JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
THIRD QUARTER MEETING
September 13, 2017

The Joint Committee on Public Employee Retirement held its Third Quarter Meeting on Wednesday, September 13, 2017 at 9:00am in Senate Committee Room 2. With a quorum being established, Chairman Schaaf called the meeting to order. Joint Committee members in attendance were Senators Curls, Rizzo, Schaaf, Wallingford, and Walsh and Representatives Anders, Bernskoetter, Brown (27), Runions, Shull, and Walker (3). Senator Koenig was not in attendance. Senator Curls filled the seat formerly held by Senator Chappelle-Nadal. Chairman Schaaf welcomed her to the committee.

Chairman Schaaf then introduced Missouri State Treasurer Eric Schmitt to address the Committee about the recent actuarial valuation of the Missouri State Employees' Retirement System as prepared by the Plan's new actuaries. Treasurer Schmitt serves on the MOSERS Board. Treasurer Schmitt expressed his concerns regarding the Plan's increasing contribution rate, actuarial assumptions, including assumed rate of return and mortality tables, and high investment fees. At the next MOSERS board meeting he intends to discuss working with the Plan's CIO to address these concerns.

The Executive Director, Michael Ruff, then provided a legislative update to the Committee. At the end of the 2017 Regular Legislative Session, two bills passed that contained provisions relating to public pension plans. The Governor signed both bills into law. First, CCS/HCS/SS/SB 34 passed, which is an omnibus crime bill that contains a provision which revises the felony conviction/pension forfeiture law passed in 2014. Second, CCS/HCS/SS/SB 62 makes changes to multiple retirement systems, including: College and University Retirement Plan; County Employees' Retirement Fund; MOSERS and MPERS (terminated vested buyout program authorized and reduction in vesting from ten years to five years for members of the 2011 tier); PSRS and PEERS; St. Louis Public School Retirement System; PSRS and Kansas City PSRS; revision to the felony conviction/pension forfeiture law passed in 2014; and St. Louis Police Retirement System and St. Louis Employees Retirement System.

The Director then discussed plan developments beginning with a review of the MOSERS & MPERS Terminated Vested Member Buyout Programs. Each Plan adopted board rules to establish the programs and have provided Q&A literature to all eligible members addressing information such as taxation. MOSERS's lump-sum buyout amount will be 60% of the present value of a future normal retirement annuity, while MPERS's amount will be 50%. November 30, 2017 is the application deadline. The next plan discussed was Overland Police. As mentioned at the 2nd quarter meeting, Overland attempted to increase the tax levy from 12 cents to 24 cents for residential and to 36 cents for commercial and personal.

The increase failed to pass on the April ballot but the City Council placed the proposed increase on the August 8th ballot. The voters adopted it. This increase will be solely for the purpose of funding the Overland Police retirement plan. The City is in the process of setting the tax rate. Next, the addition of two existing plans to Missouri LAGERS was discussed. Beginning July 1, 2017, LAGERS began administration of the Jefferson City Firemen's Retirement Plan. This is the first legacy plan that LAGERS is administering under section 70.621, which was signed into law in June 2016. In August 2017, the city of Jennings approved the transition of its Police & Fire retirement plan to LAGERS, which may be finalized as early as November. In addition, Hannibal Police & Fire has completed its contract with Standard Insurance for disability coverage.

The Director discussed the Sheriffs' Retirement System, which is involved in a class action lawsuit stemming from the $3 surcharge imposed in civil and criminal actions that is the system's funding mechanism. The lawsuit arises from the collection of the surcharge in municipal courts. Attorneys for the retirement system are currently preparing a response to the lawsuit.

The final plan development discussed was the St. Louis County Retirement Program. The St. Louis County Council made two changes to the Plan in November 2016 and is currently considering legislation to make additional changes. The Director described the changes made in November. First, the County modified the calculation of credited service for certain returning employees. Second, the County repealed a one-third reduction in benefits for any prosecutor who also receives a benefit from the Prosecuting Attorneys and Circuit Attorneys Retirement System. The legislation pending before the County Council would create a new tier; future employees hired on or after a certain date would receive a lower benefit, have increased age and service requirements, require seven years to vest instead of five, and contribute 4% of pay to the plan. The director explained that he contacted the County to inquire whether the changes and/or proposed changed would constitute a "substantial proposed change" in plan benefits, which would require the County to prepare an actuarial cost statement and file it with the JCPER. After several attempts to contact the system, the director spoke with county officials about the changes and proposed changes and the need for an actuarial cost statement.

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
THIRD QUARTER MEETING
September 13, 2017
(Continued)

The director also discussed the relevance of section 105.864, which prohibits any plan less than eighty percent funded from adopting a benefit enhancement. While county officials stated that they did not believe that certain provisions of chapter 105 applied to the county because of its charter county status, the county's actuary had prepared an actuarial cost statement for the proposed new tier, which the county provided to the JCPER.

Quarterly plan investment reporting was reviewed for the second quarter of 2017, ending June 30th. The report reflected all positive returns for the 12-month period. The Committee members did request that the JCPER staff prepare reports providing plan information on mortality tables and investment fees for review prior to the next meeting.

The Director, Representative Walker, and Representative Brown briefly commented on their attendance at the July 2017 MAPERS conference. They found it to be a positive experience.

The Director noted to the Chair that the JCPER needs to schedule its fourth quarter 2017 meeting. The Chair requested that the Director work with the other committee members to find an acceptable date.

No further business being presented, the committee adjourned.

Michael Ruff

Michael Ruff
Executive Director

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JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

3rd QUARTER MEETING
September 13, 2017
9:00 a.m.— Senate Committee Room 2

AGENDA

Roll Call

Legislative Update

Plan Developments
MOSERS & MPERS
Overland Police Retirement Plan
LAGERS & Jefferson City Firemen's Retirement
LAGERS & Jennings Police & Firemen's Retirement Fund
Hannibal Policemen & Firemen Retirement Fund
Sheriffs' Retirement Fund
St. Louis County Retirement Program

Quarterly Reporting

MAPERS Conference

Other Business

Missouri State Employees' Retirement System
Mailing Address: PO Box 209, Jefferson City, MO 65102-0209
Phone: (573) 632-6100 • (800) 827-1063 | Fax: (573) 632-6103
Relay Missouri: 7-1-1 (Voice) • (800) 735-2966 (TTY)
Website: *www.mosers.org* | Email: *mosers@mosers.org*

MOSERS.

Visit us at 907 Wildwood Drive, Jefferson City, MO 65109

September 5, 2017

NEWS RELEASE
For Immediate Release
Contact: Candy Smith 573-632-6130

MOSERS Notifying Former State Employees of Lump-Sum Option

Jefferson City, MO - This month, the Missouri State Employees Retirement System (MOSERS) will send letters to 17,000 former Missouri state employees who are eligible for a future monthly retirement benefit. The letters will inform former state employees of their option to cash out their future retirement annuity as a lump-sum payment now rather than wait until they reach retirement eligibility. The program is completely voluntary. The MOSERS Board was authorized to offer the Buyout Program under Senate Bill 62 which was approved by the Missouri General Assembly and the Governor earlier this year.

The program is **not** available to current state employees or current retirees.

The lump-sum buyout amount will be 60% of the present value of the member's future normal retirement annuity. The present value is the amount required, as of October 1, 2017, to fund their future benefit payments.

We are sending applications to eligible members and accepting completed applications now. Anyone who receives a *Buyout Program Application* and decides to take the lump-sum option must have their completed application **notarized** and returned to MOSERS no later than **November 30, 2017**. If someone submits an application but later changes their mind, they also have until November 30, 2017 to rescind their application. Payments cannot begin until the deadline to rescind has passed. We will begin issuing payments in December 2017 but applicants should allow up to 180 days for payment.

We want to provide members with tools and information to make the choice that is best for them. We have established a dedicated buyout phone line, (800) 239-5150 or (573) 644-1200, and an online ***Pension Buyout Program Resource Center*** at www.mosers.org/buyout. On this site, members can find the following:

- Additional information about the Buyout Program including a short Buyout Program video.
- Information about taxes and rollover options.
- Self-Service Status Check – Once an eligible member has submitted a *Buyout Program Application*, they can check the status of their application online or through the dedicated buyout phone line.
- Not Eligible – A list of reasons a vested former employee may not qualify for the buyout (ex. employed with the state after June 30, 2017, eligible for normal retirement before December 1, 2017, etc.)

We anticipate high call volume from September through December and urge members to utilize the self-service options to the greatest extent possible.

Below is information about the group of former state employees who are eligible for the Buyout Program:

- Average years of service – 9
- Average monthly retirement benefit – $450
- Average age when left state employment – 39
- Average age now – 48
- Average age at normal retirement eligibility – 62
- Average lump-sum one-time payment – $18,450

-END-

WE ARE HERE FOR YOUR BENEFIT.

