

SENATE BILL NO. 1802

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CARTER.

7502S.011

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 50.1000 and 70.600, RSMo, and to enact in lieu thereof two new sections relating to retirement.

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

Section A. Sections 50.1000 and 70.600, RSMo, are repealed
2 and two new sections enacted in lieu thereof, to be known as
3 sections 50.1000 and 70.600, to read as follows:

50.1000. As used in sections 50.1000 to 50.1300, the
2 following words and terms mean:

3 (1) "Annuity", annual payments, made in equal monthly
4 installments, to a retired member from funds provided for
5 in, or authorized by, the provisions of sections 50.1000 to
6 50.1300;

7 (2) "Average final compensation", the monthly average
8 of the two highest years of annual compensation received by
9 the member;

10 (3) "Board of directors" or "board", the board of
11 directors established by the provisions of sections 50.1000
12 to 50.1300;

13 (4) "Compensation", all salary and other compensation
14 payable to a county employee for personal services rendered
15 as a county employee, but not including travel and mileage
16 reimbursement, and not including compensation in excess of
17 the limit imposed by 26 U.S.C. **Section** 401(a)(17);

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

18 (5) "County", each county in the state, except any
19 city not within a county and counties of the first
20 classification with a charter form of government;

21 (6) "Creditable service", a member's period of
22 employment as an employee, including the member's prior
23 service, except as provided in sections 50.1090 and 50.1140;

24 (7) "Effective date of the establishment of the
25 system", August 28, 1994, the date the retirement system was
26 established;

27 (8) "Employee", any county elective or appointive
28 officer or employee who is hired and fired by the county or
29 by the circuit court located in a county of the first
30 classification without a charter form of government which is
31 not participating in LAGERS, whose work and responsibilities
32 are directed and controlled by the county or by the circuit
33 court located in a county of the first classification
34 without a charter form of government which is not
35 participating in LAGERS, who is compensated directly from
36 county funds, and whose position requires the actual
37 performance of duties during not less than one thousand
38 hours per year, except county prosecuting attorneys covered
39 pursuant to sections 56.800 to 56.840, circuit clerks and
40 deputy circuit clerks covered under the Missouri state
41 retirement system and county sheriffs covered pursuant to
42 sections 57.949 to 57.997 in each county of the state,
43 except for any city not within a county and any county of
44 the first classification having a charter form of government;

45 (9) "LAGERS", the local government employees'
46 retirement system presently codified at sections 70.600 to
47 70.755;

48 (10) "Primary Social Security amount", the old age
49 insurance benefit pursuant to Section 202 of the Social

50 Security Act (42 U.S.C. **Section** 402) payable to a member at
51 age sixty-two. The primary Social Security amount shall be
52 determined pursuant to the Social Security Act as in effect
53 at the time the employee's normal annuity pursuant to
54 section 50.1060 is determined. Such determination shall be
55 at the time that creditable service ends without assuming
56 any future increases in compensation, any future increases
57 in the taxable wage base, any changes in the formulas used
58 pursuant to the Social Security Act, or any future increases
59 in the consumer price index. However, it shall be assumed
60 that the employee will continue to receive compensation at
61 the same rate as that received at the time the determination
62 is being made, until the member reaches age sixty-two. Only
63 compensation with respect to creditable service as a county
64 employee shall be considered, and the first year of
65 compensation as a county employee shall be regressed at
66 three percent per year with respect to years prior to the
67 period of creditable service;

68 (11) "Prior service", service of a member rendered
69 prior to August 28, 1994, the effective date of the
70 establishment of the system;

71 (12) "Required beginning date", the April first of the
72 calendar year following the later of the calendar year in
73 which the member reaches age seventy and one-half, or the
74 calendar year in which the member retires;

75 (13) "Retirement fund" or "fund", the funds held by
76 the county employees' retirement system;

77 (14) "Retirement system" or "system", the county
78 employees' retirement system authorized by the provisions of
79 sections 50.1000 to 50.1300;

80 (15) "Target replacement ratio":

81 (a) Eighty percent, if a member's average final
82 compensation is thirty thousand dollars or less;

83 (b) Seventy-seven percent, if a member's average final
84 compensation is forty thousand dollars or less, but greater
85 than thirty thousand dollars;

86 (c) Seventy-two percent, if a member's average final
87 compensation is fifty thousand dollars or less, but greater
88 than forty thousand dollars;

89 (d) Seventy percent, if a member's average final
90 compensation is greater than fifty thousand dollars.

