

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2431
102ND GENERAL ASSEMBLY

4391H.02C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, and 105.688, RSMo, and to enact in lieu thereof ten new sections relating to public employee retirement systems.

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

Section A. Sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 2 and 105.688, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as 3 sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 70.748, and 4 105.688, to read as follows:

70.605. 1. For the purpose of providing for the retirement or pensioning of the 2 officers and employees and the widows and children of deceased officers and employees of 3 any political subdivision of the state, there is hereby created and established a retirement 4 system which shall be a body corporate, which shall be under the management of a board of 5 trustees herein described, and shall be known as the "Missouri Local Government Employees' 6 Retirement System". Such system may sue and be sued, transact business, invest funds, and 7 hold cash, securities, and other property. All suits or proceedings directly or indirectly against 8 the system shall be brought in Cole County. The system shall begin operations on the first 9 day of the calendar month next following sixty days after the date the board of trustees has 10 received certification from ten political subdivisions that they have elected to become 11 employers.

12 2. The general administration and the responsibility for the proper operation of the 13 system is vested in a board of trustees of seven persons: three persons to be elected as trustees 14 by the members of the system; three persons to be elected trustees by the governing bodies of 15 employers; and one person, to be appointed by the governor, who is not a member, retirant, or

EXPLANATION — Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

16 beneficiary of the system and who is not a member of the governing body of any political
17 subdivision. **Beginning on January 1, 2025, upon the expiration of the term of the**
18 **employer trustee elected to the board with a term ending on December 31, 2024, the**
19 **position of such employer trustee shall thereafter be replaced by a person to be elected**
20 **as trustee by the retirants of the system.**

21 3. Trustees shall be chosen for terms of four years from the first day of January next
22 following their election or appointment~~]; except that of the first board shall all be appointed~~
23 ~~by the governor by and with the consent of the senate, as follows:~~

24 (1) ~~Three persons who are officers or officials of political subdivisions, one for a term~~
25 ~~of three years, one for a term of two years, and one for a term of one year; and~~

26 (2) ~~Three persons who are employees of political subdivisions and who would, if the~~
27 ~~subdivision by which they are employed becomes an employer, be eligible as members, one~~
28 ~~for a term of three years, one for a term of two years, and one for a term of one year; and~~

29 (3) ~~That person appointed by the governor under the provisions of subsection 2 of this~~
30 ~~section. All the members of the first board shall take office as soon as appointed by the~~
31 ~~governor, but their terms shall be computed from the first day of January next following their~~
32 ~~appointment, and only one member may be from any political subdivision or be a policeman~~
33 ~~or fireman].~~

34 4. Successor trustees elected or appointed as member trustees shall be members of the
35 retirement system; provided, that not more than one ~~[member]~~ trustee shall be employed by
36 any one employer, and not more than one ~~[member]~~ trustee shall be a policeman, and not
37 more than one ~~[member]~~ trustee shall be a fireman, **and not more than one trustee shall be**
38 **public safety personnel as described in section 70.631.**

39 5. **For terms beginning on or after January 1, 2025,** successor trustees elected as
40 employer trustees shall be elected or appointed officials of **the governing bodies of the**
41 **employers** ~~[and shall not be members of the retirement system]~~ **or executive level employees**
42 **certified by the governing bodies of the employers;** provided, that not more than one
43 ~~[employer]~~ trustee shall be from any one employer, **and not more than one trustee shall be**
44 **a policeman, and not more than one trustee shall be a fireman, and not more than one**
45 **trustee shall be public safety personnel as described in section 70.631.**

46 6. ~~[An annual meeting of the retirement system shall be called by the board in the last~~
47 ~~calendar quarter of each year in Jefferson City, or at such place as the board shall determine,~~
48 ~~for the purpose of electing trustees and to transact such other business as may be required for~~
49 ~~the proper operation of the system. Notice of such meeting shall be sent by registered mail to~~
50 ~~the clerk or secretary of each employer not less than thirty days prior to the date of such~~
51 ~~meeting. The governing body of each employer shall certify to the board the name of one~~
52 ~~delegate who shall be an officer of the employer, and the members of the employer shall~~