September 2017

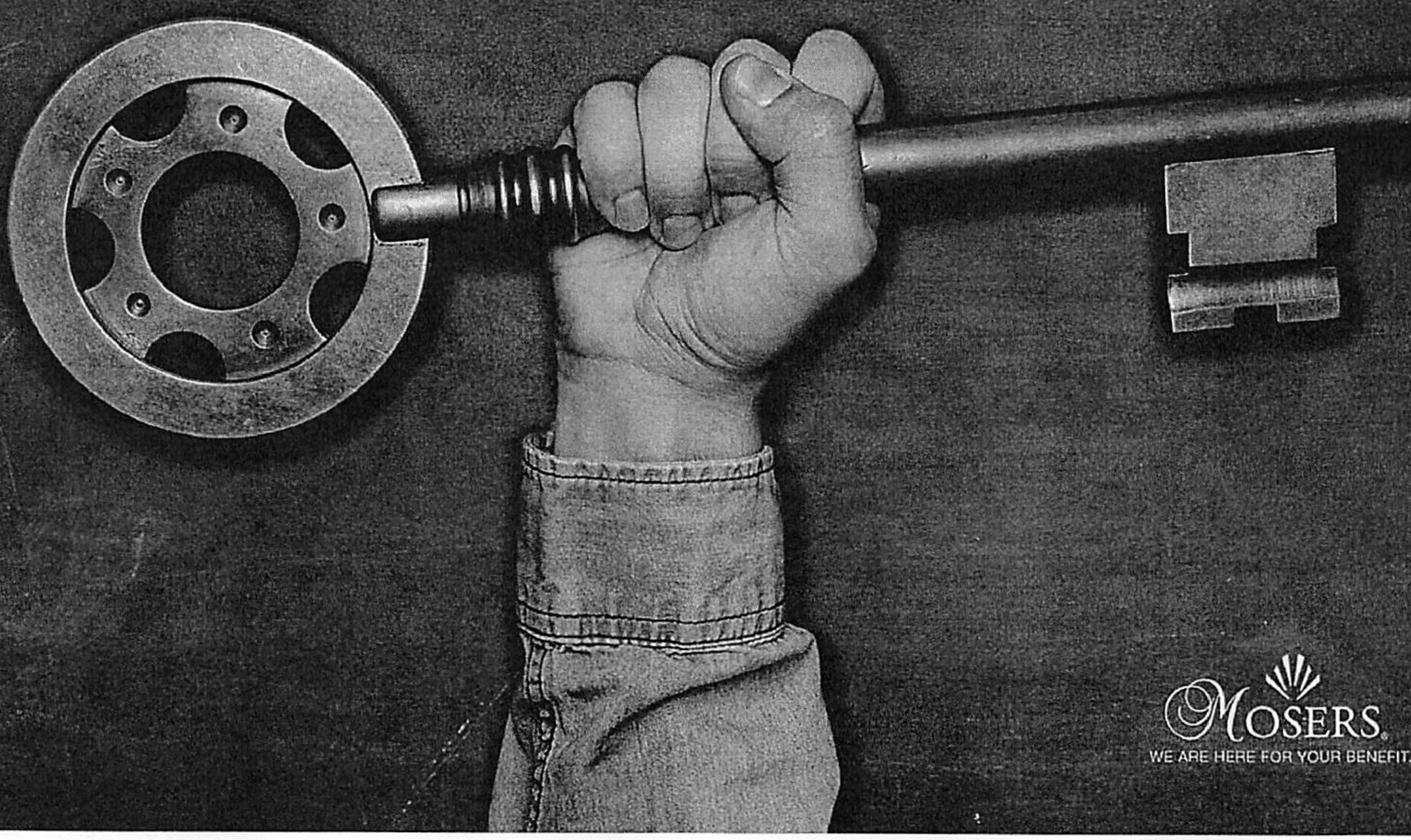
VestedInterest

Special Edition

Your Buyout Program Decision
Key Legislation Gives You Options

☐ LUMP-SUM PAYMENT

☐ LIFETIME ANNUITY



MOSERS.
WE ARE HERE FOR YOUR BENEFIT.

Executive Director
John Watson

Mailing Address
PO Box 209
Jefferson City, MO 65102-0209
Visit us at 907 Wildwood Drive

Office Hours
Monday - Friday
7:30 a.m. - 4:30 p.m.

Phone & Automated Options
Pension Buyout Program
(573) 644-1200
(800) 239-5150
Check your status *(automated)*... 1
Questions about the buyout.....2
Operator.................................0

Fax Number
(573) 632-6103

Relay Missouri
711 (Voice)
(800) 735-2966 (TTY)

Email
buyout@mosers.org

Website
www.mosers.org/buyout

VestedInterest is published by the Missouri State Employees' Retirement System. To obtain an alternative format of this publication, please contact MOSERS.

This publication is designed using stock photography. Photos are chosen for illustrative purposes only; they do not imply any particular attitudes, behaviors, or actions.

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Mike Azar & Tracy Upschulte
Communications Manager - Candy Smith

VestedInterest

September 2017 **Special Edition**

Key Legislation

Is the Pension Buyout Program for You?

Senate Bill 62, passed during the 2017 regular legislative session, authorizes the MOSERS Board of Trustees to establish a voluntary pension buyout program. This program allows certain former state employees who are vested for a pension to cash out their future monthly retirement benefit in exchange for a one-time lump-sum payment now.

According to our records, you are eligible for this program*. We will send you a personalized letter and application in September with an estimate of your future monthly retirement annuity and your lump-sum offer. Until then, we have outlined information about the Buyout Program in this special edition of *Vested Interest*. We urge you to consider the responsibility you have to yourself in retirement and to carefully consider your options as you make your choice.

Who is eligible?

You may be eligible* for the Buyout Program if all of the following are true:

- You are a former state employee who is vested under the Missouri State Employees' Plan (MSEP) or the MSEP 2000, AND
- You have not applied for nor have you started receiving early retirement benefits from MOSERS, AND
- You have not reached eligibility for normal retirement *(and won't before December 1, 2017).*

How will MOSERS calculate the lump-sum amount?

Your lump-sum buyout amount will be 60% of the present value of your future normal retirement annuity. The present value is the amount required, as of October 1, 2017, to fund your future normal retirement monthly benefit payments. Factors include your credited service, your final average pay, and various plan provisions that apply to you. Assumptions include cost-of-living adjustments, life expectancy (using unisex mortality tables), and MOSERS' expected rate of return on investments (assumed to be 7.5% annually).

When is the application deadline?

November 30, 2017 is the last day MOSERS will accept completed applications for the Buyout Program (see timeline on back). If your application is incomplete or if it has been determined that you are not eligible for the Buyout Program, we will notify you. We will send you a confirmation letter once we have received your completed application.

* *Visit www.mosers.org/buyout to find a list of conditions which may disqualify you from eligibility for the MOSERS Buyout Program.*

For more detailed information, please carefully read the letter and personalized application which you will receive from MOSERS in September and visit the Pension Buyout Resource Center online at *www.mosers.org/buyout*.

If I lose my application, can I get a new one?

Yes. Call us at (800) 239-5150 to request a replacement copy.

Why is spousal consent required?

Your MOSERS retirement benefit is "marital property." If you elect the buyout, your spouse must sign your application indicating that they are waiving/giving up their potential survivor benefit and that they agree with your decision.

What are the taxes on the buyout?

- Any distribution not directly rolled over to a qualified retirement plan will be reported as taxable income in the year of payment. MOSERS is required to withhold 20% of the taxable portion of a cash distribution for federal income tax.
- We will not withhold state taxes but you may have to pay state or local taxes if you take the buyout as a cash payment.
- If you are younger than age 59½, an additional 10% early distribution federal tax penalty may apply if you take the buyout as a cash payment.

We encourage you to read the *Special Tax Notice* brochure (on our website) and speak to a tax professional before making a decision.

How do I roll over my payment?

You may roll over your lump-sum payment to your MO Deferred Comp account if you have kept it open since leaving state employment. If you are unsure if you still have an account, you may contact them at (800) 392-0925.

You may roll over your payment to either an IRA or eligible employer plan (a 401(a), 401(k), 403(a),403(b), or 457(b) that will accept the rollover). For information about rolling over your payment, see the *Guide to Rollovers.*

What can I do if I apply for the buyout but then change my mind?

You may rescind your application and election to participate in the Buyout Program. Your rescission must be in writing and must be received by MOSERS no later than November 30, 2017.

When will I get my payment?

