate if there is no surviving spouse.

3. In the event a member's membership in the system terminates, and no allowance becomes or will become payable on his account, any accumulated contributions standing to his credit in the members deposit fund unclaimed by such member or his legal representative within **[three]** ten years after the date his membership terminated, shall be transferred to the income-expense fund. If thereafter

proper application is made for such accumulated contributions, the board shall pay them from the income-expense fund, but without interest after the date payment was first due.

70.745. 1. The board shall be the trustees of the funds of the system. Subject to the provisions of any applicable federal or state laws, the board shall have full power to invest and reinvest the moneys of the system, and to hold, purchase, sell, assign, transfer or dispose of any of the securities and investments in which such moneys shall have been invested, as well as the proceeds of such investments and such moneys.

2. The board of trustees may deliberate about, or make tentative or final decisions on, investments or other financial matters in a closed meeting under chapter 610 if disclosure of the deliberations or decisions would jeopardize the ability to implement a decision or to achieve investment objectives. A record of the retirement system that discloses deliberations about, or a tentative decision on, investments or other financial matters is not a public record under chapter 610 to the extent and so long as its disclosure would jeopardize the ability to implement a decision or to achieve investment objectives.

70.746. Notwithstanding any other provision of law to the contrary, the board of trustees may delegate to its duly appointed investment counselor authority to act in place of the board in the investment and reinvestment of all or part of the moneys of the system, and may also delegate to such counselor the authority to act in place of the board in the holding, purchasing, selling, assigning, transferring, or disposing of any or all of the securities and investments in which such moneys shall have been invested, as well as the proceeds of such investments and such moneys. [Such

investment counselor shall be registered as an investment advisor with the United States Securities and Exchange Commission.] In exercising or delegating its investment powers and authority, members of the board shall exercise ordinary business care and prudence under the facts and circumstances prevailing at the time of the action or decision. In so doing, the board shall consider the long- and short-term needs of the system in carrying out its purposes, the system's present and anticipated financial requirements, the expected total return on the system's investment, general economic conditions, income, growth, long-term net appreciation, and probable safety of funds. No member of the board shall be liable for any action taken or omitted with respect to the exercise of or delegation of these powers and authority if such member shall have discharged the duties of his or her position in good faith and with that degree of diligence, care, and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position.

70.747. Notwithstanding any other provision of law to the contrary, the board shall have full power to invest and reinvest the funds and moneys of the system in improved real estate, including collective real estate funds and real estate investment trusts, wherever situated[; provided, however, that not more than one-tenth of the funds and moneys of the system at the time of such investment shall be so invested].

70.748. 1. Notwithstanding the provisions of section 105.662 to the contrary, the board may set up and maintain a local government employee retirement systems of Missouri investment fund account in which investment and reinvestment of all or part of the moneys of the retirement system may be placed and be available for investment purposes.

2. For the purpose of investing the funds of the retirement system, the funds may be combined with the funds of any retirement plan that is administered by the retirement system under section 70.621 and any retirement plan established for the purpose of providing benefits for employees of the system, but the funds of each plan shall be accounted for separately and for all other reporting purposes shall be separate.

3. The board of trustees may promulgate such rules and regulations consistent with the provisions of this section as deemed necessary for its proper administration, pursuant to the provisions of this section and this chapter. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2025, shall be invalid and void.

86.200. The following words and phrases as used in sections 86.200 to 86.366, unless a different meaning is plainly required by the context, shall have the following meanings:

(1) "Accumulated contributions", the sum of all mandatory contributions deducted from the compensation of a member and credited to the member's individual account, together with members' interest thereon;

(2) "Actuarial equivalent", a benefit of equal value when computed upon the basis of mortality tables and interest assumptions adopted by the board of trustees;

(3) "Average final compensation":

(a) With respect to a member who earns no creditable service on or after October 1, 2001, the average earnable compensation of the member during the member's last three years of creditable service as a police officer, or if the member has had less than three years of creditable service, the average earnable compensation of the member's entire period of creditable service;