53 ~~certify to the board a member of the employer to represent such employer at such meeting.~~
54 ~~The delegate certified as member delegate shall be elected by secret ballot by the members of~~
55 ~~such employer, and the clerk or secretary of each employer shall be charged with the duty of~~
56 ~~conducting such election in a manner which will permit each member to vote in such election.~~
57 ~~Under such rules and regulations as the board shall adopt, approved by the delegates, the~~
58 ~~member delegates shall elect a member trustee for each such position on the board to be~~
59 ~~filled, and the officer delegates shall elect an employer trustee for each such position on the~~
60 ~~board to be filled.] **Successor trustees elected as retiree trustees shall be retirants of the**~~
61 **system pursuant to sections 70.600 to 70.755.**

62 **7. The elections of the trustees shall be arranged for and managed and**
63 **conducted by the board of trustees of the retirement system.**

64 **8.** In the event any [~~member trustee ceases to be a member of the retirement system,~~
65 ~~or any employer trustee ceases to be an appointed or elected official of an employer, or~~
66 ~~becomes a member of the retirement system, or if the trustee appointed by the governor~~
67 ~~becomes a member of the retirement system or an elected or appointed official of a political~~
68 ~~subdivision] **trustee ceases to meet the eligibility requirements pursuant to this section,**~~
69 ~~or if any trustee fails to attend three consecutive meetings of the board, unless in each case~~
70 ~~excused for cause by the remaining trustees attending such meeting or meetings, he or she~~
71 ~~shall be considered as having resigned from the board and the board shall, by resolution,~~
72 ~~declare his or her office of trustee vacated. If a vacancy occurs in the office of trustee, the~~
73 ~~vacancy shall be filled for the unexpired term in the same manner as the office was previously~~
74 ~~filled; provided, however, that the remaining trustees may fill employer and member trustee~~
75 ~~vacancies on the board until the next [annual meeting] election.~~

76 ~~[8.]~~ **9.** Each trustee shall be commissioned by the governor, and before entering upon
77 the duties of his office, shall take and subscribe to an oath or affirmation to support the
78 Constitution of the United States, and of the state of Missouri, and to demean himself
79 faithfully in his or her office. Such oath as subscribed to shall be filed in the office of the
80 secretary of state of this state.

81 ~~[9.]~~ **10.** Each trustee shall be entitled to one vote in the board of trustees. Four votes
82 shall be necessary for a decision by the trustees at any meeting of the board of trustees. Four
83 trustees~~[, of whom at least two shall be member trustees and at least two shall be employer~~
84 ~~trustees;]~~ shall constitute a quorum at any meeting of the board. Unless otherwise expressly
85 provided herein, a meeting need not be called or held to make any decision on a matter before
86 the board. Each member must be sent by the executive secretary a copy of the matter to be
87 decided with full information from the files of the board. The concurring decisions of four
88 trustees may decide the issue by signing a document declaring their decision and sending the
89 written instrument to the executive secretary, provided that no other trustee shall send a

90 dissenting decision to the executive secretary within fifteen days after the document and
91 information was mailed to him or her. If any trustee is not in agreement with the four trustees,
92 the matter is to be passed on at a regular board meeting or a special meeting called for that
93 purpose. The board shall hold regular meetings at least once each quarter, the dates of these
94 meetings to be designated in the rules and regulations adopted by the board. Other meetings
95 as deemed necessary may be called by the ~~[chairman]~~ **chairperson** or by any four trustees
96 acting jointly.

97 ~~[10.]~~ **11.** The board of trustees shall elect one of their number as ~~[chairman]~~
98 **chairperson**, and one of their number as vice ~~[chairman]~~ **chairperson**, and shall employ an
99 executive secretary, not one of their number, who shall be the executive officer of the board.
100 Other employees of the board shall be chosen only upon the recommendation of the executive
101 secretary.

102 ~~[11.]~~ **12.** The board shall appoint an actuary or a firm of actuaries as technical advisor
103 to the board on matters regarding the operation of the system on an actuarial basis. The
104 actuary or actuaries shall perform such duties as are required of him or her under sections
105 70.600 to 70.755, and as are from time to time required by the board.

106 ~~[12.]~~ **13.** The board may appoint an attorney-at-law or firm of attorneys-at-law to be
107 the legal advisor of the board and to represent the board in all legal proceedings.