We will begin issuing payments for the Buyout Program in December 2017 (see timeline on back), once the deadline to rescind applications has passed. We will issue payments as soon as possible, but please allow up to 180 days for us to process your application and issue payment.

If I take the buyout, can I return to state employment?

Yes. If you elect to participate in the Buyout Program and later decide to return to work in a MOSERS benefit-eligible position, you will be considered a new employee covered under the provisions of the MSEP 2011. You will not retain any prior service credit and you will not have the option to purchase the prior service credit you forfeited under the Buyout Program.

What happens if I don't take the buyout?

If you do not elect the buyout, we will contact you 120 days prior to your date of eligibility for early retirement. If that date has passed and you have not applied for early retirement, MOSERS will contact you 120 days prior to your date of eligibility for normal retirement. We will also provide you with information on how to complete the retirement process so that your monthly annuity payments can begin.

Help Us Help You

Two Options to Check the Status of Your Buyout Application

We anticipate high call volumes and additional email during this time. We ask that you please not call or email just to check the status of your application as this will slow down processing for all applicants. Instead, visit us online at *www.mosers.org/buyout* or use the automated phone system at (800) 239-5150, option 1 to check your status.

MOSERS
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PO Box 209
Jefferson City MO 65102-0209

VestedInterest Newsletter

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Buyout Program Timeline

September 2017

MOSERS will mail letters and applications to members who are eligible for the Buyout Program.

November 30 2017

Deadline for buyout applications.

Deadline to rescind buyout applications *(must be in writing)*

December 2017

MOSERS will begin issuing payments.

Please allow up to **180 days** for us to process your application and issue payment.

September 4
Labor Day
(office closed)

October 9
Columbus Day
(office open)

November 10
Veterans' Day
(office closed)

November 23
Thanksgiving
(office closed)

December 25
Christmas
(office closed)

Please do not call MOSERS regarding eligibility until after you have received your personalized letter in September.

POLITICAL FIX

http://www.stltoday.com/news/local/govt-and-politics/missouri-offering-lump-sum-pension-payouts-to-former-workers/article_4db9952b-b2f8-59fe-a146-d14e781a9bb2.html

Missouri offering lump-sum pension payouts to former workers

By Kurt Erickson St. Louis Post-Dispatch 26 min ago

JEFFERSON CITY • Letters are being sent to more than 17,000 former Missouri state employees asking if they want to cash in early on their pensions.

For former workers, the move could mean exchanging a monthly pension check from the state for a lump sum payment worth about 60 percent of their normal retirement annuity.

For the state, it could clear the books of an estimated $7 million in annual costs and help shore up a pension system that is operating at about 69 percent of full funding.

The voluntary program is part of an initiative outlined in legislation approved earlier this year aimed at helping the Missouri State Employees' Retirement System.

The savings would come because MOSERS would pay out a percentage of what a regular pension would be worth over time and would no longer have to pay the administrative fees associated with tracking 17,500 beneficiaries.

According to a calculation provided in the letters that began being sent out last week, a former worker who was expecting to receive $586 per month once they reach retirement age of 62 could instead receive a lump sum payment of $36,283 that could be rolled into a private retirement account or used for other expenses.

MOSERs said the average person affected by the program worked for the state for nine years. The average lump sum, one-time payment would be $18,450.

The application period runs through Nov. 30.

In the letter, MOSERS suggests that former state workers consult with a financial expert or a tax advisor to understand the implications of taking the money.

For example, MOSERS says it is required to withhold 20 percent of the taxable portion of a cash distribution for federal income tax.

And, the letter notes, "If you are younger than age 59 ½, an additional 10 percent early distribution federal tax penalty may apply."

The pension system also said potential applicants should be patient.

"We anticipate heavy call volume and additional email during this time," the letter notes.

The program is only available to state workers who left the payroll before June 30.

The first wave of letters was mailed to 3,500 former workers who live out of state or have complicated work service history.

The second wave of letters will be sent to about 7,000 former state workers in mid-Missouri on the week of Sept. 18.

Former workers who reside in St. Louis and Kansas City will receive letters sometime after Sept. 25.

Kurt Erickson
Kurt Erickson is a reporter for the St. Louis Post-Dispatch

MOSERS Board Rules

2-15 Electronic Funds Transfer

All retirement and survivor benefits or other periodic payments paid by the system shall be paid to the recipients of such payments by electronic funds transfer, unless the benefit recipient requests not to use electronic funds transfer. Staff shall strongly encourage all benefit recipients to receive payments by electronic funds transfer, but the payment of benefits shall not be delayed or withheld if the member does not submit a direct deposit authorization form.

2-16 Selection of Actuary – RESCINDED 6/20/13

2-17 Interest Charged Members (MSEP)

Unless otherwise specifically provided under Chapter 104, RSMo, the rate of interest charged members or other persons under the closed plan shall be equal to the assumed rate of return as determined by the board. The assumed rate of return contained in the 2010 actuarial valuation is 8.5%.

2-18 Terminated Vested Member Buyout Program

The purpose of this board rule is to establish the Terminated Vested Member Buyout Program (the "Buyout Program") in accordance with sections 104.1063 and 104.1092, RSMo. This rule shall take effect on August 28, 2017.

Eligibility

1. Except as otherwise provided under this board rule, a member of the closed plan or the year 2000 plan may elect to participate in the Buyout Program if the member:
    a. has not been employed at any time after June 30, 2017 in any position covered by any retirement plan administered under Chapters 104, 287, and 476, RSMo;
    b. is eligible for a deferred retirement annuity from MOSERS under RSMo Chapter 104;
    c. would not have reached normal retirement age and would not be eligible to receive a normal retirement annuity from MOSERS under Chapter 104, RSMo, before December 1, 2017;
    d. files a complete application with MOSERS by November 30, 2017 to make a one-time election to receive a lump sum buyout of all of the member's deferred annuities that such member is eligible for under Chapter 104, RSMo, as provided in the Buyout Program.

2. Notwithstanding section 1 of this board rule, a member may not participate in the Buyout Program if the member:
   a. is eligible for a refund of contributions under section 104.1091, RSMo, and the amount of the refund would be greater than the amount of the buyout payment otherwise payable under the Buyout Program;
   b. is eligible for a present value payment under section 104.335.6, RSMo;
   c. is subject to a Division of Benefit Order ("DBO") issued by a court under sections 104.312 or 104.1051, RSMo, and the system has received notice of the DBO before the system issues the buyout payment;
   d. is married at the time of the election to participate in the Buyout Program unless the member's spouse consents in writing to the election;
   e. dies and the system receives timely notice of the member's death before the system issues the buyout payment;
   f. becomes employed in any position covered by any retirement plan administered under Chapter 104, 287, and 476, RSMo, and the system has received timely notice of such employment before the system issues the buyout payment; or
   g. is receiving a long-term disability benefit from MOSERS.
3. A member may rescind an election in writing made under section 1 of this board rule if such rescission is received by MOSERS no later than November 30, 2017.

Payment Calculation

4. The buyout payment made under the Buyout Program shall be equal to 60 percent of the present value of the member's deferred normal retirement annuity as determined under this board rule.
5. The discount rate used to calculate the present value of the member's deferred normal retirement annuity shall be 7.50 percent. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 4.00% compounded until the 65% cap is reached, then at 2.00% compounded for life for members of the closed plan. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 2.00% compounded for life for members of the year 2000 plan. Present value is based on assumed life expectancy.
6. The present value of the member's deferred normal retirement annuity shall be determined as of October 1, 2017, regardless of when the member makes an election to participate in the Buyout Program or the system issues the buyout payment to the member.

MOSERS Board Rules

3-17 Terminated Vested Member Buyout Program

The purpose of this board rule is to establish the Terminated Vested Member Buyout Program (the "Buyout Program") in accordance with sections 104.1063 and 104.1092, RSMo. This rule shall take effect on August 28, 2017.

Eligibility

1. Except as otherwise provided under this board rule, a member of the closed plan or the year 2000 plan may elect to participate in the Buyout Program if the member:
    a. has not been employed at any time after June 30, 2017 in any position covered by any retirement plan administered under Chapters 104, 287, and 476, RSMo;
    b. is eligible for a deferred retirement annuity from MOSERS under RSMo Chapter 104;
    c. would not have reached normal retirement age and would not be eligible to receive a normal retirement annuity from MOSERS under Chapter 104, RSMo, before December 1, 2017;
    d. files a complete application with MOSERS by November 30, 2017 to make a one-time election to receive a lump sum buyout of all of the member's deferred annuities that such member is eligible for under Chapter 104, RSMo, as provided in the Buyout Program.
2. Notwithstanding section 1 of this board rule, a member may not participate in the Buyout Program if the member:
    a. is eligible for a refund of contributions under section 104.1091, RSMo, and the amount of the refund would be greater than the amount of the buyout payment otherwise payable under the Buyout Program;
    b. is eligible for a present value payment under section 104.335.6, RSMo;
    c. is subject to a Division of Benefit Order ("DBO") issued by a court under sections 104.312 or 104.1051, RSMo, and the system has received notice of the DBO before the system issues the buyout payment;
    d. is married at the time of the election to participate in the Buyout Program unless the member's spouse consents in writing to the election;
    e. dies and the system receives timely notice of the member's death before the system issues the buyout payment;
    f. becomes employed in any position covered by any retirement plan administered under Chapter 104, 287, and 476, RSMo, and the system has received timely notice of such employment before the system issues the buyout payment; or
    g. is receiving a long-term disability benefit from MOSERS.

