

February 13, 2025

Joint Committee on Public Employee Retirement  
Missouri State Capitol Building  
Room 219-A  
Jefferson City, MO 65101

Attention: Robert Coleman, Executive Director  
Re: HB 147 – 2025 Session

Dear Committee Members and Staff:


Section 105.684, RSMo. states in part:

[N]o [pension] plan shall adopt or implement any additional benefit increase, supplement, enhancement, lump sum benefit payments to participants, or cost-of-living adjustment beyond current plan provisions in effect prior to August 28, 2007, which would, in aggregate with any other proposed plan provisions, increase the plan's actuarial accrued liability when valued by an actuary using the same methods and assumptions as used in the most recent periodic valuation, unless the plan's actuary determines that the funded ratio of the most recent periodic actuarial valuation and prior to such adoption or implementation is at least eighty percent


The Alternative Police Retirement System of St. Louis (“System”) contemplates proposed amendments to its governing statutes, §§ 86.200-.364, RSMo. in the 2025 Session as set forth in pre-filed House Bill 147. The amendment would exclude from the definition of “earnable compensation” such amounts ***received by a member through a judgment or settlement of a legal action or claim made or threatened by the member against any city not within a county if the funds are intended to retroactively compensate the member for the salary differential between the member’s actual rank and the rank the member claims he or she should have received.***

Our firm has been engaged as an actuary for the System to analyze the above amendment. Our understanding is that the event that will be impacted by the proposed legislative change is rare in occurrence. Therefore, the actuarial assumptions used for the valuations of the plan make no provision for this potential future event. As such, it is our determination that the above-described amendment, when valued using the same methods and assumptions as used in the most recent periodic valuation, will not increase the System’s actuarial accrued liability. Additionally, the historical infrequency of the event in the proposed legislative change is unlikely to have a material impact on the future annual funding of the System.

Sincerely,  
Cheiron



Michael J. Noble, FSA, FCA, EA, MAAA  
Principal Consulting Actuary



Patrick T. Nelson, FSA, CERA, EA, MAAA  
Consulting Actuary

cc: Mark Lawson, Police Retirement System of St. Louis  
Stephen McElhaney, Cheiron