108 ~~[13.]~~ **14.** The board may appoint an investment counselor to be the investment advisor
109 of the board.

110 ~~[14.]~~ **15.** The board shall from time to time, after receiving the advice of its actuary,
111 adopt such mortality and other tables of experience, and a rate or rates of regular interest, as
112 shall be necessary for the actuarial requirements of the system, and shall require its executive
113 secretary to keep in convenient form such data as shall be necessary for actuarial
114 investigations of the experience of the system, and such data as shall be necessary for the
115 annual actuarial valuations of the system.

116 ~~[15.]~~ **16.** The board shall keep a record of its proceedings, which shall be open to
117 public inspection. It shall prepare annually and render to each employer a report showing the
118 financial condition of the system as of the preceding June thirtieth. The report shall contain,
119 but shall not be limited to, a financial balance sheet; a statement of income and
120 disbursements; a detailed statement of investments acquired and disposed of during the
121 year, together with a detailed statement of the annual rates of investment income from all
122 assets and from each type of investment; an actuarial balance sheet prepared by means of the
123 last valuation of the system, and such other data as the board shall deem necessary or
124 desirable for a proper understanding of the condition of the system.

125 ~~[16.]~~ **17.** The board of trustees shall, after reasonable notice to all interested parties,
126 conduct administrative hearings to hear and decide questions arising from the administration

127 of sections 70.600 to 70.755; except, that such hearings may be conducted by a hearing
128 officer who shall be appointed by the board. The hearing officer shall preside at the hearing
129 and hear all evidence and rule on the admissibility of evidence. The hearing officer shall
130 make recommended findings of fact and may make recommended conclusions of law to the
131 board. All final orders or determinations or other final actions by the board shall be approved
132 in writing by at least four members of the board. Any board member approving in writing
133 any final order, determination or other final action, who did not attend the hearing, shall do so
134 only after certifying that he or she reviewed all exhibits and read the entire transcript of the
135 hearing. Within thirty days after a decision or order or final action of the board, any member,
136 retirant, beneficiary or political subdivision adversely affected by that determination or order
137 or final action may take an appeal under the provisions of chapter 536. Jurisdiction over any
138 dispute regarding the interpretation of sections 70.600 to 70.755 and the determinations
139 required thereunder shall lie in the circuit court of Cole County.

140 ~~[17.]~~ **18.** The board shall arrange for adequate surety bonds covering the executive
141 secretary and any other custodian of the funds or investments of the board. When approved
142 by the board, said bonds shall be deposited in the office of the secretary of state.

143 ~~[18.]~~ **19.** The board shall arrange for annual audits of the records and accounts of the
144 system by a certified public accountant or by a firm of certified public accountants.

145 ~~[19.]~~ **20.** The headquarters of the retirement system shall be in Jefferson City.

146 ~~[20.]~~ **21.** The board of trustees shall serve as trustees without compensation for their
147 services as such; except that each trustee shall be paid for any necessary expenses incurred in
148 attending meetings of the board or in the performance of other duties authorized by the board.

149 ~~[21.]~~ **22.** Subject to the limitations of sections 70.600 to 70.755, the board shall
150 formulate and adopt rules and regulations for the government of its own proceedings and for
151 the administration of the retirement system.

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

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

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

9 (3) If his employing political subdivision has elected to cover present and future
10 policemen, all policemen who are in the employ of a political subdivision the day preceding
11 the date such political subdivision covers policemen hereunder and who continue in such
12 employ as a policeman on and after such date, and all persons who become employed by a

13 political subdivision as a policeman on or after the date the political subdivision covers
14 policemen shall become members of the system.

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

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

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

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

31 ~~3.]~~ In any case of question as to the system membership status of any person, the
32 board shall decide the question.