3. A member may rescind an election in writing made under section 1 of this board rule if such rescission is received by MOSERS no later than November 30, 2017.

Payment Calculation

4. The buyout payment made under the Buyout Program shall be equal to 60 percent of the present value of the member's deferred normal retirement annuity as determined under this board rule.
5. The discount rate used to calculate the present value of the member's deferred normal retirement annuity shall be 7.50 percent. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 4.00% compounded until the 65% cap is reached, then at 2.00% compounded for life for members of the closed plan. The assumption for cost of living adjustments used to calculate the present value of the member's deferred normal retirement annuity shall be 2.00% compounded for life for members of the year 2000 plan. Present value is based on assumed life expectancy.
6. The present value of the member's deferred normal retirement annuity shall be determined as of October 1, 2017, regardless of when the member makes an election to participate in the Buyout Program or the system issues the buyout payment to the member.
7. The system's actuary shall determine the present value of the member's deferred normal retirement annuity based on the member's expected eligibility date for a normal retirement annuity.
8. For any member who is covered by the closed plan and is eligible to elect coverage under the year 2000 plan, the member shall be deemed to have elected coverage in the plan that results in the greater buyout payment for the member.
9. The system shall provide each member who is eligible to participate in the Buyout Program with: (a) an estimate comparing the amount of the projected buyout payment under the Buyout Program with the monthly amount of the member's projected normal retirement annuity; and (b) a description of the actuarial assumptions used in the calculation of the present value of the member's deferred normal retirement annuity under the Buyout Program.

Navigation

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Sitemap |Useful Links

MoDOT & Patrol Employees' Retirement System

myMPERS Login

Buyout

MPERS is offering eligible vested former members a one-time buyout of their accumulated retirement service credit. On this page you will find the board rule that governs the buyout program, a list of frequently asked questions and our answers, sample forms that apply to the buyout program, and a copy of the state law that created the buyout program.

Those vested former members that are eligible to participate in the buyout will receive a letter from us describing the program, an election form, a distribution form, and a list of top ten questions and answers sheet. If you did not receive such a letter, then you are not eligible for the buyout.

Other members not eligible for the buyout include:

- Active employees
- Retired members
- Members who are receiving a disability benefit sponsored by MPERS
- Any vested former member as of June 30, 2017, that later
  - becomes employed at a state agency covered by MPERS or MOSERS,
  - is subject to a division of benefit order,
  - can retire prior to January 1, 2018 (normal retirement eligibility), or
  - passes away prior to receiving the buyout payment in January 2018

If you are a vested former member and did not receive a letter and believe that you ARE eligible for the buyout program, please send us an email at mpers@mpers.org and we will research your file and respond to you as quickly as possible.

Sample – Buyout Election Form

Sample – Buyout Distribution Form

Senate Bill 62 (2017)

Buyout Board Rule

Frequently Asked Questions

Search...

Register for Secure Member Access

Retirement Benefits

Disability Benefits

Forms

Publications

Education on Demand

Tools and Calculators

Pre-Retirement Seminars

Calendar of Events

Board Meeting Summaries

Have a Question for MPERS?

How Are We Doing?

Buyout Questions and Answers

1. Should I take this voluntary buyout?

   We realize this is the most important question you may have. Unfortunately, we cannot answer that question for you. You should consult with a financial planner or your tax advisor to help you make that decision. Remember, you do not have to take the buyout. It is completely voluntary.

2. I see that my letter has monthly payments from the Closed Plan and the Year 2000 Plan. What is the difference?

   Not everyone who receives our buyout letter will have two plans listed. You have two plans listed because you began work prior to July 1, 2000. At retirement, you would be able to elect either plan. If your first day as a state employee was on or after July 1, 2000, then you would be in the Year 2000 Plan and your letter would only have the Year 2000 Plan benefit estimate listed.

   For a full description of all of the aspects of the Closed Plan and the Year 2000 Plan, please read our brochure entitled "Comparison of Retirement Plans" which can be found at www.mpers.org/about-mpers/brochures. The table below illustrates the ***highlights*** *of the plans' differences:*

Benefit Provision	***Closed Plan***	***Year 2000 Plan***
Base benefit formula	*Service x .016 x final average pay*	*Service x .017 x final average pay*
Temporary benefit	*None*	*Service x .008 x final average pay*
Cost of living adjustment	*Depends upon hire date (see the brochure for the details)*	*Based on 80% of the change in the Consumer Price Index (CPI)*
Retirement eligibility	*Age 65 with 5 years of service* *Age 60 with 15 years of service* *Rule of 80*	*Age 62 with 5 years of service*

3. When will I receive my payment if I elect to take the buyout?

   MPERS will start making buyout distributions in January 2018, in the order the elections were received. It is expected to take several weeks to process all the distributions.

4. How can I find out what I can expect to receive in future years as a retiree (if I do not elect to take the buyout)?

   The monthly amount you see on your letter is what you can expect to receive each month during the first 12 months of your retirement. To see what you will receive in future years, please go to www.mpers.org and click on "myMPERS Login" to gain access to our member services portal. If you have not logged in before, please click on the "Create Login!" button at the top right corner to create your account. Once you have gained access, you can run a retirement estimate and you can use our CompaRATOR tool to compare the amounts you would receive depending on the plan you would select at retirement. The CompaRATOR can be found under "Online Forms" after you log into your myMPERS account.

5. Can I roll over the buyout payment into my IRA?

   Yes you may. Please see the Election Distribution Form for more information, found with the rest of the materials we sent you.

6. Why am I getting this buyout offer?

   Legislation was recently passed that authorized both MPERS and MOSERS to provide this buyout program to their former vested members. The legislation was part of Senate Bill 62. The complete text of the bill can be found at www.senate.mo.gov/17info/pdf-bill/tat/SB62.pdf.

7. Do I have to pay taxes on the buyout payment?

   The buyout distribution can be taken as cash or a rollover. If you elect the buyout and take the distribution as a rollover to another qualified retirement plan, you will avoid any tax consequences at this time unless it is rolled into a Roth IRA, which would require a 20% federal tax withholding. Taking the buyout as cash will subject the payment to a 20% federal tax withholding and it may also be subject to an additional 10% penalty for early distribution. No state taxes will be withheld, but state taxes may be owed if the buyout is taken in cash.

8. What is present value?

   Present value is the current worth of an expected income stream to be received in the future. It is determined using a specified discount rate (in this case it is 7.75%) and calculated as of a specific date (in this case it is as of October 1, 2017). The present value is almost always less than the future value because money has an interest earning potential. That potential is generally referred to as the time value of money or commonly stated as "a dollar today is worth more than a dollar tomorrow." In very simple terms, the present value is the amount that must be invested today that would be sufficient to cover the anticipated income stream payable at your normal retirement date over your expected lifetime.

9. When do I have to turn in my forms to elect the buyout?

   The forms must be received no later than ***November 30, 2017****.*

10. How is the buyout amount calculated?

    The buyout calculation is based on your service credit on record at the time of the calculation. Then our actuary calculated the present value of your future retirement benefit (as of October 1, 2017). For the actuarial assumptions used and the process to calculate the buyout amount, please review the bottom of the second page of the letter you received.

11. If I elect to take the buyout payment, will my spouse or anyone else get a survivor benefit from MPERS?

    No, the buyout payment is the last payment you or your survivors will receive from MPERS, unless you reemploy with a state agency and earn a whole new retirement benefit.

12. If I turn in my forms to take a buyout, can I change my mind and rescind my application?

    Yes, but you must do so before your buyout payment is made which is generally scheduled for the month of January 2018. To be safe, you should let us know you have changed your mind before January.

13. If I take the buyout can I restore this service credit?

    No. If you elect the buyout you will forfeit all service under MPERS. If you were to reemploy in a position covered by MPERS or MOSERS at some future date, none of this service could be restored.

    If you come back to work for any state agency covered by either MPERS or MOSERS, you will become a member of the 2011 Tier. 2011 Tier members must pay a 4 percent payroll contribution to the retirement system and have different retirement eligibility requirements.