(b) With respect to a member who is not participating in the DROP pursuant to section 86.251 on October 1, 2001, who did not participate in the DROP at any time before such date, and who earns any creditable service on or after October 1, 2001, the average earnable compensation of the member during the member's last two years of creditable service as a policeman, or if the member has had less than two years of creditable service, then the average earnable compensation of the member's entire period of creditable service;

(c) With respect to a member who is participating in the DROP pursuant to section 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns to active participation in the system pursuant to section 86.251, and who terminates employment as a police officer for reasons other than death or disability before earning at least two years of creditable service after such return, the portion of the member's benefit attributable to creditable service earned before DROP entry shall be determined using average final compensation as defined in paragraph (a) of this subdivision; and the portion of the member's benefit attributable to creditable service earned

after return to active participation in the system shall be determined using average final compensation as defined in paragraph (b) of this subdivision;

(d) With respect to a member who is participating in the DROP pursuant to section 86.251 on October 1, 2001, or whose participation in the DROP ended before such date, who returns to active participation in the system pursuant to section 86.251, and who terminates employment as a police officer after earning at least two years of creditable service after such return, the member's benefit attributable to all of such member's creditable service shall be determined using the member's average final compensation as defined in paragraph (b) of this subdivision;

(e) With respect to a member who is participating in the DROP pursuant to section 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who returns to active participation in the system pursuant to section 86.251, and whose employment as a police officer terminates due to death or disability after such return, the member's benefit attributable to all of such member's creditable service shall be determined using the member's average final compensation as defined in paragraph (b) of this subdivision; and

(f) With respect to the surviving spouse or surviving dependent child of a member who earns any creditable service on or after October 1, 2001, the average earnable compensation of the member during the member's last two years of creditable service as a police officer or, if the member has had less than two years of creditable service, the average earnable compensation of the member's entire period of creditable service;

(4) "Beneficiary", any person in receipt of a retirement allowance or other benefit;

(5) "Board of trustees", the board provided in sections 86.200 to 86.366 to administer the retirement system;

(6) "Creditable service", prior service plus membership service as provided in sections 86.200 to 86.366;

(7) "DROP", the deferred retirement option plan provided for in section 86.251;

(8) "Earnable compensation", the annual salary [established under section 84.160 which] a member would earn during one year on the basis of the member's rank or position, plus any additional compensation for academic work and shift differential, that [may be provided] is set by any state or municipal body or official [or board] now or hereafter authorized by law to employ and manage a permanent police force in such cities. Such amount shall include the member's deferrals to a deferred compensation plan pursuant to Section 457 of the Internal Revenue Code or to a cafeteria plan pursuant to Section 125 of the Internal Revenue Code or, effective October 1, 2001, to a transportation fringe benefit program pursuant to Section 132(f)(4) of the Internal Revenue Code. The term "earnable compensation" shall not include a member's additional compensation for overtime, standby time, court time, nonuniform time or unused vacation time. Further, the term "earnable compensation" shall not include any funds received by a member through a judgment or settlement of a legal action or claim made or threatened by the member against any city not within a county if the funds are intended to retroactively compensate the member for the salary differential between the member's actual rank and the rank the member claims he or she should have received.

Notwithstanding the foregoing, the earnable compensation taken into account under the plan established pursuant to

sections 86.200 to 86.366 with respect to a member who is a noneligible participant, as defined in this subdivision, for any plan year beginning on or after October 1, 1996, shall not exceed the amount of compensation that may be taken into account under Section 401(a)(17) of the Internal Revenue Code, as adjusted for increases in the cost of living, for such plan year. For purposes of this subdivision, a "noneligible participant" is an individual who first becomes a member on or after the first day of the first plan year beginning after the earlier of:

(a) The last day of the plan year that includes August 28, 1995; or

(b) December 31, 1995;

(9) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as amended;

(10) "Mandatory contributions", the contributions required to be deducted from the salary of each member who is not participating in DROP in accordance with section 86.320;

