

SECOND REGULAR SESSION

SENATE BILL NO. 856

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR CURLS.

Read 1st time January 3, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5530S.011

AN ACT

To repeal sections 169.291, 169.324, 169.350, and 169.360, RSMo, and to enact in lieu thereof four new sections relating to the public school retirement system of Kansas City.

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

Section A. Sections 169.291, 169.324, 169.350, and 169.360, RSMo, are
2 repealed and four new sections enacted in lieu thereof, to be known as sections
3 169.291, 169.324, 169.350, and 169.360, to read as follows:

169.291. 1. The general administration and the responsibility for the
2 proper operation of the retirement system are hereby vested in a board of trustees
3 of twelve persons who shall be resident taxpayers of the school district, as follows:

4 (1) Four trustees to be appointed for terms of four years by the board of
5 education; provided, however, that the terms of office of the first four trustees so
6 appointed shall begin immediately upon their appointment and shall expire one,
7 two, three and four years from the date the retirement system becomes operative,
8 respectively;

9 (2) Four trustees to be elected for terms of four years by and from the
10 members of the retirement system; provided, however, that the terms of office of
11 the first four trustees so elected shall begin immediately upon their election and
12 shall expire one, two, three and four years from the date the retirement system
13 becomes operative, respectively;

14 (3) The ninth trustee shall be the superintendent of schools of the school
15 district;

16 (4) The tenth trustee shall be one retirant of the retirement system
17 elected for a term of four years beginning the first day of January immediately

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

18 following August 13, 1986, by the retirants of the retirement system;

19 (5) The eleventh trustee shall be appointed for a term of four years
20 beginning the first day of January immediately following August 13, 1990, by the
21 board of trustees described in subdivision (3) of section 182.701;

22 (6) The twelfth trustee shall be a retirant of the retirement system elected
23 for a term of four years beginning the first day of January immediately following
24 August 28, 1992, by the retirants of the retirement system.

25 2. If a vacancy occurs in the office of a trustee, the vacancy shall be filled
26 for the unexpired term in the same manner as the office was previously filled,
27 except that the board of trustees may appoint a qualified person to fill the
28 vacancy in the office of an elected member until the next regular election at which
29 time a member shall be elected for the unexpired term. No vacancy or vacancies
30 on the board of trustees shall impair the power of the remaining trustees to
31 administer the retirement system pending the filling of such vacancy or
32 vacancies.

33 3. In the event of a lapse of the school district's corporate organization as
34 described in subsections 1 and 4 of section 162.081, the general administration
35 and responsibility for the proper operation of the retirement system shall
36 continue to be vested in a twelve-person board of trustees, all of whom shall be
37 resident taxpayers of a city, other than a city not within a county, of four hundred
38 thousand or more. In such event, if vacancies occur in the offices of the four
39 trustees appointed, prior to the lapse, by the board of education, or in the offices
40 of the four trustees elected, prior to the lapse, by the members of the retirement
41 system, or in the office of trustee held, prior to the lapse, by the superintendent
42 of schools in the school district, as provided in subdivisions (1), (2) and (3) of
43 subsection 1 of this section, the board of trustees shall appoint a qualified person
44 to fill each vacancy and subsequent vacancies in the office of trustee for terms of
45 up to four years, as determined by the board of trustees.

46 4. Each trustee shall, before assuming the duties of a trustee, take the
47 oath of office before the court of the judicial circuit or one of the courts of the
48 judicial circuit in which the school district is located that so far as it devolves
49 upon the trustee, such trustee shall diligently and honestly administer the affairs
50 of the board of trustees and that the trustee will not knowingly violate or
51 willingly permit to be violated any of the provisions of the law applicable to the
52 retirement system. Such oath shall be subscribed to by the trustee making it and
53 filed in the office of the clerk of the circuit court.

54 5. Each trustee shall be entitled to one vote in the board of
55 trustees. Seven trustees shall constitute a quorum at any meeting of the board
56 of trustees. At any meeting of the board of trustees where a quorum is present,
57 the vote of at least seven of the trustees in support of a motion, resolution or
58 other matter is necessary to be the decision of the board; provided, however, that
59 in the event of a lapse in the school district's corporate organization as described
60 in subsections 1 and 4 of section 162.081, a majority of the trustees then in office
61 shall constitute a quorum at any meeting of the board of trustees, and the vote
62 of a majority of the trustees then in office in support of a motion, resolution or
63 other matter shall be necessary to be the decision of the board.