14. How can I return my completed forms?

    You can:

    - ***mail** them to MPERS, PO Box 1930, Jefferson City, MO 65102-1930,*
    - ***fax** them to 573-522-6111,*
    - ***scan** them and attach them to an email and send them to mpers@mpers.org, or*
    - ***hand deliver** them to our office at 1913 William Street, Jefferson City, MO 65109.*

15. If I turn in my completed forms am I guaranteed to get my buyout payment?

    No. If you were eligible for the buyout on June 30, 2017, you must remain eligible to receive the buyout up to the date of the payment (sometime in January 2018 or later). If you received a letter from us, based on our records, you were eligible for the buyout program as of the date we issued the letters to our vested former members. If someone takes a retirement eligible position at any state agency covered by either MPERS or MOSERS, the individual is no longer eligible for the buyout. If we receive a division of benefits order, we will stop the buyout payment. If a member retires, he or she will not receive the buyout payment. If a member passes away before the buyout payment is made, we will not send the payment. These are examples only, and this list is not all-inclusive.

*****

Board Rule – Buyout

3-7 (Closed Plan) and 4-7 (Year 2000 Plan) Vested-Former Member Buyout Program

The purpose of this board rule is to establish the Vested-Former Member Buyout Program (buyout program) in accordance with Sections 104.1063 and 104.1092, RSMo.

Eligibility

1) Except as otherwise provided under this board rule, a member of the Closed Plan or Year 2000 Plan, shall be eligible to elect to participate in the buyout program based on service rendered in the retirement plans administered by MPERS under Chapter 104 covering the member at the time of the most recent termination of employment if such member:
    a. terminated from MPERS- and MOSERS-covered employment for the applicable retirement plan prior to July 1, 2017;
    b. is eligible for a deferred retirement annuity from the applicable retirement plan on and after July 1, 2017;
    c. will not be eligible to receive a normal retirement annuity from the applicable retirement plan prior to January 1, 2018; and
    d. files an application with the system to participate in the buyout program for service rendered in the applicable retirement plan (including any information necessary to complete the application) by no later than November 30, 2017. This means the application and any other necessary information must either be postmarked by or physically received at the system by the close of business November 30, 2017.
2) A member may rescind an election made under paragraph 1 above at any time prior to the system issuing a buyout payment to such member by mail or electronically.
3) A member shall not be eligible to elect to participate in the buyout program if, prior to the system issuing a buyout payment, such member:
    a. is subject to a Division of Benefit Order (DBO) issued by a court under Section 104.312 or 104.1051, RSMo., and the system receives timely notice of such DBO;
    b. is married at the time of such election, unless such member's spouse consents in writing to such election;
    c. dies and the system receives timely notice of such death; or
    d. becomes an "employee" (as defined in Section 104.010 or 104.1003, RSMo.), covered by MPERS or MOSERS, and the system receives timely notice of such employment status.

Payment Calculation

4) The buyout payment made under the buyout program shall be equal to fifty percent (50%) of the present value of the member's deferred normal retirement annuity, based on a straight life annuity and the actuarial assumptions from the most recent valuation, due any eligible member as provided in this board rule. The system shall determine the present value with assistance from the system's actuary. For those members covered by the Closed Plan and eligible to elect coverage under the Year 2000 Plan, the present value shall be based on whichever plan provides the highest present value. The system shall communicate to eligible members a description of the actuarial assumptions used in the calculation of the present value.
5) The present value of such deferred annuity under paragraph 4 above of this board rule shall be determined as of October 1, 2017, regardless of when a member makes an election to participate in the buyout program or the system issues a buyout payment under such program.
6) The system shall provide each eligible vested-former member that meets the definitions noted in paragraph 1 above, with an estimate comparing the amount of the estimated buyout payment with the projected monthly benefit payment payable on the date of eligibility for a normal annuity.
7) The system shall identify eligible members and send out such estimates and other communications related to the buyout program by October 2, 2017. These communications shall clearly state that each member is subject to the requirements under subsection 3 of Section 104.1092 upon making such election and receiving such buyout payment.

8) The member may choose to take the buyout payment either as an eligible rollover distribution (i.e., roll over to a 401(a) account) or as a taxable direct payment. Payments will be made by the system beginning in January 2018, as soon as practically possible, but no later than May 31, 2018.
9) The system will make reasonable efforts to locate vested-former members who have not maintained a current address. All members are subject to the limited window provided herein, even if they were not located prior to the window closing.
10) All other administrative decisions not contemplated or specifically contained in this rule shall be subject to final approval by the executive director.

Recommended by: Uniform Pension Board | Bill No. 09-2017
Ordinance No. 2017-

AN ORDINANCE INCREASING THE PROPERTY TAX RATE FROM $0.12 TO $0.24 FOR RESIDENTIAL REAL ESTATE, FROM $0.12 TO $0.36 FOR COMMERCIAL REAL ESTATE, AND FROM $0.12 TO $0.36 FOR PERSONAL PROPERTY PER $100 OF ASSESSED VALUATION TO BE USED SOLELY FOR THE PURPOSE OF FUNDING THE RETIREMENT PLAN FOR THE POLICE DEPARTMENT OF THE CITY OF OVERLAND, MISSOURI, SUBJECT TO THE APPROVAL BY THE VOTERS OF THE CITY; CALLING FOR AN ELECTION TO BE HELD ON AUGUST 8, 2017; PROPOSING THE FORM OF THE BALLOT AND DIRECTING THE CITY CLERK TO DO ALL THINGS CALLED FOR BY THE LAW IN CONNECTION WITH HOLDING SAID ELECTION.

WHEREAS, the City Council of the City of Overland, Missouri, has determined that it would be in the best interest of the City of Overland, Missouri to increase the residential, commercial, and personal property tax rates solely to fund the Retirement Plan for the Police Department of the City of Overland, Missouri, and to submit such issue to the voters of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OVERLAND, MISSOURI, AS FOLLOWS:

<u>SECTION 1</u>. That the property tax rate of the City be increased from $0.12 to $0.24 for residential real estate, from $0.12 to $0.36 for commercial real estate, and from $0.12 to $0.36 for personal property per $100.00 of assessed valuation solely for the purpose of funding the Retirement Plan for the Police Department of the City of Overland.

<u>SECTION 2</u>. That such property tax increase is hereby imposed, levied, and submitted to the voters and shall be collected if approved by said voters, and all such property tax received by the City of Overland shall be segregated from the other general property tax revenues and used solely for the Retirement Plan for the Police Department of the City of Overland.

<u>SECTION 3</u>. That such property tax increase is to be effective with the assessed valuation as determined for the year beginning January 1, 2017, which is due by December 31, 2017.

<u>SECTION 4</u>. That such property tax increase shall not be effective unless approved by a majority of the votes cast by the qualified voters voting thereon at an election to be held Tuesday, August 8, 2017.

SECTION 5. That the proposition imposing such property tax increase shall be placed on the ballot at the regularly scheduled election to be held on Tuesday, August 8, 2017.

SECTION 6. That the Board of Election Commissioners of St. Louis County, Missouri, be and hereby is authorized and directed to give notice of said election by causing to be published in one newspaper published in St. Louis County, Missouri, and qualified by law for the publication of such notice under Chapter 493 R.S.Mo., as amended, said notice to be published twice, the first publication occurring in the second week prior to the election, and the second publication occurring within one week prior to said election.

SECTION 7. That the Board of Election Commissioners of St. Louis County, Missouri, shall provide the ballot and ballot labels, conduct the election and cause the results thereof to be certified to the City Council as provided by law.

SECTION 8. That the ballots to be used at said election shall be in substantially the following form:

SAMPLE BALLOT
FOR SPECIAL ELECTION
IN THE CITY OF OVERLAND, MISSOURI
ON TUESDAY, AUGUST 8, 2017

QUESTION

Shall the City of Overland increase the property tax rate of the City from $0.12 to $0.24 for residential real estate, from $0.12 to $0.36 for commercial real estate, and from $0.12 to $0.36 for personal property per $100.00 of assessed valuation solely for the purpose of funding the Retirement Plan for the Police Department of the City of Overland?

YES [ ]

NO [ ]

INSTRUCTION TO VOTERS

If you are in favor of the question, fill in the oval on the ballot card below the number that corresponds to YES. If you are opposed to the question, fill in the oval on the ballot card below the number that corresponds to NO.

SECTION 9. That the City Clerk shall deliver to the Board of Election Commissioners of St. Louis County, Missouri, a certified copy of this Ordinance which shall be the authority for said Board to conduct said election as hereinbefore provided and as provided by law.

SECTION 10. That the City Clerk is further authorized to do all other things called for by law in connection with the holding of said election.