(11) "Medical board", the health care organization appointed by the trustees of the police retirement board and responsible for arranging and passing upon all medical examinations required under the provisions of sections 86.200 to 86.366, which shall investigate all essential statements and certificates made by or on behalf of a member in connection with an application for disability retirement and shall report in writing to the board of trustees its conclusions and recommendations;

(12) "Member", a member of the retirement system as defined by sections 86.200 to 86.366;

(13) "Members' interest", interest on accumulated contributions at such rate as may be set from time to time by the board of trustees;

(14) "Membership service", service as a policeman rendered since last becoming a member, except in the case of a member who has served in the Armed Forces of the United States and has subsequently been reinstated as a policeman, in which case "membership service" means service as a policeman rendered since last becoming a member prior to entering such armed service;

(15) "Plan year" or "limitation year", the twelve consecutive-month period beginning each October first and ending each September thirtieth;

(16) "Policeman" or "police officer", any member of the police force of such cities who holds a rank in such police force;

(17) "Prior service", all service as a policeman rendered prior to the date the system becomes operative or prior to membership service which is creditable in accordance with the provisions of sections 86.200 to 86.366;

(18) "Reserve officer", any member of the police reserve force of such cities, armed or unarmed, who works less than full time, without compensation, and who, by his or her assigned function or as implied by his or her uniform, performs duties associated with those of a police officer and who currently receives a service retirement as provided by sections 86.200 to 86.366;

(19) "Retirement allowance", annual payments for life as provided by sections 86.200 to 86.366 which shall be payable in equal monthly installments or any benefits in lieu thereof granted to a member upon termination of employment as a police officer and actual retirement;

(20) "Retirement system", the police retirement system of the cities as defined in sections 86.200 to 86.366;

(21) "Surviving spouse", the surviving spouse of a member who was the member's spouse at the time of the member's death.

87.140. 1. The general administration and the responsibility for the proper operation of the retirement system shall be vested in a board of trustees of nine persons. The board shall be constituted as follows:

(1) The chief of the fire department of the city, ex officio;

(2) The comptroller or deputy comptroller of the city, ex officio;

(3) Two members to be appointed by the mayor of the city to serve for a term of two years;

(4) Three members to be elected by the members of the retirement system for a term of three years who shall be members of the system and hold office only while members of the system;

(5) Two members who shall be retired firemen to be elected by the retired firemen of the city and who shall hold office for a term of three years.

2. If a vacancy occurs in the office of trustee, the vacancy shall be filled for the unexpired term in the same manner as the office was previously filled.

3. The trustees shall serve without compensation, but they shall be reimbursed from the expense fund for all necessary expenses which they may incur through service on the board.

4. Each trustee shall, within ten days after his appointment or election, take an oath of office before the clerk of circuit court of the city, that, so far as it devolves upon him, he will diligently and honestly administer the affairs of the board and that he will not knowingly violate or willingly permit to be violated any of

the provisions of the law applicable to the retirement system. The oath shall be subscribed to by the member making it and certified by the clerk of circuit court and filed in his office.

5. Each trustee shall be entitled to one vote on the board. Five votes shall be necessary for a decision by the trustees at any meeting of the board.

6. Notwithstanding any provision of sections 87.120 to 87.371 to the contrary, the board of trustees of the retirement system shall not be prevented from simultaneously acting as the trustees of any other pension plan that provides retirement, disability, and death benefits for firefighters employed by any city not within a county and the firefighters' covered dependents. The administration of the other pension plan shall be in accordance with the terms of such pension plan. Nothing in this subsection shall prevent the board of aldermen of a city not within a county from adopting ordinances to govern the pensioning of firefighters and such firefighters' covered dependents in any other pension plan simultaneously administered by the board of trustees of the retirement system.