64 6. The board of trustees shall have exclusive original jurisdiction in all
65 matters relating to or affecting the funds herein provided for, including, in
66 addition to all other matters, all claims for benefits or refunds, and its action,
67 decision or determination in any matter shall be reviewable in accordance with
68 chapter 536 or chapter 621. Subject to the limitations of sections 169.270 to
69 169.400, the board of trustees shall, from time to time, establish rules and
70 regulations for the administration of funds of the retirement system, for the
71 transaction of its business, and for the limitation of the time within which claims
72 may be filed.

73 7. The trustees shall serve without compensation. The board of trustees
74 shall elect from its membership a chairman and a vice chairman. The board of
75 trustees shall appoint an executive director who shall serve as the administrative
76 officer of the retirement system and as secretary to the board of trustees. It shall
77 employ one or more persons, firms or corporations experienced in the investment
78 of moneys to serve as investment counsel to the board of trustees. The
79 compensation of all persons engaged by the board of trustees and all other
80 expenses of the board necessary for the operation of the retirement system shall
81 be paid at such rates and in such amounts as the board of trustees shall approve,
82 and shall be paid from the investment income.

83 8. The board of trustees shall keep in convenient form such data as shall
84 be necessary for actuarial valuations of the various funds of the retirement
85 system and for checking the experience of the system.

86 9. The board of trustees shall keep a record of all its proceedings which
87 shall be open to public inspection. It shall prepare annually and furnish to the
88 board of education and to each member of the retirement system who so requests
89 a report showing the fiscal transactions of the retirement system for the

90 preceding fiscal year, the amount of accumulated cash and securities of the
91 system, and the last balance sheet showing the financial condition of the system
92 by means of an actuarial valuation of the assets and liabilities of the retirement
93 system.

94 10. The board of trustees shall have, in its own name, power to sue and
95 to be sued, to enter into contracts, to own property, real and personal, and to
96 convey the same; but the members of such board of trustees shall not be
97 personally liable for obligations or liabilities of the board of trustees or of the
98 retirement system.

99 11. The board of trustees shall arrange for necessary legal advice for the
100 operation of the retirement system.

101 12. The board of trustees shall designate a medical board to be composed
102 of three or more physicians who shall not be eligible for membership in the
103 system and who shall pass upon all medical examinations required under the
104 provisions of sections 169.270 to 169.400, shall investigate all essential
105 statements and certificates made by or on behalf of a member in connection with
106 an application for disability retirement and shall report in writing to the board
107 of trustees its conclusions and recommendations upon all matters referred to it.

108 13. The board of trustees shall designate an actuary who shall be the
109 technical advisor of the board of trustees on matters regarding the operation of
110 the retirement system and shall perform such other duties as are required in
111 connection therewith. Such person shall be qualified as an actuary by
112 membership as a Fellow of the Society of Actuaries or by similar objective
113 standards.

114 14. At least once in each five-year period the actuary shall make an
115 investigation into the actuarial experience of the members, retirants and
116 beneficiaries of the retirement system and, taking into account the results of such
117 investigation, the board of trustees shall adopt for the retirement system such
118 actuarial assumptions as the board of trustees deems necessary for the financial
119 soundness of the retirement system.

120 15. On the basis of such actuarial assumptions as the board of trustees
121 adopts, the actuary shall make annual valuations of the assets and liabilities of
122 the funds of the retirement system.

123 16. The rate of contribution payable by the employers shall equal one and
124 ninety-nine one-hundredths percent, effective July 1, 1993; three and ninety-nine
125 one-hundredths percent, effective July 1, 1995; five and ninety-nine

126 one-hundredths percent, effective July 1, 1996; seven and one-half percent
127 effective January 1, 1999, and for subsequent calendar years through 2013. For
128 calendar year 2014 and each subsequent year, the rate of contribution payable by
129 the employers for each year shall be determined [by the actuary for the
130 retirement system in the manner] **as** provided in [subsection] **subsections 4**
131 **and 6** of section 169.350 and shall be certified by the board of trustees to the
132 employers at least six months prior to the date such rate is to be effective.