70.655. 1. Upon a member's retirement he or she shall receive an allowance for life in
2 accordance with the applicable benefit program elected by the member's employer, as
3 follows:

4 (1) Benefit program L-1. A member with credited service covered by benefit
5 program L-1 shall receive an allowance for life equal to one percent of the member's final
6 average salary multiplied by the number of years of such credited service;

7 (2) Benefit program L-3. A member with credited service covered by benefit
8 program L-3 shall receive an allowance for life equal to one and one-quarter percent of the
9 member's final average salary multiplied by the number of years of such credited service;

10 (3) Benefit program LT-4. A member with credited service covered by benefit
11 program LT-4 shall receive an allowance for life equal to one percent of the member's final
12 average salary multiplied by the number of years of such credited service. In addition, if such
13 member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and if
14 such member's age at retirement is younger than age sixty-two, then such member shall
15 receive a temporary allowance equal to one percent of the member's final average salary
16 multiplied by the number of years of such credited service. Such temporary allowance shall

17 terminate at the end of the calendar month in which the earlier of the following events occurs:
18 such member's death; or the member's attainment of age sixty-two;

19 (4) Benefit program LT-5. A member with credited service covered by benefit
20 program LT-5 shall receive an allowance for life equal to one and one-quarter percent of the
21 member's final average salary multiplied by the number of years of such credited service. In
22 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
23 70.670, and if such member's age at retirement is younger than age sixty-two, then such
24 member shall receive a temporary allowance equal to three-quarters of one percent of the
25 member's final average salary multiplied by the number of years of such credited service.
26 Such temporary allowance shall terminate at the end of the calendar month in which the
27 earlier of the following events occurs: such member's death; or the member's attainment of
28 age sixty-two;

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

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

35 (7) Benefit program LT-8. A member with credited service covered by benefit
36 program LT-8 shall receive an allowance for life equal to one and one-half percent of the
37 member's final average salary multiplied by the number of years of such credited service. In
38 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
39 70.670, and if such member's age at retirement is younger than age sixty-two, then such
40 member shall receive a temporary allowance equal to one-half of one percent of the member's
41 final average salary multiplied by the number of years of such credited service. Such
42 temporary allowance shall terminate at the end of the calendar month in which the earlier of
43 the following events occurs: such member's death; or the member's attainment of age sixty-
44 two;

45 (8) Benefit program LT-4(65). A member with credited service covered by benefit
46 program LT-4(65) shall receive an allowance for life equal to one percent of the member's
47 final average salary multiplied by the number of years of such credited service. In addition, if
48 such member is retiring as provided in section 70.645 or section 70.650 or section 70.670, and
49 if such member's age at retirement is younger than age sixty-five, then such member shall
50 receive a temporary allowance equal to one percent of the member's final average salary
51 multiplied by the number of years of such credited service. Such temporary allowance shall
52 terminate at the end of the calendar month in which the earlier of the following events occurs:
53 such member's death; or the member's attainment of age sixty-five;

54 (9) Benefit program LT-5(65). A member with credited service covered by benefit
55 program LT-5(65) shall receive an allowance for life equal to one and one-quarter percent of
56 the member's final average salary multiplied by the number of years of such credited service.
57 In addition, if such member is retiring as provided in section 70.645 or section 70.650 or
58 section 70.670, and if such member's age at retirement is younger than age sixty-five, then
59 such member shall receive a temporary allowance equal to three-quarters of one percent of
60 the member's final average salary multiplied by the number of years of such credited service.
61 Such temporary allowance shall terminate at the end of the calendar month in which the
62 earlier of the following events occurs: such member's death; or the member's attainment of
63 age sixty-five;

64 (10) Benefit program LT-8(65). A member with credited service covered by benefit
65 program LT-8(65) shall receive an allowance for life equal to one and one-half percent of the
66 member's final average salary multiplied by the number of years of such credited service. In
67 addition, if such member is retiring as provided in section 70.645 or section 70.650 or section
68 70.670, and if such member's age at retirement is younger than age sixty-five, then such
69 member shall receive a temporary allowance equal to one-half of one percent of the member's
70 final average salary multiplied by the number of years of such credited service. Such
71 temporary allowance shall terminate at the end of the calendar month in which the earlier of
72 the following events occurs: such member's death; or the member's attainment of age sixty-
73 five;

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

77 (12) Benefit program LT-10(65). A member with credited service covered by benefit
78 program LT-10(65) shall receive an allowance for life equal to one and six-tenths percent of
79 the members' final average salary multiplied by the number of years of such credited service.
80 In addition, if such member is retiring as provided in section 70.645 or section 70.650 or
81 section 70.670, and if such member's age at retirement is younger than age sixty-five, then
82 such member shall receive a temporary allowance equal to four-tenths of one percent of the
83 member's final average salary multiplied by the number of years of such credited service.
84 Such temporary allowance shall terminate at the end of the calendar month in which the
85 earlier of the following events occurs: such member's death; or the member's attainment of
86 age sixty-five;

