

SECOND REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

# HOUSE BILL NO. 2431

102ND GENERAL ASSEMBLY

4391H.02P

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

To repeal sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 86.200, and 105.688, RSMo, and to enact in lieu thereof eleven new sections relating to public employee retirement systems.

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*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Section A. Sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 2 86.200, and 105.688, RSMo, are repealed and eleven new sections enacted in lieu thereof, to 3 be known as sections 70.605, 70.630, 70.655, 70.680, 70.690, 70.745, 70.746, 70.747, 4 70.748, 86.200, and 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

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.

15 employers; and one person, to be appointed by the governor, who is not a member, retirant, or  
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 allowance~~  
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[5-8]~~ 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.**

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

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

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

8 (3) "Average final compensation":

9 (a) With respect to a member who earns no creditable service on or after October 1,  
10 2001, the average earnable compensation of the member during the member's last three years  
11 of creditable service as a police officer, or if the member has had less than three years of  
12 creditable service, the average earnable compensation of the member's entire period of  
13 creditable service;

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

20 (c) With respect to a member who is participating in the DROP pursuant to section  
21 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who

22 returns to active participation in the system pursuant to section 86.251, and who terminates  
23 employment as a police officer for reasons other than death or disability before earning at  
24 least two years of creditable service after such return, the portion of the member's benefit  
25 attributable to creditable service earned before DROP entry shall be determined using average  
26 final compensation as defined in paragraph (a) of this subdivision; and the portion of the  
27 member's benefit attributable to creditable service earned after return to active participation in  
28 the system shall be determined using average final compensation as defined in paragraph (b)  
29 of this subdivision;

30 (d) With respect to a member who is participating in the DROP pursuant to section  
31 86.251 on October 1, 2001, or whose participation in the DROP ended before such date, who  
32 returns to active participation in the system pursuant to section 86.251, and who terminates  
33 employment as a police officer after earning at least two years of creditable service after such  
34 return, the member's benefit attributable to all of such member's creditable service shall be  
35 determined using the member's average final compensation as defined in paragraph (b) of this  
36 subdivision;

37 (e) With respect to a member who is participating in the DROP pursuant to section  
38 86.251 on October 1, 2001, or whose participation in DROP ended before such date, who  
39 returns to active participation in the system pursuant to section 86.251, and whose  
40 employment as a police officer terminates due to death or disability after such return, the  
41 member's benefit attributable to all of such member's creditable service shall be determined  
42 using the member's average final compensation as defined in paragraph (b) of this  
43 subdivision; and

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

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

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

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

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

55 (8) "Earnable compensation", the annual salary ~~established under section 84.160~~  
56 ~~which~~ a member would earn during one year on the basis of the member's rank or position,  
57 plus any additional compensation for academic work and shift differential, that ~~may be~~  
58 ~~provided~~ **is set** by any **state or municipal body or** official ~~or board~~ now or hereafter



59 authorized by law to employ and manage a permanent police force in such cities. Such  
60 amount shall include the member's deferrals to a deferred compensation plan pursuant to  
61 Section 457 of the Internal Revenue Code or to a cafeteria plan pursuant to Section 125 of the  
62 Internal Revenue Code or, effective October 1, 2001, to a transportation fringe benefit  
63 program pursuant to Section 132(f)(4) of the Internal Revenue Code. "Earnable  
64 compensation" shall not include a member's additional compensation for overtime, standby  
65 time, court time, nonuniform time or unused vacation time. **Further, "earnable  
66 compensation" shall not include any funds received by a member through a  
67 judgment or settlement of a legal action or claim made or threatened by the member  
68 against any city not within a county if the funds are intended to retroactively  
69 compensate the member for the salary differential between the member's actual rank  
70 and the rank the member claims he or she should have received.** Notwithstanding the  
71 foregoing, the earnable compensation taken into account under the plan established pursuant  
72 to sections 86.200 to 86.366 with respect to a member who is a noneligible participant, as  
73 defined in this subdivision, for any plan year beginning on or after October 1, 1996, shall not  
74 exceed the amount of compensation that may be taken into account under Section 401(a)(17)  
75 of the Internal Revenue Code, as adjusted for increases in the cost of living, for such plan  
76 year. For purposes of this subdivision, a "noneligible participant" is an individual who first  
77 becomes a member on or after the first day of the first plan year beginning after the earlier of:  
78 (a) The last day of the plan year that includes August 28, 1995; or  
79 (b) December 31, 1995;  
80 (9) "Internal Revenue Code", the federal Internal Revenue Code of 1986, as  
81 amended;  
82 (10) "Mandatory contributions", the contributions required to be deducted from the  
83 salary of each member who is not participating in DROP in accordance with section 86.320;  
84 (11) "Medical board", the health care organization appointed by the trustees of the  
85 police retirement board and responsible for arranging and passing upon all medical  
86 examinations required under the provisions of sections 86.200 to 86.366, which shall  
87 investigate all essential statements and certificates made by or on behalf of a member in  
88 connection with an application for disability retirement and shall report in writing to the board  
89 of trustees its conclusions and recommendations;  
90 (12) "Member", a member of the retirement system as defined by sections 86.200 to  
91 86.366;  
92 (13) "Members' interest", interest on accumulated contributions at such rate as may be  
93 set from time to time by the board of trustees;  
94 (14) "Membership service", service as a policeman rendered since last becoming a  
95 member, except in the case of a member who has served in the Armed Forces of the United

96 States and has subsequently been reinstated as a policeman, in which case "membership  
97 service" means service as a policeman rendered since last becoming a member prior to  
98 entering such armed service;

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

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

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

106 (18) "Reserve officer", any member of the police reserve force of such cities, armed  
107 or unarmed, who works less than full time, without compensation, and who, by his or her  
108 assigned function or as implied by his or her uniform, performs duties associated with those  
109 of a police officer and who currently receives a service retirement as provided by sections  
110 86.200 to 86.366;

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

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

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

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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