133 17. In the event of a lapse of a school district's corporate organization as
134 described in subsections 1 and 4 of section 162.081, no retirement system, nor any
135 of the assets of any retirement system, shall be transferred to or merged with
136 another retirement system without prior approval of such transfer or merge by
137 the board of trustees of the retirement system.

169.324. 1. The annual service retirement allowance payable pursuant
2 to section 169.320 shall be the retirant's number of years of creditable service
3 multiplied by a percentage of the retirant's average final compensation,
4 determined as follows:

5 (1) A retirant whose last employment as a regular employee ended prior
6 to June 30, 1999, shall receive an annual service retirement allowance payable
7 pursuant to section 169.320 in equal monthly installments for life equal to the
8 retirant's number of years of creditable service multiplied by one and
9 three-fourths percent of the person's average final compensation, subject to a
10 maximum of sixty percent of the person's average final compensation;

11 (2) A retirant whose number of years of creditable service is greater than
12 thirty-four and one-quarter on August 28, 1993, shall receive an annual service
13 retirement allowance payable pursuant to section 169.320 in equal monthly
14 installments for life equal to the retirant's number of years of creditable service
15 as of August 28, 1993, multiplied by one and three-fourths percent of the person's
16 average final compensation but shall not receive a greater annual service
17 retirement allowance based on additional years of creditable service after August
18 28, 1993;

19 (3) A retirant who was an active member of the retirement system at any
20 time on or after June 30, 1999, and who either retires before January 1, 2014, or
21 is a member of the retirement system on December 31, 2013, and remains a
22 member continuously to retirement shall receive an annual service retirement
23 allowance payable pursuant to section 169.320 in equal monthly installments for
24 life equal to the retirant's number of years of creditable service multiplied by two

25 percent of the person's average final compensation, subject to a maximum of sixty
26 percent of the person's final compensation;

27 (4) A retirant who becomes a member of the retirement system on or after
28 January 1, 2014, including any retirant who was a member of the retirement
29 system before January 1, 2014, but ceased to be a member for any reason other
30 than retirement, shall receive an annual service retirement allowance payable
31 pursuant to section 169.320 in equal monthly installments for life equal to the
32 retirant's number of years of creditable service multiplied by one and
33 three-fourths percent of the person's average final compensation, subject to a
34 maximum of sixty percent of the person's average final compensation;

35 (5) Notwithstanding the provisions of subdivisions (1) to (4) of this
36 subsection, effective January 1, 1996, any retirant who retired on, before or after
37 January 1, 1996, with at least twenty years of creditable service shall receive at
38 least three hundred dollars each month as a retirement allowance, or the
39 actuarial equivalent thereof if the retirant elected any of the options available
40 under section 169.326. Any retirant who retired with at least ten years of
41 creditable service shall receive at least one hundred fifty dollars each month as
42 a retirement allowance, plus fifteen dollars for each additional full year of
43 creditable service greater than ten years but less than twenty years (or the
44 actuarial equivalent thereof if the retirant elected any of the options available
45 under section 169.326). Any beneficiary of a deceased retirant who retired with
46 at least ten years of creditable service and elected one of the options available
47 under section 169.326 shall also be entitled to the actuarial equivalent of the
48 minimum benefit provided by this subsection, determined from the option chosen.

49 2. Except as otherwise provided in sections 169.331 and 169.585, payment
50 of a retirant's retirement allowance will be suspended for any month for which
51 such person receives remuneration from the person's employer or from any other
52 employer in the retirement system established by section 169.280 for the
53 performance of services except any such person other than a person receiving a
54 disability retirement allowance under section 169.322 may serve as a nonregular
55 substitute, part-time or temporary employee for not more than six hundred hours
56 in any school year without becoming a member and without having the person's
57 retirement allowance discontinued, provided that through such substitute,
58 part-time, or temporary employment, the person may earn no more than fifty
59 percent of the annual salary or wages the person was last paid by the employer
60 before the person retired and commenced receiving a retirement allowance,