87.145. The board of trustees shall have exclusive original jurisdiction in all matters relating to or affecting the funds herein provided for, including, in addition to all other matters, all claims for benefits and refunds under this law, and its action, decision or determination in any matter shall be reviewable under chapter 536 only, and any party to the proceedings shall have a right of appeal from the decision of the reviewing court. Subject to the limitations of sections 87.120 to 87.370, the board of trustees shall, from time to time, establish rules and regulations for the administration of funds created by this law, for the transaction of its

business, and for the limitation of the time within which claims may be filed. The administration of any pension plan other than the retirement system includes the ability of the board of trustees, from time to time, to establish rules and regulations for the administration of funds of such other pension plan and for the transaction of such other pension plan's business. Nothing in this section shall prevent the board of aldermen of a city not within a county from adopting ordinances to govern the pensioning of firefighters and such firefighters' covered dependents in any other pension plan simultaneously administered by the board of trustees of the retirement system.

87.155. 1. The board of trustees shall keep in convenient form such data as is necessary for actuarial valuation of the funds of the retirement system and for checking the experience of the system.

2. The board of trustees shall keep a record of all its proceedings which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding fiscal year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the assets and liabilities of the retirement system.

3. To the extent the board of trustees administers a pension plan other than the retirement system, the board of trustees shall maintain separate records of all proceedings of such other pension plan.

87.260. The board of trustees of the firefighters' retirement system shall have the exclusive authority and discretion to invest and reinvest the funds in property of any kind, real or personal. The board of trustees shall

invest and manage the fund as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the firefighters' retirement system. In satisfying this standard, the board of trustees shall exercise reasonable care, skill, and caution. No trustee shall have any interest as a trustee in the gains or profits made on any investment, except benefits from interest in investments common to all members of the plan, if entitled thereto. To the extent the board of trustees administers a pension plan other than the retirement system, the board of trustees shall also have the authority and discretion to invest and reinvest the funds of such other pension plan in property of any kind, real or personal. The board of trustees may choose to invest the funds of the retirement system and the funds of the other pension plan in the same investments so long as the amounts invested and the gains, profits, or losses on such investments are accounted for separately. No benefits due to the firefighters or such firefighters' covered dependents from the other pension plan shall be paid from the funds of the retirement system. Nothing in this section shall prevent the board of aldermen of a city not within a county from adopting ordinances to govern the pensioning of firefighters and such firefighters' covered dependents in any other pension plan simultaneously administered by the board of trustees of the retirement system.

87.350. The expense fund shall be the fund to which shall be credited all money provided to pay the administration expenses of the retirement system and from which shall be paid all the expenses necessary in connection with the administration and operation of the system. Annually the board of trustees shall estimate the amount of money necessary to be paid into the expense fund during the

ensuing year to provide for the expense of operation of the retirement system. Such estimate shall be provided by the board of trustees from interest and other earnings on assets of the retirement system. In no event shall any expenses, including administrative expenses, incurred by the board of trustees in the administration of any pension plan other than the retirement system or in the investment of any funds of any pension plan other than the retirement system be paid from the funds of the retirement system. Such expenses shall be paid entirely from the funds of the other pension plan.

105.688. The assets of a system may be invested, reinvested and managed by an investment fiduciary subject to the terms, conditions and limitations provided in sections 105.687 to 105.689. An investment fiduciary shall discharge his or her duties in the interest of the participants in the system and their beneficiaries and shall:

(1) Act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims;

(2) Act with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered;

(3) Make investments for the purposes of providing benefits to participants and participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the system;

(4) Give appropriate consideration to those facts and circumstances that the investment fiduciary knows or should know are relevant to the particular investment or investment course of action involved, including the role of the

investment or investment course of action plays in that portion of the system's investments for which the investment fiduciary has responsibility. For purposes of this subdivision, "appropriate consideration" shall include, but is not necessarily limited to a determination by the investment fiduciary that a particular investment or investment course of action is reasonably designed, as part of the investments of the system, to further the purposes of the system, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment course of action; and consideration of the following factors as they relate to the investment or investment course of action:

(a) The diversification of the investments of the system;

(b) The liquidity and current return of the investments of the system relative to the anticipated cash flow requirements of the system; and