SECTION 11. That this ordinance shall be in full force and effect from and after its passage and approval according to law.

PASSED THIS 8th DAY OF MAY 2017, BY THE CITY COUNCIL OF THE CITY OF OVERLAND, MISSOURI.

Mayor of the City of Overland, Missouri

ATTEST:

City Clerk

SUMMARY REPORT
RUN DATE:08/08/17
RUN TIME:08:24 PM

SPECIAL ELECTION
ST. LOUIS COUNTY, MISSOURI
TUESDAY, AUGUST 8, 2017

UNOFFICIAL RESULTS

	VOTES	PERCENT
PRECINCTS COUNTED (OF 19)	19	100.00
REGISTERED VOTERS - TOTAL	23,075	
BALLOTS CAST - TOTAL.	2,802	
VOTER TURNOUT - TOTAL		12.14

BEL-RIDGE - PROPOSITION A
**LICENSE FEE - PARKING LOTS
(Vote for) 1
(WITH 1 OF 1 COUNTED)

	VOTES	PERCENT
YES	74	61.16
NO.	47	38.84

BEL-RIDGE - PROPOSITION B
TAX LEVY - COMMERCIAL PROPERTY
(Vote for) 1
(WITH 1 OF 1 COUNTED)

	VOTES	PERCENT
YES	74	61.16
NO.	47	38.84

GREENDALE - PROPOSITION S
LOCAL USE TAX
(Vote for) 1
(WITH 1 OF 1 COUNTED)

	VOTES	PERCENT
YES	60	84.51
NO.	11	15.49

COUNCIL MEMBER MAPLEWOOD WARD 3
(Vote for) 1
(WITH 1 OF 1 COUNTED)

	VOTES	PERCENT
REMOVED BY COURT ORDER	1	.32
JENNY SCHMIDT	163	52.08
STEVE TERELMES.	42	13.42
KRISTEN SPENCER	105	33.55
WRITE-IN.	2	.64

MOLINE ACRES - PROPOSITION U
LOCAL USE TAX
(Vote for) 1
(WITH 1 OF 1 COUNTED)

	VOTES	PERCENT
YES	55	58.51
NO.	39	41.49

OVERLAND - PROPOSITION O
TAX - POLICE RETIREMENT
(Vote for) 1
(WITH 7 OF 7 COUNTED)

	VOTES	PERCENT
YES	791	59.38
NO.	541	40.62

TRUSTEE UPLANDS PARK
(Vote for) 1
(WITH 1 OF 1 COUNTED)

	VOTES	PERCENT
ONVA BURKE	35	64.81
KENNETH WILLIAMS	19	35.19

DIRECTOR KINLOCH FIRE DISTRICT
(Vote for) 1
(WITH 1 OF 1 COUNTED)

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 NO CANDIDATE FILED . . . . . . . .          0
 WRITE-IN. . . . . . . . . . . . . .         0

DIRECTOR KINLOCH FIRE DISTRICT
(Vote for )  1
   (WITH 1 OF 1  COUNTED)
 ROY C. OLDHAM . . . . . . . . . . .         1  100.00
 WRITE-IN. . . . . . . . . . . . . .         0

DIRECTOR KINLOCH FIRE DISTRICT
(Vote for )  1
   (WITH 1 OF 1  COUNTED)
 WALTER (EDDIE) MACON. . . . . . . .         0
 WRITE-IN. . . . . . . . . . . . . .         0

ST. ANN TRANSPORTATION DEVELOPMENT DIST.- PROPOSITION S
**SALES TAX - TRANSPORTATION PROJECTS**
(Vote for )  1
   (WITH 6 OF 6  COUNTED)
 YES . . . . . . . . . . . . . . . .       360   44.72
 NO. . . . . . . . . . . . . . . . .       445   55.28
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Political Fix

http://www.stltoday.com/news/local/govt-and-politics/tuesday-s-special-election-st-ann-votes-down-infrastructure-tax/article_d9513fc7-4110-53c1-ab71-73cf3cc23578.html

Tuesday's special election: St. Ann votes down infrastructure tax, GOP holds two legislative seats

By Kevin McDermott St. Louis Post-Dispatch 10 hrs ago

Voters in the north St. Louis County city of St. Ann on Tuesday voted down a proposed 1-cent sales tax hike that was to have been earmarked to repair roads and sidewalks.

But ballot measures at other area communities in Tuesday's Missouri special election fared better, with various St. Louis County cities easily passing new taxes, tax hikes and other proposals.

In two state legislative special elections in central and southwest Missouri, meanwhile, Republicans easily retained seats that had been vacated by GOP officeholders, keeping the party's same lopsided majority in the Legislature.

St. Louis had nothing on Tuesday's special-election ballot, but various communities in St. Louis County and elsewhere did.

In St. Ann, officials have said streets, sidewalks and other infrastructure has deteriorated badly over the years, and that a major citywide improvement project was needed. The proposed 1-cent sales tax hike was to have funded a transportation development district for ongoing infrastructure work.

It failed by a vote of roughly 44 percent "yes" to 55 percent "no."

It was a different story in Overland, where the second time was a charm. Voters were asked to double their current property tax rate in order to bolster the city's police pension fund — the same as a ballot initiative that was defeated in April.

This time, voters approved the measure about 59 percent to about 40 percent. It marks the first time since 1987 the city's property taxes have been raised.

In Greendale and Moline Acres, voters approved by wide margins proposals to impose "use taxes" on residents' out-of-state purchases in the same amounts as the cities' local sales taxes. Moline Acres voters approved the measure there by 58 percent to 41 percent, while Greendale voters approved it by about 84 percent to 15 percent.

The use taxes, payable on city residents' tax returns, would apply to those who buy more than $2,000 worth of goods annually from out-of-state vendors. Such local use taxes are becoming more common throughout Missouri and elsewhere as online purchasing has increasingly pulled sales away from local businesses, depriving local municipalities of those sales taxes.

In Bel-Ridge, voters approved a measure to more than double the commercial property tax rate in the city, which hasn't been raised since 1990, to fund police costs, road and sewer repair and other city services. The tax will increase to 65 cents for each $100 of assessed valuation from 27 cents. Bel-Ridge voters also voted to assess a $15-per-space annual fee on commercial parking lots. Both measures passed by about 60 to 40 percent.

In Maplewood's special election to fill an unexpired City Council term ending in April 2019, Jenny Schmidt beat opponents Steve Terelmes and Kristen Spencer, garnering about 52 percent of the vote.

And in Uplands Park's runoff election for village trustee, Onva Burke easily beat Kenneth Williams by about 65-35 percent for the two-year term.

In the only two state legislative races on the ballot, previously Republican-held seats were won by new Republican candidates, which means the GOP will keep its same overwhelming numbers in Jefferson City.

In the 50th Missouri House District in the Columbia area, the seat that was formerly held by four-term Rep. Caleb Jones, a Republican who left office in January to take a post in Gov. Eric Greitens' administration, was won by Republican Sara Walsh, who works in communications for the Missouri Pharmacy Association.

With most precincts counted, Walsh was beating Democrat Michela Skelton, an attorney, by more than 12 percentage points. Though the seat has been solidly Republican for years, Democrats had seen a chance at an upset, with Skelton raising significantly more in campaign funding than Walsh.

In the 28th Missouri Senate District, a sprawling district in southwest Missouri vacated by now-Lt. Gov. Mike Parson, Republican state Rep. Sandy Crawford was beating Democrat and former educator Al Skalicky by a roughly 2-to-1 margin.

And in Kansas City, voters were overwhelmingly approving a citywide minimum wage of $10 an hour, despite a recent state law that bans such ordinances. City leaders have said they expect the legal system to eventually allow them to enact the new wage.

The state won't let them have it. So why is Kansas City voting Tuesday on a minimum wage hike?

Area ballot highlights from Tuesday's special elections in Missouri

• St. Ann (Proposition S): Proposed 1-cent sales tax increase to fund a "transportation development district" to repair and upgrade streets, sidewalks and related infrastructure citywide.

• Greendale (Proposition 5) and Moline Acres (Proposition U): Proposed use tax on out-of-state purchases, to match the local sales tax, a response to increased online purchasing that isn't currently taxed.

• Bel-Ridge (Proposition B): Proposed increase in commercial property taxes, from 27 per $100 assessed valuation to 65 cents. A $100,000 business' taxes would increase from $2,700 to $6,500. The income will be used for police costs, road and sewer repair and other city services.

• Bel-Ridge (Proposition A): Proposed $15-per-space annual fee on parking lots, with income to be used for police costs, road and sewer repair and other city services.

• Warrenton (Proposition A): Proposed $7.5 million bond issue to fund a new park, recreation and aquatic facilities aimed at replacing the town's aging public pool. A two-thirds majority is required for it to pass.