61 adjusted for inflation. If a person exceeds such hours limit or such compensation
62 limit, payment of the person's retirement allowance shall be suspended for the
63 month in which such limit was exceeded and each subsequent month in the school
64 year for which the person receives remuneration from any employer in the
65 retirement system. In addition to the conditions set forth above, the restrictions
66 of this subsection shall also apply to any person retired and currently receiving
67 a retirement allowance under sections 169.270 to 169.400, other than for
68 disability, who is employed by a third party or is performing work as an
69 independent contractor if the services performed by such person are provided to
70 or for the benefit of any employer in the retirement system established under
71 section 169.280. The retirement system may require the employer receiving such
72 services, the third-party employer, the independent contractor, and the retirant
73 subject to this subsection to provide documentation showing compliance with this
74 subsection. If such documentation is not provided, the retirement system may
75 deem the retirant to have exceeded the limitations provided for in this subsection.
76 If a retirant is reemployed by any employer in any capacity, whether pursuant to
77 this section, or section 169.331 or 169.585, or as a regular employee, the amount
78 of such person's retirement allowance attributable to service prior to the person's
79 first retirement date shall not be changed by the reemployment. If the person
80 again becomes an active member and earns additional creditable service, upon the
81 person's second retirement the person's retirement allowance shall be the sum of:

82 (1) The retirement allowance the person was receiving at the time the
83 person's retirement allowance was suspended, pursuant to the payment option
84 elected as of the first retirement date, plus the amount of any increase in such
85 retirement allowance the person would have received pursuant to subsection 3 of
86 this section had payments not been suspended during the person's reemployment;
87 and

88 (2) An additional retirement allowance computed using the benefit
89 formula in effect on the person's second retirement date, the person's creditable
90 service following reemployment, and the person's average final annual
91 compensation as of the second retirement date.

92 The sum calculated pursuant to this subsection shall not exceed the greater of
93 sixty percent of the person's average final compensation as of the second
94 retirement date or the amount determined pursuant to subdivision (1) of this
95 subsection. Compensation earned prior to the person's first retirement date shall
96 be considered in determining the person's average final compensation as of the

97 second retirement date if such compensation would otherwise be included in
98 determining the person's average final compensation.

99 3. The board of trustees shall determine annually whether the investment
100 return on funds of the system can provide for an increase in benefits for retirants
101 eligible for such increase. A retirant shall and will be eligible for an increase
102 awarded pursuant to this section as of the second January following the date the
103 retirant commenced receiving retirement benefits. Any such increase shall also
104 apply to any monthly joint and survivor retirement allowance payable to such
105 retirant's beneficiaries, regardless of age. The board shall make such
106 determination as follows:

107 (1) After determination by the actuary of the investment return for the
108 preceding year as of December thirty-first (the "valuation year"), the actuary shall
109 recommend to the board of trustees what portion of the investment return is
110 available to provide such benefits increase, if any, and shall recommend the
111 amount of such benefits increase, if any, to be implemented as of the first day of
112 the thirteenth month following the end of the valuation year, and first payable
113 on or about the first day of the fourteenth month following the end of the
114 valuation year. The actuary shall make such recommendations so as not to affect
115 the financial soundness of the retirement system, recognizing the following
116 safeguards:

117 (a) The retirement system's funded ratio as of January first of the year
118 preceding the year of a proposed increase shall be at least one hundred percent
119 **[after] before** adjusting for the effect of the proposed increase. The funded ratio
120 is the ratio of assets to the pension benefit obligation;

121 (b) The actuarially required contribution rate, **[after] before** adjusting
122 for the effect of the proposed increase, may not exceed the then applicable
123 employer and member contribution rate as determined under **[subsection]**
124 **subsections 4, 5, and 6** of section 169.350;

125 (c) The actuary shall certify to the board of trustees that the proposed
126 increase will not impair the actuarial soundness of the retirement system;

127 (d) A benefit increase, under this section, once awarded, cannot be
128 reduced in succeeding years;

129 (2) The board of trustees shall review the actuary's recommendation and
130 report and shall, in their discretion, determine if any increase is prudent and, if
131 so, shall determine the amount of increase to be awarded.

