

FIRST REGULAR SESSION

SENATE BILL NO. 197

90TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR DePASCO.

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S0668.011

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 86.390, 86.440, 86.441, 86.483, 86.680 and 86.750, RSMo 1994, and sections 86.447, 86.620 and 86.672, RSMo Supp. 1998, relating to certain police retirement systems, and to enact in lieu thereof nine new sections relating to the same subject.

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

Section A. Sections 86.390, 86.440, 86.441, 86.483, 86.680 and 86.750, RSMo 1994, and sections 86.447, 86.620 and 86.672, RSMo Supp. 1998, are repealed and nine new sections enacted in lieu thereof, to be known as sections 86.390, 86.440, 86.441, 86.447, 86.483, 86.620, 86.672, 86.680 and 86.750, to read as follows:

86.390. 1. Each person who becomes a member of this police retirement system pursuant to the provisions of sections 86.370 to 86.497 shall remain a member until the earliest to occur of the following events:

(1) The termination of service of such person and the payment to [him] **such person** of all benefits due [him] **such person** pursuant to the provisions of sections 86.370 to 86.497, unless such termination of service with the police department shall be for the purpose of entering military service in a national emergency;

(2) The termination of service with the police department to enter military service in a national emergency and the failure of such person to return to police service with such department within one year after his discharge from the military service, unless there shall remain benefits due such person pursuant to the provisions of sections 86.370 to 86.497, in which event such person's membership shall terminate pursuant to this subdivision when there shall no longer remain any such benefits due such person; and

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

(3) The death of such person.

2. [Beneficiaries and survivors of members] **If the surviving spouse of a member is entitled to a pension benefit hereunder, such surviving spouse shall be a member of the retirement system for so long as such surviving spouse shall remain entitled to such benefit. Any beneficiary or survivor of a deceased member shall not be [deemed members] a member of this police retirement system if such beneficiary or survivor is not a surviving spouse entitled to benefits pursuant to the provisions of sections 86.370 to 86.497, irrespective of whether there may remain benefits due [them] such beneficiary or survivor from this system.**

86.440. [Those members having ten or more but less than twenty-five years of creditable service who prior to March 25, 1968, have retired on a pension shall be entitled to receive a minimum annual pension of nine hundred dollars beginning with March 25, 1968.] **Any member who retires after August 28, 1999, who is entitled to a pension benefit pursuant to the provisions of sections 86.370 to 86.497 and who either has at least twenty-five years of creditable service or is retired as a result of an accident or illness occurring in the line of duty or course of employment pursuant to section 86.450, shall receive a pension benefit which, when added to any supplemental retirement benefits paid such member by this retirement system and any cost-of-living adjustments to amounts otherwise payable by this system, shall be not less than six hundred dollars monthly. Any member who retires on or before August 28, 1999, who is entitled to a pension benefit pursuant to the provisions of sections 86.370 to 86.497 and who either had at least twenty-five years of creditable service or was retired as a result of an accident or illness occurring in the line of duty or course of employment pursuant to section 86.450, shall upon application to the retirement board be appointed by the retirement board as a special consultant on the problems of retirement, aging and other matters, and upon request of the retirement board shall give opinions and be available to give opinions in writing or orally in response to such requests, as may be required. For such services the member shall, beginning the later of August 28, 1999, or the time of such appointment under this section, be compensated in such amount as shall make the aggregate benefits received by such member from this retirement system, including cost-of-living adjustments and supplemental retirement benefits provided by this system, together with compensation paid pursuant to this section, equal to not less than six hundred dollars monthly.**

86.441. 1. Any member who retires on a pension subsequent to August 13, 1972, may receive each year, beginning January 1, 1972, in addition to [his] **such member's** base pension, a cost-of-living adjustment in an amount not to exceed three percent of his base pension during any one year provided that the retirement pension system shall remain actuarially sound.