70.600. The following words and phrases as used in
2 sections 70.600 to 70.755, unless a different meaning is
3 plainly required by the context, shall mean:

4 (1) "Accumulated contributions", the total of all
5 amounts deducted from the compensations of a member and
6 standing to the member's credit in his or her individual
7 account in the members deposit fund, together with
8 investment credits thereon;

9 (2) "Actuarial equivalent", a benefit of equal reserve
10 value;

11 (3) "Allowance", the total of the annuity and the
12 pension. All allowances shall be paid not later than the
13 tenth day of each calendar month;

14 (4) "Annuity", a monthly amount derived from the
15 accumulated contributions of a member and payable by the
16 system throughout the life of a person or for a temporary
17 period;

18 (5) "Beneficiary", any person who is receiving or
19 designated to receive a system benefit, except a retirant;

20 (6) "Benefit program", a schedule of benefits or
21 benefit formulas from which the amounts of system benefits
22 can be determined;

23 (7) "Board of trustees" or "board", the board of
24 trustees of the system;

25 (8) "Compensation", the remuneration paid an employee
26 by a political subdivision or by an elected fee official of
27 the political subdivision for personal services rendered by
28 the employee for the political subdivision or for the
29 elected fee official in the employee's public capacity;
30 provided, that for an elected fee official, **the term**
31 "compensation" means that portion of his or her fees which
32 is net after deduction of (a) compensation paid by such
33 elected fee official to his or her office employees, if any,
34 and (b) the ordinary and necessary expenses paid by such
35 elected fee official and attributable to the operation of
36 his or her office. In cases where an employee's
37 compensation is not all paid in money, the political
38 subdivision shall fix the reasonable value of the employee's
39 compensation not paid in money. In determining compensation
40 no consideration shall be given to:

41 (a) Any nonrecurring single sum payment paid by an
42 employer;

43 (b) Employer contributions to any employee benefit
44 plan or trust;

45 (c) Any other unusual or nonrecurring remuneration; or

46 (d) Compensation in excess of the limitations set
47 forth in **[Internal Revenue Code]** Section 401(a)(17) **of the**
48 **Internal Revenue Code of 1986, as amended, 26 U.S.C. Section**
49 **401(a)(17)**. The limitation on compensation for eligible
50 employees shall not be less than the amount which was
51 allowed to be taken into account under the system as in
52 effect on July 1, 1993. For purposes of this paragraph,
53 **[an] the term "eligible employee" [is] means** an individual

54 who was a member of the system before the first plan year
55 beginning after December 31, 1995;

56 (9) "Credited service", the total of a member's prior
57 service and membership service, to the extent such service
58 is standing to the member's credit as provided in sections
59 70.600 to 70.755;

60 (10) "Employee", any person regularly employed by a
61 political subdivision who receives compensation from the
62 political subdivision for personal services rendered the
63 political subdivision, including any elected official of the
64 political subdivision whose position requires his or her
65 regular personal services and who is compensated wholly or
66 in part on a fee basis, and including the employees of such
67 elected fee officials who may be compensated by such elected
68 fee officials. The term "employee" may include any elected
69 county official. The term "employee" shall not include any
70 person:

71 (a) Who is not an elected official of the political
72 subdivision and who is included as an active member in any
73 other plan similar in purpose to this system by reason of
74 his or her employment with his or her political subdivision,
75 except the federal Social Security Old Age, Survivors, and
76 Disability Insurance Program, as amended; or