132 4. This section does not guarantee an annual increase to any retirant.

133 5. If an inactive member becomes an active member after June 30, 2001,
134 and after a break in service, unless the person earns at least four additional
135 years of creditable service without another break in service, upon retirement the
136 person's retirement allowance shall be calculated separately for each separate
137 period of service ending in a break in service. The retirement allowance shall be
138 the sum of the separate retirement allowances computed for each such period of
139 service using the benefit formula in effect, the person's average final
140 compensation as of the last day of such period of service and the creditable
141 service the person earned during such period of service; provided, however, if the
142 person earns at least four additional years of creditable service without another
143 break in service, all of the person's creditable service prior to and including such
144 service shall be aggregated and, upon retirement, the retirement allowance shall
145 be computed using the benefit formula in effect and the person's average final
146 compensation as of the last day of such period of four or more years and all of the
147 creditable service the person earned prior to and during such period.

148 6. Notwithstanding anything contained in this section to the contrary, the
149 amount of the annual service retirement allowance payable to any retirant
150 pursuant to the provisions of sections 169.270 to 169.400, including any
151 adjustments made pursuant to subsection 3 of this section, shall at all times
152 comply with the provisions and limitations of Section 415 of the Internal Revenue
153 Code of 1986, as amended, and the regulations thereunder, the terms of which are
154 specifically incorporated herein by reference.

155 7. All retirement systems established by the laws of the state of Missouri
156 shall develop a procurement action plan for utilization of minority and women
157 money managers, brokers and investment counselors. Such retirement systems
158 shall report their progress annually to the joint committee on public employee
159 retirement and the governor's minority advocacy commission.

169.350. 1. All of the assets of the retirement system (other than tangible
2 real or personal property owned by the retirement system for use in carrying out
3 its duties, such as office supplies and furniture) shall be credited, according to the
4 purpose for which they are held, in either the employees' contribution fund or the
5 general reserve fund.

6 (1) The employees' contribution fund shall be the fund in which shall be
7 accumulated the contributions of the members. The employer shall, except as
8 provided in subdivision (5) of this subsection, cause to be deducted from the
9 compensation of each member on each and every payroll, for each and every

10 payroll period, the pro rata portion of five and nine-tenths percent of his
11 annualized compensation. Effective January 1, 1999, through December 31, 2013,
12 the employer shall deduct an additional one and six-tenths percent of the
13 member's annualized compensation. For 2014 and for each subsequent year, the
14 employer shall deduct from each member's annualized compensation the rate of
15 contribution determined for such year [by the actuary for the retirement system
16 in the manner] **as provided in [subsection] subsections 4, 5, and 6** of this
17 section.

18 (2) The employer shall pay all such deductions and any amount it may
19 elect to pay pursuant to subdivision (5) of this subsection to the retirement
20 system at once. The retirement system shall credit such deductions and such
21 amounts to the individual account of each member from whose compensation the
22 deduction was made or with respect to whose compensation the amount was paid
23 pursuant to subdivision (5) of this subsection. In determining the deduction for
24 a member in any payroll period, the board of trustees may consider the rate of
25 compensation payable to such member on the first day of the payroll period as
26 continuing throughout such period.

27 (3) The deductions provided for herein are declared to be a part of the
28 compensation of the member and the making of such deductions shall constitute
29 payments by the member out of the person's compensation and such deductions
30 shall be made notwithstanding that the amount actually paid to the member after
31 such deductions is less than the minimum compensation provided by law for any
32 member. Every member shall be deemed to consent to the deductions made and
33 provided for herein, and shall receipt for the person's full compensation, and the
34 making of the deduction and the payment of compensation less the deduction
35 shall be a full and complete discharge and acquittance of all claims and demands
36 whatsoever for services rendered during the period covered by the payment except
37 as to benefits provided by sections 169.270 to 169.400.

38 (4) The accumulated contributions with interest of a member withdrawn
39 by the person or paid to the person's estate or designated beneficiary in the event
40 of the person's death before retirement shall be paid from the employees'
41 contribution fund. Upon retirement of a member the member's accumulated
42 contributions with interest shall be transferred from the employees' contribution
43 fund to the general reserve fund.