2. Any member who was retired on August 13, 1972, may receive each year, beginning

January 1, 1986, in addition to [his] **such member's** base pension, a cost-of-living adjustment in an amount not to exceed three percent of [his] **such** base pension during any one year, provided that the retirement pension system shall remain actuarially sound.

3. If a member who has been retired and receiving a pension dies after September 28, 1987, the surviving spouse or children of such member entitled to receive a base pension pursuant to section 86.447 shall also receive a percentage cost-of-living adjustment to their respective base pension equal to the total percentage cost-of-living adjustments received during [his] **such member's** lifetime pursuant to this section.

4. The cost-of-living adjustment shall be an increase or decrease computed on the base pension amount by using the consumer price index to determine the percentage of increase or decrease; but in no event shall the adjustment reduce the pension to an amount less than the base pension. The retirement board shall utilize the consumer price index for urban wage earners and clerical workers for Kansas City, Missouri, published by the Bureau of Labor Statistics, United States Department of Labor, in determining the percentage increment for such cost-of-living adjustment or, in the event such index is or becomes unavailable, the retirement board may select such other index as it in its discretion determines to be satisfactory.

5. In determining and granting the cost-of-living adjustments, the retirement board shall adopt such rules and regulations as may be necessary to effectuate the purposes of this section including provisions for the manner of computation of such adjustments and the effective dates thereof. The retirement board shall provide for such adjustments to be determined once each year and granted on a date or dates to be chosen by the board and may apply such adjustments in full to members who have retired during the year prior to such adjustments but who have not been retired for one full year and to the surviving spouse or children of a member who has died during the year prior to such adjustments.

6. As used in this cost-of-living adjustment section, the term "base pension" shall mean, when used in connection with a member, the pension computed under the provisions of the law as of the date of retirement of the member without regard to cost-of-living adjustment and, when used in connection with a surviving spouse or children of a member, the pension computed under the provisions of the law as of the date of death of the member without regard to cost-of-living adjustment **except as provided in section 86.447**. For the purposes of subsections 1 and 2 of this section, the term "member" shall include a surviving spouse **entitled to pension benefits from this retirement system** who has not remarried and any children of the member who are entitled to receive part or all of the pension which would be received by a surviving spouse who had not remarried or died.

7. The determination of whether the retirement pension system will remain actuarially sound shall be made at the time any cost-of-living adjustment is granted. If at any time the retirement pension system becomes actuarially unsound, pension payments shall continue as

adjusted by increases theretofore granted. A member of the retirement board shall have no personal liability for granting increases under this section if that retirement board member in good faith relied and acted upon advice of a qualified actuary that the retirement pension system would remain actuarially sound.

86.447. 1. Upon receipt of the proper proofs of death of a member in service for any reason whatever or of the death of a member after having been retired and pensioned, there shall be paid, in addition to all other benefits, the following:

(1) [To his] **If a member dies while in service, such member's** surviving spouse, if any, **shall be paid a base** pension equal to forty percent of the final compensation of such member, subject to [adjustment] **subsequent adjustments**, if any, as provided in section 86.441[, which pension shall terminate on the remarriage of such surviving spouse];

(2) If a member retires or terminates service after August 28, 1999, and dies after commencement of benefits pursuant to the provisions of sections 86.370 to 86.497, the member's surviving spouse, if any, shall be paid a base pension equal to eighty percent of the pension being received by such member, including cost-of-living adjustments to such pension but excluding supplemental retirement benefits, at the time of such member's death, subject to subsequent adjustments, if any, as provided in section 86.441;

(3) If a member retired or terminated service on or before August 28, 1999, and died after August 28, 1999, and after commencement of benefits, such member's surviving spouse shall upon application to the retirement board, be appointed and employed by the retirement board a special consultant on the problems of retirement, aging and other matters, and upon request of the retirement board shall give opinions and be available to give opinions in writing or orally in response to such requests, as may be required. For such services, the surviving spouse shall, beginning the later of August 28, 1999, or the time of such appointment under this subsection, be compensated in such amount as shall make the benefits received by such surviving spouse pursuant to this subsection equal to eighty percent of the pension being received by such member, including cost-of-living adjustments to such pension but excluding supplemental retirement benefits, at the time of such member's death, subject to subsequent adjustments, if any, as provided in section 86.441;