(c) The projected return of the investments of the system relative to the funding objectives of the system;

(5) Give appropriate consideration to investments which would enhance the general welfare of this state and its citizens if those investments offer the safety and rate of return comparable to other investments available to the investment fiduciary at the time the investment decision is made;

(6) Not be prohibited from closing records to the extent that such records relate to information submitted by an individual, corporation, or other business entity in connection with investments in or financial transactions with business entities for investment purposes;

(7) Not consider environmental, social, or governance characteristics in a manner that would override his or her fiduciary duties as defined in this section;

(8) Not be subject to any legislative, regulatory, or other mandates to invest with environmentally, socially, or other noneconomically motivated influence unless they are consistent with the fiduciary's responsibility as provided in this section or as provided in the system's governing statutes with respect to the investment of system assets or other duties imposed by law relating to the investment, management, deposit, or custody of system assets; and

(9) Not be subject to any legislative, regulatory, or other mandates for divestment from any indirect holdings in actively or passively managed investment funds or in private assets.

105.692. 1. All shares of common stock held directly by a system, as defined under section 105.687, shall be voted solely in the economic interest of plan participants. Voting shares for the purposes of furthering noneconomic environmental, social, political, ideological, or other goals is prohibited.

2. A system shall vote all proxies associated with its directly held shares of common stock by one of the following methods:

(1) By internal system staff; or

(2) By an investment manager or proxy voting service provider who has committed in writing to vote the shares pursuant to proxy voting guidelines chosen by the system or has committed in writing to vote the shares in a manner consistent with the obligation to act solely in the economic interest of plan participants.

105.693. 1. As used in this section, the following terms mean:

(1) "Board", the governing board or decision-making body of a system that is authorized by law to administer the system;

(2) "Control":

(a) The same meaning as such term is defined in the Investment Company Act of 1940, 15 U.S.C. Section 80a-2(a);
or

(b) Involvement in an entity's governance structure, monitoring, or internal human resources decisions consistent with the objectives set out in the Opinion on Strengthening the United Front Work of the Private Economy in the New Era issued by the General Office of the Central Committee of the Chinese Communist Party (2020) or a successor or similar document;

(3) "Divest", a sale, redemption, replacement, or any other activity that terminates an investment;

(4) "Fund", the retirement benefit fund of a system;

(5) "Investment", any investment, as such term is defined in section 105.687, that the board or system is authorized to make;

(6) "Person", an individual or entity;

(7) "Restricted entity", the following, including wholly-owned subsidiaries, majority-owned subsidiaries, parent companies, and affiliates that exist for profit-making purposes:

(a) Any person, other than a U.S. person, as the term "U.S. person" is defined in 15 CFR 772.1, that is identified for the People's Republic of China on the Entity List, Supplement No. 4 to 15 CFR Part 744, as a person reasonably believed to be involved, or to pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States until the End-User Review Committee of the Bureau of

Industry and Security in the United States Department of Commerce determines that the person no longer meets that criteria and removes the person from the list;

(b) Any person that:

a. The United States Secretary of Defense has listed as a Communist Chinese military company operating directly or indirectly in the United States or in any of its territories or possessions under Section 1237 of the Strom Thurmond National Defense Authorization Act of Fiscal Year 1999, P.L. 105-261, as amended by Section 1233 of P.L. 106-398 and Section 1222 of P.L. 108-375, 50 U.S.C. Section 1701 note, until such time as the United States Secretary of Defense removes the person from such list;

b. The United States Secretary of Defense, in consultation with the United States Secretary of the Treasury, determines is a Communist Chinese military company operating directly or indirectly in the United States or in any of its territories or possessions and therefore lists as such under Section 1237 of the Strom Thurmond National Defense Authorization Act of Fiscal Year 1999, P.L. 105-261, as amended by Section 1233 of P.L. 106-398 and Section 1222 of P.L. 108-375, 50 U.S.C. Section 1701 note, until such time as the United States Secretary of Defense removes the person from such list; or

c. The United States Secretary of the Treasury publicly lists as meeting the criteria in Section 1237(b)(4)(B) of the Strom Thurmond National Defense Authorization Act of Fiscal Year 1999, P.L. 105-261, as amended by Section 1222 of P.L. 108-375, 50 U.S.C. Section 1701 note, or publicly lists as a subsidiary of a person already determined to be a Communist Chinese military company, until the United States Secretary of the Treasury

determines that the person no longer meets that criteria and removes the person from such list;