44 (5) The employer may elect to pay on behalf of all members all or part of
45 the amount that the members would otherwise be required to contribute to the

46 employees' contribution fund pursuant to subdivision (1) of this subsection. Such
47 amounts paid by the employer shall be in lieu of members' contributions and shall
48 be treated for all purposes of sections 169.270 to 169.400 as contributions made
49 by members. Notwithstanding any other provision of this chapter to the contrary,
50 no member shall be entitled to receive such amounts directly. The election shall
51 be made by a duly adopted resolution of the employer's board and shall remain
52 in effect for at least one year from the effective date thereof. The election may
53 be thereafter terminated only by an affirmative act of the employer's board
54 notwithstanding any limitation in the term thereof in the adopting
55 resolution. Any such termination resolution shall be adopted at least sixty days
56 prior to the effective date thereof, and the effective date thereof shall coincide
57 with a fiscal year-end of the employer. In the absence of such a termination
58 resolution, the election shall remain in effect from fiscal year to fiscal year.

59 2. The general reserve fund shall be the fund in which shall be
60 accumulated all reserves for the payment of all benefit expenses and other
61 demands whatsoever upon the retirement system except those items heretofore
62 allocated to the employees' contribution fund.

63 (1) All contributions by the employer, except those the employer elects to
64 make on behalf of the members pursuant to subdivision (5) of subsection 1 of this
65 section, shall be credited to the general reserve fund.

66 (2) Should a retirant be restored to active service and again become a
67 member of the retirement system, the excess, if any, of the person's accumulated
68 contributions over benefits received by the retirant shall be transferred from the
69 general reserve fund to the employees' contribution fund and credited to the
70 person's account.

71 3. Gifts, devises, bequests and legacies may be accepted by the board of
72 trustees and deposited in the general reserve fund to be held, invested and used
73 at its discretion for the benefit of the retirement system except where specific
74 direction for the use of a gift is made by a donor.

75 4. Beginning in 2013, the actuary for the retirement system shall
76 annually calculate the rate of employer contributions and member contributions
77 for 2014 and for each subsequent calendar year **through 2018**, expressed as a
78 level percentage of the annualized compensation of the members, subject to the
79 following:

80 (1) The rate of contribution for any calendar year shall be determined
81 based on an actuarial valuation of the retirement system as of the first day of the

82 prior calendar year. Such actuarial valuation shall be performed using the
83 actuarial cost method and actuarial assumptions adopted by the board of trustees
84 and in accordance with accepted actuarial standards of practice in effect at the
85 time the valuation is performed, as promulgated by the actuarial standards board
86 or its successor;

87 (2) The target combined employer and member contribution rate shall be
88 the amount actuarially required to cover the normal cost and amortize any
89 unfunded accrued actuarial liability over a period that shall not exceed thirty
90 years from the date of the valuation;

91 (3) The target combined rate as so determined shall be allocated equally
92 between the employer contribution rate and the member contribution rate,
93 provided, however, that the level rate of contributions to be paid by the employers
94 and the level rate of contributions to be deducted from the compensation of
95 members for any calendar year shall each be limited as follows:

96 (a) The contribution rate shall not be less than seven and one-half
97 percent;

98 (b) The contribution rate shall not exceed nine percent; and

99 (c) Changes in the contribution rate from year to year shall be in
100 increments of one-half percent such that the contribution rate for any year shall
101 not be greater than or less than the rate in effect for the prior year by more than
102 one-half percent;

103 (4) The board of trustees shall certify to the employers the contribution
104 rate for the following calendar year no later than six months prior to the date
105 such rate is to be effective.