(4) For any member who retires or terminates service after August 28, 1999, and who either had at least twenty-five years of creditable service or was retired as a result of an accident or illness occurring in the line of duty or course of employment pursuant to section 86.450, the surviving spouse's benefit provided pursuant to this subsection, when added to any supplemental retirement benefits paid such surviving spouse by this retirement system and any cost-of-living adjustments to amounts otherwise payable by the retirement system, shall not be less than six hundred dollars per month. For any

member who retires or terminates service on or before August 28, 1999, and who either had at least twenty-five years of creditable service or was retired as a result of an accident or illness occurring in the line of duty or course of employment pursuant to section 86.450, the surviving spouse shall upon application to the retirement board be appointed by the retirement board as a special consultant on the problems of retirement, aging and other matters, and upon request of the retirement board shall give opinions and be available to give opinions in writing or orally in response to such requests, as may be required. For such services, the surviving spouse, shall, beginning the later of August 28, 1999, or the time the appointment is made pursuant to this subsection, be compensated in such amount as shall make the aggregate benefits received by such surviving spouse from this retirement, including cost-of-living adjustments and supplemental retirement benefits provided by this system, together with compensation paid pursuant to this section, equal to not less than six hundred dollars per month;

[(2) To his] (5) Such member's child or children under the age of eighteen years at the time of **the member's** decease, **shall be paid** fifty dollars per month each, subject to **[adjustment] adjustments**, if any, as provided in section 86.441, until he or she shall attain the age of eighteen years; however, each such child who is or becomes a full-time student at an accredited educational institution shall continue to receive payments hereunder for so long as such child shall remain such a full-time student or shall be in a summer or other vacation period scheduled by the institution with intent by such child, demonstrated to the satisfaction of the retirement board, to return to such full-time student status upon the resumption of the institution's classes following such vacation period, but in no event shall such payments be continued after such child shall attain the age of twenty-one years except as hereinafter provided. Any child eighteen years of age or older, who is physically or mentally incapacitated from wage earning, so long as such incapacity exists as certified by a member of the medical board, shall be entitled to the same benefits as a child under the age of eighteen;

[(3)] (6) A funeral benefit of one thousand dollars.

2. For the purposes of this section, "commencement of benefits" shall begin, for any benefit, at such time as all requirements have been met entitling the member to a payment of such benefit at the next following payment date, disregarding advance notice periods required by any paying agent for physical preparation of the payment, so that a member who dies between the date all such requirements are met and the date when the system would have delivered such member's initial payment shall be deemed to have commenced such benefit.

[2.] 3. If there is no person qualified to receive a pension as a surviving spouse or if a surviving spouse remarries or dies, the total amount which would be received by a qualified surviving spouse or which is being received by the surviving spouse at the date of the remarriage

or death of such surviving spouse shall be added to the amounts received by and shall be divided among the children under the age of eighteen years and the incapacitated children in equal shares. As each child attains the age of eighteen years or has his incapacity removed, the total of the surviving spouse's pension shall then be added to and divided among the remaining children, and when there is only one child under the age of eighteen years or incapacitated, whether such child is the sole surviving child of the member or the youngest child of several children, the total amount of the surviving spouse's pension shall be paid to the child until he reaches the age of eighteen years or his incapacity is removed.

[3.] **4.** No surviving spouse shall be entitled to receive **any** benefits [or the payment of a pension under] **pursuant to** this section unless such spouse was married to the member at the time of the member's retirement. **All benefits provided pursuant to this section for an eligible surviving spouse shall terminate upon remarriage of such surviving spouse.**

[4.] **5.** If no benefits are otherwise payable to a surviving spouse or child of a deceased member, the member's accumulated contributions, to any extent not fully paid to such member prior to the member's death or to the surviving spouse or child of such member, shall be paid in one lump sum to the member's named beneficiary or, if none, to the member's estate.