87 (13) Benefit program L-11. Benefit program L-11 may cover employment in a
88 position only if such position is not concurrently covered by federal Social Security; in
89 addition, if such position was previously covered by federal Social Security, benefit program
90 L-11 may cover only employment rendered after cessation of federal Social Security

91 coverage. A member with credited service covered by benefit program L-11 shall receive an
92 allowance for life equal to two and one-half percent of the member's final average salary
93 multiplied by the number of years of such credited service;

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

97 (15) Benefit program LT-14(65). A member with credited service covered by benefit
98 program LT-14(65) shall receive an allowance for life equal to one and three-quarter percent
99 of the member's final average salary multiplied by the number of years of such credited
100 service. In addition, if such member is retiring as provided in section 70.645, 70.650, or
101 70.670, then such member shall receive a temporary allowance equal to one-quarter of one
102 percent of the member's final average salary multiplied by the number of years of such
103 credited service. Such temporary allowance shall terminate at the end of the calendar month
104 in which the earlier of the following events occurs: such member's death or the member's
105 attainment of age sixty-five.

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

109 3. Each employer shall have the credited service of each of its members covered by
110 benefit program L-1 provided for in this section unless such employer shall have elected
111 another benefit program provided for in this section.

112 4. Except as otherwise provided in this subsection, each political subdivision, by
113 majority vote of its governing body, may elect from time to time to cover its members, whose
114 political subdivision employment is concurrently covered by federal Social Security, under
115 one of the benefit programs provided for in this section. Each political subdivision, by
116 majority vote of its governing body, may elect from time to time to cover its members, whose
117 political subdivision employment is not concurrently covered by federal Social Security,
118 under one of the benefit programs provided for in this section. The clerk or secretary of the
119 political subdivision shall certify the election of the benefit program to the board within ten
120 days after such vote. The effective date of the political subdivision's benefit program is the
121 first day of the calendar month specified by such governing body, or the first day of the
122 calendar month next following receipt by the board of the certification of election of benefit
123 program, or the effective date of the political subdivision becoming an employer, whichever
124 is the latest. Such election of benefit program may be changed from time to time by such
125 vote, but not more often than biennially. If such changed benefit program provides larger
126 allowances than the benefit program previously in effect, then such larger benefit program
127 shall be applicable to the past and future employment with the employer by present and future

128 employees. If such changed benefit program provides smaller allowances than the benefit
129 program previously in effect, then such changed benefit program shall be applicable only to
130 credited service for employment rendered from and after the effective date of such change.
131 After August 28, 1994, political subdivisions shall not elect coverage under benefit program
132 LT-4, benefit program LT-5, or benefit program LT-8. After August 28, 2005, political
133 subdivisions shall not elect coverage under benefit program L-9 or benefit program LT-10
134 (65).

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

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

141 7. Subject to the provisions of subsections **8 and 9** ~~and 10~~ of this section, for an
142 allowance becoming effective on September 28, 1975, or later, and beginning with the
143 October first which is at least twelve full months after the effective date of the allowance, the
144 amount of the allowance shall be redetermined effective each October first and such
145 redetermined amount shall be payable for the ensuing year. Subject to the limitations stated
146 in the next sentence, such redetermined amount shall be the amount of the allowance
147 otherwise payable multiplied by the following percent: one hundred percent, plus two percent
148 for each full year (excluding any fraction of a year) in the period from the effective date of the
149 allowance to the current October first. In no event shall such redetermined amount (1) be less
150 than the amount of the allowance otherwise payable nor (2) be more than the amount of the
151 allowance otherwise payable multiplied by the following fraction: the numerator shall be the
152 Consumer Price Index for the month of June immediately preceding such October first (but in
153 no event an amount less than the denominator below) and the denominator shall be the
154 Consumer Price Index for the month of June immediately preceding the effective date of the
155 allowance. As used herein, "Consumer Price Index" means **a measure of** the Consumer Price
156 Index ~~[for Urban Wage Earners and Clerical Workers,]~~ as determined by the United States
157 Department of Labor and **adopted by the board of trustees** ~~[in effect January 1, 1975;~~
158 ~~provided, should such Consumer Price Index be restructured subsequent to 1974 in a manner~~
159 ~~materially changing its character, the board shall change the application of the Consumer~~
160 ~~Price Index so that as far as is practicable the 1975 intent of the use of the Consumer Price~~
161 ~~Index shall be continued]~~. As used herein "the amount of the allowance otherwise payable"
162 means the amount of the allowance which would be payable without regard to these
163 provisions redetermining allowance amounts after retirement.