77 (b) Who acts for the political subdivision under
78 contract; or

79 (c) Who is paid wholly on a fee basis, except elected
80 officials and their employees; or

81 (d) Who holds the position of mayor, presiding judge,
82 president or chairman of the political subdivision or is a
83 member of the governing body of the political subdivision;
84 except that, such an official of a political subdivision
85 having ten or more other employees may become a member if

86 the official is covered under the federal Social Security
87 Old Age, Survivors, and Disability Insurance Program, as
88 amended, by reason of such official's employment with his or
89 her political subdivision, by filing written application for
90 membership with the board after the date the official
91 qualifies for such position or within thirty days after the
92 date his or her political subdivision becomes an employer,
93 whichever date is later;

94 (11) "Employer", any political subdivision which has
95 elected to have all its eligible employees covered by the
96 system;

97 (12) "Final average salary", the monthly average of
98 the compensations paid an employee during the period of
99 sixty or, if an election has been made in accordance with
100 section 70.656, thirty-six consecutive months of credited
101 service producing the highest monthly average, which period
102 is contained within the period of one hundred twenty
103 consecutive months of credited service immediately preceding
104 his or her termination of membership. Should a member have
105 less than sixty or, if an election has been made in
106 accordance with section 70.656, thirty-six months of
107 credited service, "final average salary" means the monthly
108 average of compensation paid the member during his or her
109 total months of credited service;

110 (13) "Fireman", any regular or permanent employee of
111 the fire department of a political subdivision, including a
112 probationary fireman. The term "fireman" shall not include:

113 (a) Any volunteer fireman; or

114 (b) Any civilian employee of a fire department; or

115 (c) Any person temporarily employed as a fireman for
116 an emergency;

117 (14) "Member", any employee included in the membership
118 of the system;

119 (15) "Membership service", employment as an employee
120 with the political subdivision from and after the date such
121 political subdivision becomes an employer, which employment
122 is creditable as service hereunder;

123 (16) "Minimum service retirement age", age sixty for a
124 member who is neither public safety personnel as [defined]
125 **described** in section 70.631, a policeman, nor a fireman;
126 "minimum service retirement age", age fifty-five for a
127 member who is public safety personnel as [defined] **described**
128 in section 70.631, a policeman, or a fireman;

129 (17) "Pension", a monthly amount derived from
130 contributions of an employer and payable by the system
131 throughout the life of a person or for a temporary period;

132 (18) "Policeman", any regular or permanent employee of
133 the police department of a political subdivision, including
134 a probationary policeman. The term "policeman" shall not
135 include:

136 (a) Any civilian employee of a police department; or

137 (b) Any person temporarily employed as a policeman for
138 an emergency;

139 (19) "Political subdivision", any governmental
140 subdivision of this state created pursuant to the laws of
141 this state, and having the power to tax, except public
142 school districts; a board of utilities or a board of public
143 works which is required by charter or ordinance to establish
144 the compensation of employees of the utility separate from
145 the compensation of other employees of the city may be
146 considered a political subdivision for purposes of sections
147 70.600 to 70.755; a joint municipal utility commission may

148 be considered a political subdivision for purposes of
149 sections 70.600 to 70.755;

150 (20) "Prior service", employment as an employee with
151 the political subdivision prior to the date such political
152 subdivision becomes an employer, which employment is
153 creditable as service hereunder;

154 (21) "Regular interest" or "investment credits", such
155 reasonable rate or rates per annum, compounded annually, as
156 the board shall adopt annually;

157 (22) "Reserve", the present value of all payments to
158 be made on account of any system benefit based upon such
159 tables of experience and regular interest as the board shall
160 adopt from time to time;

161 (23) "Retirant", a former member receiving a system
162 allowance by reason of having been a member;

163 (24) "Retirement system" or "system", the Missouri
164 local government employees' retirement system.

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