[5.] **6.** For purposes of this section, a determination of whether a child of a member is physically or mentally incapacitated from wage earning so that the child is entitled to benefits under this section shall be made at the time of the member's death. If a child becomes incapacitated after the member's death, or if [after] a child's incapacity existing at the member's death is removed and such child later becomes incapacitated again, such child shall not be entitled to benefits as an incapacitated child under the provisions of this section. A child shall be deemed incapacitated only for so long as the incapacity existing at the time of the member's death continues.

86.483. 1. The retirement board shall act as trustee of the funds created by or collected pursuant to the provisions of sections 86.370 to 86.497. [They] **With appropriate safeguards against loss by the retirement system, the board may designate one or more banks or trust companies to serve as a depository of retirement system funds and intermediary in the investment of those funds and payment of system obligations. The board** shall promptly deposit the funds [in a] **with any such designated** bank or trust company [organized under the laws of the state of Missouri or the United States and doing business within the state of Missouri and qualified as a depository for the funds of the city].

2. The retirement board shall have power, in the name and on behalf of the retirement pension system, to purchase, acquire, hold, invest, lend, lease, sell, assign, transfer and dispose of all property, rights, and securities, and enter into written contracts, all as may be necessary or proper to carry out the purposes of sections 86.370 to 86.497. **No investment transaction authorized by the retirement board shall be handled by any company or firm in which**

a member of the board has an interest, nor shall any member of the board profit directly or indirectly from any such investment. All investments shall be made for the account of the retirement system, and any securities or other properties obtained by the retirement board may be held by a custodian in the name of the retirement system, or in the name of a nominee in order to facilitate the expeditious transfer of such securities or other properties. Such securities or other properties may be held by such custodian in bearer form or in book entry form. The retirement system is further authorized to deposit, or have deposited for its account, eligible securities in a central depository system or clearing corporation or in a federal reserve bank under a book entry system as defined in the Uniform Commercial Code, sections 400.8-102 and 400.8-109, RSMo. When such eligible securities of the retirement system are so deposited with the central depository system they may be merged and held in the name of the nominee of such securities depository and title to such securities may be transferred by bookkeeping entry on the books of such securities depository or federal reserve bank without physical delivery of the certificates or documents representing such securities.

3. The income from investments shall be credited at least annually to the funds of the retirement system. All payments from the funds shall be made by the bank or trust company only upon orders signed by the secretary and treasurer of the retirement board. No order shall be drawn unless it shall have previously been allowed by resolution of the retirement board. All bonds or securities acquired and held by the retirement board shall be kept in a safe-deposit box, and access thereto shall be had only by the secretary and treasurer, jointly; except that, the retirement board may contract with a bank or trust company to act as the custodian of the bonds and securities, in which case the retirement board may authorize its secretary and treasurer, jointly, to order purchases, loans or sales of investments by such custodian bank or trust company.

86.620. **1.** All civilian employees of the police departments of the cities specified herein shall become members of the retirement system on the first day of the month following completion of six months of continuous employment as a condition of employment.

2. All civilian employees of such police departments who have completed six months of continuous employment as of August 13, 1990, but who have not theretofore been members of this retirement system because they were proscribed from participation by provisions of law in effect prior to such date, shall become members on that date.

3. Any employee described in [the preceding sentence] **subsection 2 of this section** may establish creditable service for purposes of calculating such employee's pension under sections 86.600 to 86.790 for all years of such employee's employment by such police department, by paying as an employee contribution to the retirement system, on or before August 13, 1991, a single sum equal to the aggregate amount of contributions, without interest, which would have been deducted from such employee's compensation for all years pursuant to section 86.760 if such employee had

not been proscribed from participation.

4. Except as [hereinafter] provided **in subsection 5 of this section**, upon termination of employment prior to completion of five years of creditable service, an employee member shall be paid all of [his] **such member's** accumulated contributions to the fund, and [his] **such member's** membership in the retirement system shall cease and [he] **such member** shall forfeit all rights to any other benefits under the system arising from [his] **such member's** service to date of termination.