106 **5. The member contribution rate for 2019 and subsequent periods**
107 **shall be nine percent of compensation unless a lower member**
108 **contribution rate applies for any period beginning on or after July 1,**
109 **2021, pursuant to the provisions of subdivision (4) of subsection 6 of**
110 **this section.**

111 **6. The employer contribution rate for calendar year 2019 shall**
112 **be ten and one-half percent. The employer contribution rate for the**
113 **eighteen-month period beginning January 1, 2020, through June 30,**
114 **2021, shall be twelve percent. For the twelve-month period beginning**
115 **July 1, 2021, and for each subsequent twelve-month period beginning**
116 **July first each year, the employer contribution rate shall be determined**
117 **as follows:**

118 **(1) The actuary shall determine the total actuarially required**
119 **contribution based on an actuarial valuation of the retirement system**
120 **as of the first day of the preceding calendar year. Such actuarial**
121 **valuation shall be performed using the actuarial cost method and**
122 **actuarial assumptions adopted by the board of trustees and in**
123 **accordance with actuarial standards of practice applicable as of the**
124 **valuation date. The total actuarially required contribution rate,**
125 **including both employer and member contributions, shall be an amount**
126 **determined in accordance with the board's current funding policy,**
127 **expressed as a level percentage of the annualized compensation of the**
128 **members;**

129 **(2) If the retirement system's funded ratio as of the first day of**
130 **the preceding calendar year is below one hundred percent, the**
131 **employer contribution rate shall be the greater of twelve percent or the**
132 **difference between the total actuarially required contribution rate and**
133 **the nine percent member contribution rate, subject to the limits on**
134 **annual adjustments stated in subdivision (6) of this subsection;**

135 **(3) If the retirement system's funded ratio as of the first day of**
136 **the preceding calendar year equals or exceeds one hundred percent,**
137 **and the total actuarially required contribution rate exceeds eighteen**
138 **percent, the employer contribution rate shall be the difference between**
139 **the total actuarially required contribution rate and the nine percent**
140 **member contribution rate, subject to the limits on annual adjustments**
141 **stated in subdivision (6) of this subsection;**

142 **(4) If the retirement system's funded ratio as of the first day of**
143 **the preceding calendar year equals or exceeds one hundred percent**
144 **and the total actuarially required contribution rate does not exceed**
145 **eighteen percent, the total actuarially required contribution rate shall**
146 **be allocated equally between the employer contribution rate and the**
147 **member contribution rate. If the total actuarially required**
148 **contribution rate falls below eighteen percent after being above**
149 **eighteen percent for the preceding twelve-month period, the member**
150 **contribution rate and the employer contribution rate shall be adjusted**
151 **to one-half of the total actuarially required contribution rate for such**
152 **period, regardless of the magnitude of the decrease from the rate in**
153 **effect for the prior period, in order to equalize the employer and**
154 **member contribution rates. Otherwise, adjustments in the contribution**

155 rates shall be limited by the annual adjustment limits stated in
156 subdivision (6) of this subsection;

157 **(5) If the retirement system's funded ratio as of the first day of**
158 **the preceding calendar year again falls below one hundred percent, or**
159 **if the total actuarially required contribution rate rises above eighteen**
160 **percent, the provisions of subdivisions (2) or (3) of this subsection shall**
161 **apply, as applicable, subject to the limits on annual adjustments stated**
162 **in subdivision (6) of this subsection;**

163 **(6) Except as stated in subdivision (4) of this subsection, in**
164 **transitioning to the contribution rates prescribed in this subsection for**
165 **periods beginning on or after July 1, 2021, the employer contribution**
166 **rate and the member contribution rate, respectively, shall not increase**
167 **by more than one percent or decrease by more than one-half percent**
168 **for any period from the corresponding rate in effect immediately before**
169 **such increase or decrease; and**

170 **(7) The board of trustees shall certify to the employers the**
171 **contribution rate to be effective for July 1, 2021, and for each following**
172 **July first no later than six months prior to the date such rate is to be**
173 **effective.**

169.360. 1. Before the first of July of each year, the board of trustees
2 shall certify to each employer the amounts which will become due and payable
3 from each during the school year next following to the general reserve fund. The
4 amount so certified shall be appropriated by each employer's board by a
5 resolution explicitly directing the appropriate officials to pay the same, not later
6 than July twenty-fifth of each year and transferred to the retirement system on
7 or before December thirty-first of the same year.

8 **2. Effective January 1, 2019, each employer shall transfer its**
9 **employer contributions to the retirement system promptly following the**
10 **end of each payroll period at the time the employer transfers member**
11 **contributions.**

✓