• Overland (Proposition O): Proposed property tax hike from 12 cents per $100 assessed valuation to 24 cents. The owner of a home worth $100,000 would pay an additional $22.80 annually. It also would increase in the personal property rate from 12 cents to 36 cents. The money would go entirely to fund the city's police pension fund.

Polls are open from 6 a.m. to 7 p.m. Tuesday.

Sources: St. Louis County and League of Women Voters of Metro St. Louis.

Kevin McDermott

Kevin McDermott is a reporter for the St. Louis Post-Dispatch.

Missouri Local Government Employees Retirement System
701 West Main, P.O. Box 1665, Jefferson City, Missouri 65102
Telephone (573)636-9455 • 800-447-4334 • FAX (573) 636-9671
www.molagers.org

FOR IMMEDIATE RELEASE

DATE: JUNE 22, 2017

Jefferson City, MO – On July 1st, Missouri LAGERS will begin administration of the City of Jefferson's Fire Pension Plan – its first legacy pension plan as allowed under the Local Plans Legislation which was signed into law last June.

"This has been a culmination of effort by our local government leaders, state legislators, and LAGERS staff, and we are excited to see our first plan transfer administration into our system," says outgoing director Keith Hughes. "The heart of this legislation was truly to provide an alternative solution to local governments who wanted to get out of the pension administration business."

And that's just what the City of Jefferson will be doing on July 1st. "As far as both city retirees and LAGERS members are concerned, they shouldn't notice anything different as we expect the transition to be seamless; but we hope that it will be a burden lifted on the city," notes incoming director Bob Wilson.

"We have been overwhelmed by the positive response from employers across the state," Wilson adds, "and we have several more employers already waiting in line to transfer their plans into LAGERS."

The City of Jefferson originally joined LAGERS in 1970, but only offered LAGERS benefits to its general and police employees, while fire employees participated in a separate pension fund. The city has since closed their Fire Pension Fund and all new hires in the Fire Department now participate in LAGERS. Retirees in the closed Fire Pension Fund will, effective July 1st, begin receiving their pension check from LAGERS instead of the city, but will otherwise not notice anything different. The city, however, will no longer bear any of the administrative, actuarial, auditing, legal, investment, or compliance burden of managing a pension fund.

"This truly is a win-win for everyone. Retirees are assured their benefits remain secure and the city can focus on providing great services for its taxpayers. LAGERS is truly honored to be a part of this," notes Wilson.

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CITY OF JENNINGS
CITY COUNCIL MEETING AGENDA
August 28, 2017
7:00 p.m.

PUBLIC HEARING: 6:30 p.m. – Public hearing to discuss the estimated reallocation of $156,500 in Community Development Block Grant funds, which became available after January 1, 2017.

REGULAR MEETING:

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. APROVAL OF AGENDA

E. APPROVAL OF MINUTES FROM THE REGULAR MEETING OF JULY 24, 2017

F. PRESENTATION OF PETITIONERS, REMONSTRATIONS, COMPLAINTS AND REQUESTS:
   A. Presentation from St. Louis County Police Department – Employee Recognition
   B. Presentation from Department of Corrections – Employee Recognition
   C. Presentation from Mayor Austin – Jennings School District
   D. Presentation from Mayor Austin – Outstanding Citizen – Matthew Hunter
   E. Comments by public. (Please sign in. Comments are limited to 3 minutes. See decorum ordinance.)
   F. Councilmember's Reports

G. MONTHLY DEPARTMENTAL REPORTS

A. Finance	D. Building Dept.	G. Public Works	J. Riverview Fire Dist.
B. Court	E. Sewer Lateral	H. Recreation	K. Emergency Management
C. Jail	F. Economic Dev.	I. St. Louis County Police	

H. REPORTS OF COMMITTEES

A. Ways and Means Cmte.	E. Municipal League	I. Beautification
B. Public Works Cmte.	F. Plan Commission	J. Youth Commission
C. Building Cmte.	G. Policy Committee	K. Senior Commission
D. Park Cmte	H. Solid Waste Committee	

I. LEGAL BUSINESS (PROPOSED ORDINANCES):
   A. An ordinance repealing certain portions of Article 2 Sect 7-16 of the Jennings Building Code
   B. An ordinance authorizing the approval and purchase of multiple real properties situated within the City of Jennings. MO
   C. An ordinance repealing certain portions of Article 21 Section 21.4(b)(4) of the Jennings Zoning City Code regarding the size of political signs placed in R1, R2, R3 and planned unit development districts
   D. An ordinance repealing certain portion of Article 8 Sect. 2 of the Jennings Code regarding LAGERS
   E. An Ordinance Terminating Tax Increment Financing within the Jennings Tax Increment Financing Area #1
   F. An ordinance authorizing the approval and execution of the settlement agreement – Buie vs City of Jennings

G. UNFINISHED BUSINESS:

H. NEW BUSINESS:
   A. Approve appointment of Joseph Turner to the Senior Commission for a 3-year term
   B. Approval of the Jennings Senior High School JAG (Jobs for America's Graduates) to adopt a street – 8900 block of Cozens
   C. Approval of Jennings Jr. High School to adopt a street – Hord Avenue (Cozens to Jennings Station Road)
   D. Approval of a tent sale at City Gear – 8005 W. Florissant Ave, Suite B2
   E. Approval of bills for payment
   F. Motion for closed session, legal and personnel (RSMO 610:021- 1,3)

I. MAYOR'S REPORT

J. CLOSED SESSION, LEGAL AND PERSONNEL (RSMO 610:021 –1,3)

All meetings are recorded
For accommodations due to disability, please call City Hall at 314-388-1164, or Relay Missouri (TDD) at 1-800-735-2460, 72 hours in advance of the meeting.

BILL NO. 2508 **ORDINANCE NO. 2455**

AN ORDINANCE AUTHORIZING THE MAYOR TO EXECUTE ON BEHALF OF THE CITY OF JENNINGS THE FOLLOWING AGREEMENT BETWEEN THE CITY OF JENNINGS, MISSOURI, AND THE BOARD OF TRUSTEES OF THE MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM.

BE IT ENACTED BY THE COUNCIL OF THE CITY OF JENNINGS, MISSOURI, AS FOLLOWS:

Section 1. The Mayor and City Clerk are hereby authorized to execute a Joinder Agreement between the City of Jennings, Missouri and the Missouri Local Government Employees Retirement System.

Section 2. The agreement shall be substantially the same in form and content as that agreement attached hereto as Exhibit A.

Section 3. This Ordinance shall be in full force and effect from and after the date of its passage and approval.

Passed: 28th day of August, 2017

Approved: 28th day of August, 2017

Presiding Officer

Yolanda Austin
Mayor

ATTEST:

Delettrae Hudson
City Clerk

APPROVED AS TO FORM:

City Counselor

JEF-282697-3

<u>EXHIBIT A</u>
JOINDER AGREEMENT

Joinder Agreement

WHEREAS, the City Council of the City of Jennings, Missouri, ("City") is an employer in the Missouri Local Government Employees Retirement System ("LAGERS") and is the sponsor of the Police and Firemen's Retirement Plan of the City of Jennings, Missouri (the "Plan"), which is a plan that is similar in purpose to LAGERS within the meaning of Section 70.621.1 RSMo; and

WHEREAS, the Board of Trustees of the Police and Firemen's Retirement Fund of the City of Jennings ("Pension Board"), Missouri is the current governing body of the Plan; and

WHEREAS, the Plan is frozen, and the City and Pension Board wish to enter into an agreement whereby LAGERS assumes all duties and responsibilities of operating the Plan, effective no later than January 1, 2018; and

WHEREAS, the current Pension Board for the Plan will dissolve and LAGERS will assume all operational duties and responsibilities for the Plan, and the board of LAGERS shall become the governing board of the Plan in accordance with Section 70.621 RSMo; and

WHEREAS, the City agrees that any and all surplus assets of the Plan shall be transferred to the employer accumulation fund created pursuant to Section 70.710 RSMo for the City under LAGERS upon the termination of the Plan in a manner consistent with state and federal law and regulations; and

WHEREAS, the City shall continue to have sole responsibility for full funding of the Plan including related expenses.

WHEREAS, it is understood that in entering into this Agreement the City is also acting as agent for the Board of Trustees of the Police and Firemen's Retirement Fund of the City of Jennings, Missouri.

NOW, THEREFORE, in consideration of the mutual covenants and agreement contained herein, the parties agree as follows:

1. The City of Jennings, by and through the City Council, irrevocably delegates and cedes to LAGERS all duties and responsibilities of operating the Plan in accordance with Section 70.621 RSMo.