5. A terminated employee member with five or more years of creditable service may choose to withdraw all of such member's accumulated contributions to the fund, in which case such member shall be paid upon demand the amount of [his] **such member's** accumulated contributions in one lump payment **and all provisions of subsection 4 of this section shall apply**, or such terminated employee member may permit [his] **such member's** contributions to remain in the fund until [he] **such member** reaches [his] **such member's** normal retirement date[, at which time he shall be entitled to a pension as provided in section 86.650]. Should a terminated member choose to withdraw his contributions, his membership in the retirement system shall cease, and he shall forfeit all rights to any other benefits under the system arising from his service to date of termination. **The following shall apply to members described in this subsection:**

(1) **If such member retires after August 28, 1999, and allows such member's contributions to remain in the fund, such member shall be entitled to receive a pension upon such member's normal retirement date pursuant to section 86.650 or may elect to receive a pension commencing upon or after any date, prior to his normal retirement date, upon which early retirement would have been permitted pursuant to section 86.660 if such member had remained a civilian employee of such police department, except that in calculating any qualification pursuant to section 86.660, such member shall not be entitled to count any year of creditable service in excess of such member's total years of creditable service at the time of such member's termination of employment. The amount of any pension commenced upon the basis of a date permitted pursuant to section 86.660 shall be computed on the basis of the member's final compensation and number of years of creditable service, subject to such adjustments as may be applicable pursuant to section 86.660 upon which such member relies in electing the commencement of such member's pension;**

(2) **If such member retired on or before August 28, 1999, and allowed his contributions to remain in the fund, such member shall upon application to the retirement board be appointed by the retirement board as a special consultant on the problems of retirement, aging and other matters, and upon request of the retirement board shall give opinions and be available to give opinions in writing or orally in response to such requests, as may be required. For such services the member shall,**

beginning the later of August 28, 1999, or the time of such appointment pursuant to this subsection, be entitled to elect to receive compensation in such amount and commencing at such time as such member would have been entitled to elect pursuant to any of the provisions of section 86.660 if such member had terminated service after August 28, 1999. Such member shall be entitled to the same cost-of-living adjustments following the commencement of such compensation as if such member's compensation had been a pension.

86.672. 1. Any member who retires after August 28, 1996, and who is entitled to a pension under sections 86.600 to 86.790, shall receive each month, in addition to such member's base pension and any other benefits provided in sections 86.600 to 86.790, a supplemental retirement health insurance benefit in the amount of fifty dollars per month. Any person who receives such a supplemental retirement health insurance benefit may also receive not more frequently than annually, in addition to a base pension as may be adjusted pursuant to section 86.675 and in addition to such supplemental retirement benefit, a cost-of-living adjustment to the supplemental retirement health insurance benefit in monthly adjustment increments to be determined by the retirement board.

2. Any member who retired after August 28, 1995, and on or before August 28, 1996, and who met the requirements of subsection 7 of this section on the date of such member's retirement, shall receive each month, in addition to such member's base pension and any other benefits provided in sections 86.600 to 86.790, a supplemental retirement health insurance benefit in the amount of fifty dollars per month payable until the member attains the age of sixty-five years. Any person who receives such a supplemental retirement health insurance benefit may also receive not more frequently than annually, in addition to a base pension as may be adjusted pursuant to section 86.675, and in addition to such supplemental retirement health insurance benefit, a cost-of-living adjustment to the supplemental retirement health insurance benefit in monthly adjustment increments to be determined by the retirement board.