(c) Any organization or citizen that is identified by the appropriate government agencies to be required by the National Intelligence Law of the People's Republic of China (2017), as amended in 2018, or any successor to support, assist, and cooperate with the state intelligence work of the People's Republic of China and keep the secrets of the national intelligence work of the People's Republic of China; or

(d) Any person that is listed on the Specially Designated Nationals and Blocked Persons List published by the Office of Foreign Assets Control of United States Department of the Treasury;

(8) "Restricted investment product", an investment product that:

(a) Is managed by one or more persons:

a. That are not employed by the system; and

b. In which the system on behalf of the fund owns investments together with investors other than the system; and

(b) Holds investments in a restricted entity;

(9) "System", any state or local public retirement system or plan established by the state or any political subdivision or instrumentality of the state for the purpose of providing plan benefits for elected or appointed public officials or employees of the state or any political subdivision or instrumentality of the state.

2. After August 28, 2025, a system shall not knowingly invest in a restricted entity or a restricted investment product and shall divest any investment that the system has on behalf of a fund in accordance with this section.

3. Before December 1, 2025, and at least annually on or before December first of each subsequent year, the board shall make a good faith effort to identify all restricted entities and restricted investment products in which the system holds an investment. The board may use an independent research firm to assist the board.

4. (1) If the board determines after a review under subsection 3 of this section that the system has investments in a restricted entity or a restricted investment product, the board shall establish a plan to divest the investment and complete the divestment as soon as financially prudent. Except as provided in subdivision (2) of this subsection, the investment shall be divested no later than August 28, 2026.

(2) The investment may be divested after August 28, 2026, but shall be divested no later than August 28, 2028, if the board finds that the following conditions exist:

(a) The divestment of the investment by August 28, 2026, would result in the system incurring aggregate transaction costs in excess of five hundred thousand dollars;

(b) The selling of global public equity interests would result in a loss on secondary markets; or

(c) The divestment of the investment by August 28, 2026, would otherwise fail to comply with federal or state law or other legal obligations.

5. Prior to divesting any commingled fund required by this section in which the divestment would result in a realized loss, the staff of the system shall notify the board and if, within two business days, a majority of the trustees of the board object, no further action shall be taken until a special or regular meeting of the board.

6. The board shall determine whether to cease or defer divestment in the entity or product initiated under this

section and resume investment in the entity or product during any period in which the entity or product has not returned to being a restricted entity or restricted investment product if any of the following conditions are met:

(1) The entity or product meets or exceeds the rules and standards of the Public Company Accounting Oversight Board and the Sarbanes-Oxley Act of 2002, P.L. 107-204, 116 Stat. 745; or

(2) The board determines that a fund has holdings in a passively managed commingled fund that includes a restricted entity and the estimated cost of divestment of the commingled fund is greater than ten percent of the total value of the restricted entities held in the commingled fund.

7. (1) On or before December 31, 2025, and annually on or before December thirty-first of each subsequent year, the board shall submit a report to the general assembly.

(2) The report shall include at least the following information, as of the date of the report:

(a) A copy of the restricted entity list;

(b) All publicly traded securities sold, redeemed, divested, or withdrawn in compliance with this section;

(c) All commingled funds that are exempted from divestment under subsection 5 or 6 of this section; and

(d) Any progress made under subsection 6 of this section.

8. With respect to actions taken in compliance with this section, including all good faith determinations regarding restricted entities and restricted investment products, the board and the system are exempt from any conflicting statutory or common law obligations, including any obligations with respect to choice of asset managers,

investment fiduciaries, investment funds, or investments for fund investment portfolios.