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

168 9.] (1) The system establishes reserves for the payment of future allowances to
169 retirants and beneficiaries. Should the board determine, after consulting with the actuary, that
170 the established reserves are more than sufficient to provide such allowances, the board may
171 increase the annual increase rate provided for in [subsections] **subsection 7 [and 8]** of this
172 section, as it applies to any allowance payable, but in no event shall the total of all
173 redetermined amounts as of October first of any year be greater than one hundred four percent
174 of the allowances which would have been payable that October first without such
175 redeterminations; provided, as of any redetermination date the same annual increase rate shall
176 be applied to all allowances with effective dates in the range of November first to October
177 first of the following year. The board may extend the provisions of [subsections] **subsection**
178 **7 [and 8]** of this section to allowances which became effective before September 28, 1975;
179 provided such an action by the board shall not increase an employer contribution rate then in
180 effect;

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

186 ~~[10.]~~ 9. Should the board determine that the provisions of subsections 7~~[, 8]~~ and ~~[9]~~ 8
187 of this section are jeopardizing the financial solvency of the system, the board shall suspend
188 these provisions redetermining allowance amounts after retirement for such periods of time as
189 the board deems appropriate.

70.680. 1. Any member in service with five or more years of credited service who
2 has not attained the age and service requirements of section 70.645 and who becomes totally
3 and permanently physically or mentally incapacitated for his duty as an employee, as the
4 result of a personal injury or disease, may be retired by the board upon written application
5 filed with the board by or on behalf of the member; provided, that after a medical examination
6 of such member made by or under the direction of a medical committee consisting of three
7 physicians, one of whom shall be selected by the board, one by or on behalf of such member,
8 and the third by the first two physicians so named, the medical committee reports to the
9 board, by majority opinion in writing, that such member is physically or mentally totally
10 incapacitated for the further performance of duty, that such incapacity will probably be
11 permanent and that such member should be retired.

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

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

28 4. Upon disability retirement as provided in subsection 3 of this section, a member
29 shall receive an allowance for life provided for in section 70.655; provided, that for the sole
30 purpose of computing the amount of such allowance, he or she shall be given credited service
31 for the period from the date of his or her disability retirement to the date he or she would
32 attain age sixty. He or she shall have the right to elect an option provided for in section
33 70.660. His or her disability retirement and allowance shall be subject to the provisions of
34 subsection 5 of this section [~~and to the provisions of section 70.685~~].

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

49 the board, the disability retirant is capable of resumption of duty, his disability retirement
50 shall terminate and he shall be returned to duty and he shall immediately again become a
51 member of the system, his credited service at the time of disability retirement shall be
52 restored to his credit, and the amount of his accumulated contributions at the time of his
53 disability retirement shall be restored to his credit in the members deposit fund. If he was in
54 receipt of a duty disability allowance provided for in subsection 3 of this section, he shall also
55 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
2 the date he becomes entitled to retire with an allowance payable by the system, he shall be
3 paid, upon his written application filed with the board, his accumulated contributions standing
4 to his credit in the members deposit fund.

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

12 3. In the event a member's membership in the system terminates, and no allowance
13 becomes or will become payable on his account, any accumulated contributions standing to
14 his credit in the members deposit fund unclaimed by such member or his legal representative
15 within [~~three~~] ten years after the date his membership terminated, shall be transferred to the
16 income-expense fund. If thereafter proper application is made for such accumulated
17 contributions, the board shall pay them from the income-expense fund, but without interest
18 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
2 provisions of any applicable federal or state laws, the board shall have full power to invest
3 and reinvest the moneys of the system, and to hold, purchase, sell, assign, transfer or dispose
4 of any of the securities and investments in which such moneys shall have been invested, as
5 well as the proceeds of such investments and such moneys.