3. Any member who retired after August 28, 1992, and on or before August 28, 1995, and who met the requirements of subsection 7 of this section on the date of such member's retirement, shall receive each month, in addition to the member's base pension and any other benefits provided in sections 86.600 to 86.790, a supplemental retirement health insurance benefit in the amount of fifty dollars per month payable until the member attains the age of sixty-five years. Any member who was retired after August 28, 1992, and on or before August 28, 1995, and who receives a supplemental retirement health insurance benefit, shall upon application to the retirement board, be made, constituted, appointed and employed by the retirement board as a special consultant on the problems of retirement, aging and other matters, until the member attains the age of sixty-five years, and upon request of the retirement board shall give opinions and be available to give opinions in writing or orally, in response to such requests, as may be

required. For such services the member shall be compensated monthly, in addition to a base pension as may be adjusted pursuant to section 86.675, and in addition to the supplemental retirement health insurance benefit set out in this subsection, by a cost-of-living adjustment to the supplemental retirement health insurance benefit payable in monthly adjustment increments to be determined by the retirement board.

4. Any member who retired on or before August 28, [1996] **1999**, who at the time of such retirement was entitled to a pension under sections 86.600 to 86.790 and who either was not eligible for any supplemental retirement health insurance benefits or was eligible for and began receiving supplemental retirement health insurance benefits but ceased eligibility by attaining age sixty-five, shall upon application to the retirement board, be made, constituted, appointed and employed by the retirement board as a special consultant on the problems [of retirement board as a special consultant on the problems] of retirement, aging and other matters, and upon request of the retirement board shall give opinions and be available to give opinions in writing or orally in response to such requests, as may be required. For such services the member shall, beginning the later of August 28, 1996, or the time of such appointment under this subsection, be compensated monthly, in addition to a base pension as may be adjusted pursuant to section 86.675, by a supplemental retirement health insurance benefit in the amount of fifty dollars per month, for assistance in meeting hospitalization and medical care costs or other expenses, and by a cost-of-living adjustment to the supplemental retirement health insurance benefit, in monthly adjustment increments to be determined by the retirement board.

5. The determination of cost-of-living adjustments under this section shall be based on advice of the plan's actuary that the increase in the benefit will not cause the present value of anticipated future plan benefits calculated on the actuarial assumptions used for the last annual valuation to exceed the sum of the retirement system assets plus the present value of anticipated contributions to the retirement system. The determination of whether an adjustment will satisfy said actuarial standard shall be made at the time an increase is granted. If at any time the retirement system shall cease to satisfy such standard, all benefit payments shall continue as adjusted by increases theretofore granted. A member of the retirement board shall have no personal liability for granting increases under this section if that retirement board member in good faith relied and acted upon advice of a qualified actuary that the retirement system would satisfy such standard at the time an adjustment is made. In determining and granting cost-of-living adjustments under this section, the retirement board shall adopt such rules and regulations as may be necessary to effectuate the purposes of this section, including provisions for the manner of computation of such adjustments and the effective dates thereof. The retirement board shall provide for such adjustments to be determined once each year and granted on a date or dates to be chosen by the board and may apply such adjustments in full to members who have retired during the year prior to such adjustments but who have not been retired for one full year.

6. Any member's employment as a special consultant under subsection 3 or 4 of this section shall in no way affect such member's eligibility for retirement benefits under the provisions of sections 86.600 to 86.790, or in any way have the effect of reducing retirement benefits otherwise payable to such member.

7. Members entitled to the benefits provided in subsections 2 and 3 of this section are those members who:

- (1) Are under the age of sixty-five years; and
- (2) (a) Have at least twenty-five years of creditable service; or
- (b) Have a total of age and years of creditable service which equals or exceeds eighty; or
- (c) Meet the eligibility requirements for a duty disability pension under the provisions of section 86.670.

8. For purposes of this section, the term member shall include a surviving spouse who is entitled to a pension under sections 86.600 to 86.790. In determining which subsection or subsections are applicable in a given instance, the surviving spouse shall be deemed to have retired on the date of retirement of the member of whom such person is the surviving spouse or on the date of death of such member if such member died prior to retirement. Any such surviving spouse of a member who dies while entitled to payments under this section shall succeed to the full amount of payment under this section to which such member was entitled at the time of such member's death, including any cost-of-living adjustments received by such member in the payment hereunder prior to such member's death.