9. The state and any political subdivision of the state; its officers, agents, and employees; and the board and employees of a system shall be immune from civil liability for any act or omission related to the removal of an asset from a fund under this section and are entitled to indemnification from the system for all losses, costs, and expenses, including reasonable attorney's fees, associated with defending against any claim or suit relating to an act authorized under section.

10. (1) Notwithstanding any provision of law to the contrary, the provisions of this section do not apply to investments in private market funds.

(2) Notwithstanding any provision of law to the contrary, the provisions of this section do not apply to indirect holdings in actively managed investment funds.

(3) If a manager or investment fiduciary creates a similar actively managed investment fund without the restricted entities, the board shall replace all applicable investments with the investments in the similar actively managed investment fund within a period consistent with prudent investing standards.

143.124. 1. Other provisions of law to the contrary notwithstanding, for tax years ending on or before December 31, 2006, the total amount of all annuities, pensions, or retirement allowances above the amount of six thousand dollars annually provided by any law of this state, the United States, or any other state to any person except as provided in subsection 4 of this section, shall be subject to tax pursuant to the provisions of this chapter, in the same manner, to the same extent and under the same conditions as any other taxable income received by the

person receiving it. For purposes of this section, "annuity, pension, retirement benefit, or retirement allowance" shall be defined as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. For all tax years beginning on or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance shall be defined to include 401(k) plans, deferred compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and individual retirement arrangements, also known as IRAs, as described in the Internal Revenue Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. An individual taxpayer shall only be allowed a maximum deduction equal to the amounts provided under this section for each taxpayer on the combined return.

2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall be subtracted from Missouri adjusted gross income for that period, determined pursuant to section 143.121, the first three thousand dollars of retirement benefits received by each taxpayer:

(1) If the taxpayer's filing status is single, head of household or qualifying widow(er) and the taxpayer's Missouri adjusted gross income is less than twelve thousand five hundred dollars; or

(2) If the taxpayer's filing status is married filing combined and their combined Missouri adjusted gross income is less than sixteen thousand dollars; or

(3) If the taxpayer's filing status is married filing separately and the taxpayer's Missouri adjusted gross income is less than eight thousand dollars.

3. [For the tax years beginning on or after January 1, 1990, but ending on or before December 31, 2006,] There shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, [a maximum of the first six thousand dollars of retirement benefits received by each taxpayer from sources other than privately funded sources, and for tax years beginning on or after January 1, 1998, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of the first one thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1998, but before January 1, 1999, and a maximum of the first three thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 1999, but before January 1, 2000, and a maximum of the first four thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2000, but before January 1, 2001, and a maximum of the first five thousand dollars of any retirement allowance received from any privately funded source for tax years beginning on or after January 1, 2001, but before January 1, 2002, and] a maximum of the first six thousand dollars of any retirement allowance received by each taxpayer from any privately funded sources for tax years beginning on or after January 1, 2002, but before January 1, 2026, and a maximum of the first twelve thousand dollars of any retirement allowance received from any privately funded sources for tax years beginning on or after January 1,

2026. A taxpayer shall be entitled to the maximum exemption provided by this subsection:

(1) If the taxpayer's filing status is single, head of household or qualifying widow(er) and the taxpayer's Missouri adjusted gross income is less than twenty-five thousand dollars for all tax years ending on or before December 31, 2025, and less than fifty thousand dollars for all tax years beginning on or after January 1, 2026; or

(2) If the taxpayer's filing status is married filing combined and their combined Missouri adjusted gross income is less than thirty-two thousand dollars for all tax years ending on or before December 31, 2025, and less than sixty-four thousand dollars for all tax years beginning on or after January 1, 2026; or

(3) If the taxpayer's filing status is married filing separately and the taxpayer's Missouri adjusted gross income is less than sixteen thousand dollars for all tax years ending on or before December 31, 2025, and less than thirty-two thousand six hundred dollars for all tax years beginning on or after January 1, 2026.