6 **2. The board of trustees may deliberate about, or make tentative or final**
7 **decisions on, investments or other financial matters in a closed meeting under chapter**
8 **610 if disclosure of the deliberations or decisions would jeopardize the ability to**
9 **implement a decision or to achieve investment objectives. A record of the retirement**
10 **system that discloses deliberations about, or a tentative decision on, investments or**
11 **other financial matters is not a public record under chapter 610 to the extent and so long**

12 as its disclosure would jeopardize the ability to implement a decision or to achieve
13 investment objectives.

14 **3. The board of trustees shall not be prohibited from closing records to the**
15 **extent that such records relate to information submitted by an individual, corporation,**
16 **or other business entity in connection with investments in or financial transactions with**
17 **business entities for investment purposes.**

70.746. Notwithstanding any other provision of law to the contrary, the board of
2 trustees may delegate to its duly appointed investment counselor authority to act in place of
3 the board in the investment and reinvestment of all or part of the moneys of the system, and
4 may also delegate to such counselor the authority to act in place of the board in the holding,
5 purchasing, selling, assigning, transferring, or disposing of any or all of the securities and
6 investments in which such moneys shall have been invested, as well as the proceeds of such
7 investments and such moneys. [~~Such investment counselor shall be registered as an~~
8 ~~investment advisor with the United States Securities and Exchange Commission.~~] In
9 exercising or delegating its investment powers and authority, members of the board shall
10 exercise ordinary business care and prudence under the facts and circumstances prevailing at
11 the time of the action or decision. In so doing, the board shall consider the long- and short-
12 term needs of the system in carrying out its purposes, the system's present and anticipated
13 financial requirements, the expected total return on the system's investment, general
14 economic conditions, income, growth, long-term net appreciation, and probable safety of
15 funds. No member of the board shall be liable for any action taken or omitted with respect to
16 the exercise of or delegation of these powers and authority if such member shall have
17 discharged the duties of his or her position in good faith and with that degree of diligence,
18 care, and skill which prudent men and women would ordinarily exercise under similar
19 circumstances in a like position.

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

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

5 **2. For the purpose of investing the funds of the retirement system, the funds may**
6 **be combined with the funds of any retirement plan that is administered by the Missouri**
7 **local government employees' retirement system under section 70.621 and any**

8 retirement plan established for the purpose of providing benefits for employees of the
9 system, but the funds of each plan shall be accounted for separately and for all other
10 reporting purposes shall be separate.

11 3. The board of trustees may promulgate such rules and regulations consistent
12 with the provisions of this section as deemed necessary for its proper administration,
13 under the provisions of this section and this chapter.

14 4. The board of trustees may promulgate all necessary rules and regulations for
15 the administration of this section. Any rule or portion of a rule, as that term is defined
16 in section 536.010, that is created under the authority delegated in this section shall
17 become effective only if it complies with and is subject to all of the provisions of chapter
18 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable
19 and if any of the powers vested with the general assembly pursuant to chapter 536 to
20 review, to delay the effective date, or to disapprove and annul a rule are subsequently
21 held unconstitutional, then the grant of rulemaking authority and any rule proposed or
22 adopted after August 28, 2024, shall be invalid and void.

105.688. The assets of a system may be invested, reinvested and managed by an
2 investment fiduciary subject to the terms, conditions and limitations provided in sections
3 105.687 to 105.689. An investment fiduciary shall discharge his or her duties in the interest
4 of the participants in the system and their beneficiaries and shall:

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

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

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

13 (4) Give appropriate consideration to those facts and circumstances that the
14 investment fiduciary knows or should know are relevant to the particular investment or
15 investment course of action involved, including the role of the investment or investment
16 course of action plays in that portion of the system's investments for which the investment
17 fiduciary has responsibility. For purposes of this subdivision, "appropriate consideration"
18 shall include, but is not necessarily limited to a determination by the investment fiduciary that
19 a particular investment or investment course of action is reasonably designed, as part of the
20 investments of the system, to further the purposes of the system, taking into consideration the
21 risk of loss and the opportunity for gain or other return associated with the investment or

22 investment course of action; and consideration of the following factors as they relate to the
23 investment or investment course of action:

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

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

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

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

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

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