86.680. 1. Each person who becomes a member of this retirement system pursuant to the provisions of sections 86.600 to 86.790 shall remain a member until the earliest to occur of the following events:

(1) The termination of employment of such person by the applicable police department and the payment to him of all benefits due him pursuant to the provisions of sections 86.600 to 86.790, unless such termination of employment by the police department shall be for the purpose of entering military service in a national emergency;

(2) The termination of employment by the police department to enter military service in a national emergency and the failure of such person to return to employment by such department within one year after his discharge from the military service, unless there shall remain benefits due such person pursuant to the provisions of sections 86.600 to 86.790, in which event such person's membership shall terminate pursuant to this subdivision when there shall no longer remain any such benefits due such person; and

(3) The death of such person.

2. **[Beneficiaries and survivors of members] If the surviving spouse of a member is entitled to a pension benefit, such surviving spouse shall be a member of the retirement system for so long as such surviving spouse shall remain entitled to such benefit. Any**

beneficiary or survivor of a deceased member shall not be [deemed members] **a member** of this retirement system **if such beneficiary or survivor is not a surviving spouse entitled to benefits pursuant to the provisions of sections 86.600 to 86.790**, irrespective of whether there may remain benefits due [them] **such beneficiary or survivor** from this system.

86.750. 1. [The retirement board shall be the trustees of the funds created by sections 86.600 to 86.790. The retirement board shall have power, in the name and on behalf of the retirement system, to purchase, acquire, hold, invest, lend, lease, sell, assign, transfer and dispose of all property, rights, and securities, and enter into written contracts, all as may be necessary or proper to carry out the purposes of sections 86.600 to 86.790.

2. No trustee and no member of the retirement system shall have any direct interest in the gains or profits of any investment made by the retirement board, nor as such receive any compensation for his service.] **The retirement board shall act as trustee of the funds created by or collected pursuant to the provisions of sections 86.600 to 86.790. With appropriate safeguards against loss by the retirement system, the board may designate one or more banks or trust companies to serve as a depository of retirement system funds and intermediary in the investment of those funds and payment of system obligations. The board shall promptly deposit the funds with any such designated bank or trust company.**

2. The retirement board shall have power, in the name and on behalf of the retirement pension system, to purchase, acquire, hold, invest, lend, lease, sell, assign, transfer and dispose of all property, rights, and securities, and enter into written contracts, all as may be necessary or proper to carry out the provisions of sections 86.600 to 86.790. No investment transaction authorized by the retirement board shall be handled by any company or firm in which a member of the board has an interest, nor shall any member of the board profit directly or indirectly from any such investment. All investments shall be made for the account of the retirement system, and any securities or other properties obtained by the retirement board may be held by the custodian in the name of the retirement system, or in the name of the nominee in order to facilitate the expeditious transfer of such securities or other property. Such securities or other properties may be held by such custodian in bearer form or in book entry form. The retirement system is further authorized to deposit, or have deposited for its account, eligible securities in a central depository system or clearing corporation or in a federal reserve bank under a book entry system as defined in the Uniform Commercial Code, sections 400.8-102 and 400.8-109, RSMo. When such eligible securities of the retirement system are so deposited with the central depository system they may be merged and held in the name of the nominee of such securities depository and title to such securities may be transferred by bookkeeping entry on the books of such securities depository or federal reserve bank without physical delivery of the

certificates or documents representing such securities.

3. The income from investments shall be credited at least annually to the funds of the retirement system. All payments from the funds shall be made by the bank or trust company only upon orders signed by the secretary and treasurer of the retirement board. No order shall be drawn unless it shall have previously been allowed by resolution of the retirement board. All bonds or securities acquired and held by the retirement board shall be kept in a safe-deposit box, and access thereto shall be had only by the secretary and treasurer, jointly; except that, the retirement board may contract with a bank or trust company to act as a custodian of the bonds and securities, in which case the retirement board may authorize its secretary and treasurer, jointly, to order purchases, loans or sales of investments by such custodian bank or trust company.

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