4. If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection 3 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the maximum exemption provided in subsection 3 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

5. For purposes of this subsection, the term "maximum Social Security benefit available" shall mean thirty-two thousand five hundred dollars for the tax year beginning on or after January 1, 2007, and for each subsequent tax year such amount shall be increased by the percentage increase in

the Consumer Price Index for All Urban Consumers, or its successor index, as such index is defined and officially reported by the United States Department of Labor, or its successor agency. For the tax year beginning on or after January 1, 2007, but ending on or before December 31, 2007, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or twenty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2008, but ending on or before December 31, 2008, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or thirty-five percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2009, but ending on or before December 31, 2009, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal

adjusted gross income; or fifty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2010, but ending on or before December 31, 2010, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or sixty-five percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For the tax year beginning on or after January 1, 2011, but ending on or before December 31, 2011, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to the greater of: six thousand dollars in retirement benefits received from sources other than privately funded sources, to the extent such benefits are included in the taxpayer's federal adjusted gross income; or eighty percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for such tax year. For all tax years beginning on or after January 1, 2012, there shall be subtracted from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of an amount equal to one hundred percent of the retirement benefits received from sources other than privately funded sources in the tax year, but not to exceed the maximum Social Security benefit available for

such tax year. For all tax years beginning on or before December 31, 2023, a taxpayer shall be entitled to the maximum exemption provided by this subsection:

(1) If the taxpayer's filing status is married filing combined, and their combined Missouri adjusted gross income is equal to or less than one hundred thousand dollars; or

(2) If the taxpayer's filing status is single, head of household, qualifying widow(er), or married filing separately, and the taxpayer's Missouri adjusted gross income is equal to or less than eighty-five thousand dollars.

For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to the maximum exemption provided by this subsection regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

6. For all tax years beginning on or before December 31, 2023, if a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1) and (2) of subsection 5 of this section, such taxpayer shall be entitled to an exemption, less any applicable reduction provided under subsection 7 of this section, equal to the greater of zero or the maximum exemption provided in subsection 5 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

7. For purposes of calculating the subtraction provided in subsection 5 of this section, such subtraction shall be decreased by an amount equal to any Social Security benefit exemption provided under section 143.125.

8. For purposes of this section, any Social Security benefits otherwise included in Missouri adjusted gross income shall be subtracted; but Social Security benefits

shall not be subtracted for purposes of other computations pursuant to this chapter, and are not to be considered as retirement benefits for purposes of this section.

9. The provisions of subdivisions (1) and (2) of subsection 3 of this section shall apply during all tax years in which the federal Internal Revenue Code provides exemption levels for calculation of the taxability of Social Security benefits that are the same as the levels in subdivisions (1) and (2) of subsection 3 of this section. If the exemption levels for the calculation of the taxability of Social Security benefits are adjusted by applicable federal law or regulation, the exemption levels in subdivisions (1) and (2) of subsection 3 of this section shall be accordingly adjusted to the same exemption levels.

10. The portion of a taxpayer's lump sum distribution from an annuity or other retirement plan not otherwise included in Missouri adjusted gross income as calculated pursuant to this chapter but subject to taxation under Internal Revenue Code Section 402 shall be taxed in an amount equal to ten percent of the taxpayer's federal liability on such distribution for the same tax year.

11. For purposes of this section, retirement benefits received shall not include any withdrawals from qualified retirement plans which are subsequently rolled over into another retirement plan.

12. The exemptions provided for in this section shall not affect the calculation of the income to be used to determine the property tax credit provided in sections 135.010 to 135.035.

13. The exemptions provided for in this section shall apply to any annuity, pension, or retirement allowance as defined in subsection 1 of this section to the extent that such amounts are included in the taxpayer's federal adjusted

gross income and not otherwise deducted from the taxpayer's federal adjusted gross income in the calculation of Missouri taxable income. This subsection shall not apply to any individual who qualifies under federal guidelines to be one hundred percent disabled.