2. The board of LAGERS shall become the governing board of the Plan in accordance with Section 70.621 RSMo..

3. Any and all surplus assets of the Plan shall be transferred to the employer accumulation fund created pursuant to Section 70.710 RSMo for the City upon the termination of the Plan in a manner consistent with state and federal law and regulations.

4. The City will timely make available to LAGERS staff all personnel and financial data necessary for the administration of the Plan including the original files for each active participant. Such original files will be sent to LAGERS.

5. In any case of question as to the membership status, eligibility for an amount of benefits, or any other question related to benefits under the existing Police and Firemen's Retirement Fund, the City agrees that LAGERS is to decide the question.

6. The City Administrator and the duly-authorized designees of the City Administrator are hereby authorized, empowered, and directed to act on behalf of the City to take any and all actions required to freeze the Police and Firemen's Retirement Fund and discontinue contributions to it as required herein.

7. The City, to the extent permitted by law, agrees to hold LAGERS harmless from any liability with respect to this transaction, apart from those obligations imposed on LAGERS by Sections 70.600 – 70.755 RSMo., provided the transaction is completed according to the terms contained herein.

8. The City, to the extent permitted by law, agrees to indemnify and to hold LAGERS harmless from any and all claims, liabilities, losses, damages, court costs and reasonable expenses (including reasonable attorneys' fees) that LAGERS may incur or suffer as a result of any discrepancy between the amount or other feature of the benefit of a participant or beneficiary as determined by the City and communicated by the City to LAGERS, and the amount or other feature of the benefit of a participant or beneficiary in accordance with the Plan document as determined by LAGERS or as determined by a final decision of a court with jurisdiction over the matter.

9. LAGERS, to the extent permitted by law, agrees to hold the City harmless from any liability with respect to this transaction, apart from those obligations imposed on the City under its Charter, Code, and Ordinances, provided the transaction is completed according to the terms contained herein.

10. The City Administrator and the duly-authorized designees of the City Administrator are hereby authorized and directed to take any and all actions required to place the foregoing resolutions into effect, such actions must include amending applicable sections of the City Charter and City Code, and revising relevant Ordinances, such actions are to be taken promptly in accordance with local, state, and federal laws and procedures.

10. The City Administrator and the duly-authorized designees of the City Administrator are hereby authorized and directed to take any and all actions required to place the foregoing resolutions into effect, such actions must include amending applicable sections of the City Charter and City Code, and revising relevant Ordinances, such actions are to be taken promptly in accordance with local, state, and federal laws and procedures.

11. This Agreement will be effective as of the date agreed upon by the City and LAGERS following the receipt by LAGERS of Plan participant and beneficiary data requested by LAGERS and the determination by LAGERS that such data are reasonably acceptable.

12. IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year last executed by a party below and acknowledge receipt of one copy of the contract.

CITY OF JENNINGS, MISSOURI

Yolanda Austin

Mayor: Yolanda Austin
Date: August 28, 2017

ATTEST:

Deletra Hudson

City Clerk: Deletra Hudson

APPROVED AS TO FORM:

____
City Counselor

BOARD OF TRUSTEES OF THE POLICE AND FIREMEN'S RETIREMENT FUND OF THE CITY OF JENNINGS, MISSOURI.

____
Title:
Date: ______________

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

____
Title: ______________________________
Date: ______________

ATTEST:

____
Title: ______________________________

JEF-282697-3

BILL NO. 2507 **ORDINANCE NO. 2454**

AN ORDINANCE OF THE CITY OF JENNINGS, MISSOURI, REPEALING CERTAIN PORTIONS OF ARTICLE VIII, SECTION 2 OF THE JENNINGS CITY CODE REGARDING THE MISSOURI LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (LAGERS) AND ENACTING PROVISIONS RELATING TO SAME EFFECTUATING THE TRANSFER OF THE MANAGEMENT OF THE CITY'S POLICE AND RETIREMENT PLAN RETIREMENT PENSION FROM THE CITY TO LAGERS.

NOW THERE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF JENNINGS, MISSOURI, AS FOLLOWS:

Section 1. Article VIII, Section 2-314-332 of the City of Jennings Municipal Code is hereby amended to read as follows: (the remaining subsections of Article VIII, Section 2 are not amended or changed in any way and remain in full force and effect):

DIVISION 1. GENERALLY

Sec. 2-314. Definition. Sec. 2-315. Penalties.

Sec. 2-316. Liability

Sec. 2-317. Conditions of employment. Sec. 2-318. Creation of plan.

Sec. 2-319. Creation of retirement fund. Sec. 2-320. Composition of fund.

Sec. 2-321. Contributions from covered employees. Sec. 2-322. Custodian of funds.

Sec. 2-323. Application of funds.

Sec. 2-324. Right to purchase insurance.

Sec. 2-325. Legal services and compensation. Sec. 2-326. Actuarial service and compensation. Sec. 2-327. Disbursements.

Sec. 2-328. Right of city to reduce tax levy. Sec. 2-329. Service records.

Sec. 2-330. Reinstatement of service. Sec. 2-331. Election.

Secs. 2-332—2-338. Reserved.

Sec. 2-314. Definition.

The term "covered employee," as used in this article, shall mean a full-time regular, active employee of the police department or fire department of the city, <u>who has an accrued benefit under this article.</u>

(Ord. No. 881, 8-11-69; Ord. No. 1508, § 1, 2-9-87)

Sec. 2-315. Penalties.

Any person who shall knowingly or willfully make any false statement for the purpose of obtaining benefits under the terms of this article, or shall falsify, cause or permit to be falsified, any record or records of the police and firemen's retirement fund plan in any attempt to defraud, shall be adjudged guilty of an offense and, upon conviction thereof, shall be punished as provided in section 1-9 of this Code, and all such person's rights, interest and privileges under and by virtue of this article shall be forfeited.

(Ord. No. 627, § 26, 10-23-61)

Sec. 2-316. Limit of liability.

<u>The City of Jennings shall continue to have the sole responsibility for full funding of the Police and Firemen's Retirement Fund as set out in this Article VIII including all related expenses in accordance with RSMo Section 70.621.</u>

(Ord. No. 627, § 30, 10-23-61)

Sec. 2-317. Conditions of employment.

No person shall be employed as a member of either the police or fire departments unless he shall first undergo a physical examination by a physician of the medical board designated by the board of trustees, and be certified as being physically fit for the performance of the duties in such departments. No person shall be so certified if he be found to have a deformity or physical condition that may directly or indirectly cause or contribute to the physical disability of such applicant.

(Ord. No. 627, § 20, 10-23-61)

Sec. 2-318. Creation of plan.

There is hereby provided a plan for the retirement of the salaried members of the police and fire departments of the city on account of age or disability and for the payment to such employees during their retirement, and upon their death to their widows and minor children, of the pensions as herein more specifically set forth, in pursuance of the constitution of the state and the laws enacted pursuant thereto.

(Ord. No. 627, § 1, 10-23-61)

Sec. 2-319. Creation of retirement fund.

There is hereby created and established a fund which shall be designated and known as the "Police and Firemen's Retirement Fund". Said police and firemen's retirement fund shall be under the exclusive management and control of the board of trustees, as defined in Section 70.600(7) RSMo (2016). The fund shall be derived partly from taxation as hereinafter set forth and partly from contributions made by covered employees of the organized police and fire departments and other sources as hereinafter provided.

(Ord. No. 627, § 2, 10-23-61)

Note—See the editor's note to Art. VIII.

Sec. 2-320. Composition of fund.

The police and firemen's retirement fund shall consist of:

(a) The proceeds of a tax to be levied by the city council, as hereinafter provided, not exceeding
tthirty seven cents ($ 0.37) on the one hundred dollars ($100.00) of
the assessed value of all taxable real and tangible property as the same may appear on the tax
books for the city. This rate of tax shall be levied by the city council at the time when the tax rates
of the city are fixed and established in 2009, and each year thereafter, except as may be provided otherwise hereinafter.

The tax money thus collected shall be allocated to and set apart in a separate fund for the purpose mentioned in this article, and such money shall not be used for, nor devoted to, any purposes other than herein provided. All monies received by the City of Jennings for the police and firemen's pension fund shall be transferred to the police and firemen's pension fund by the
15th day of the month following the receipt of same.

(b) Contributions paid into the fund by covered employees as provided in this article.

(c) Twenty (20) per cent of all rewards received by covered employees of the police and fire departments.

(d) Any and all property given or donated to the fund from any source, and for this purpose the board of trustees may accept donations to the fund in the form of gifts, grants, devises and bequests of any money, personal property, real estate, or any interests therein, or any right of property; and any such gift, grant, devise or bequest may be absolute or in fee simple, or upon condition that only the rents, income or profits arising therefrom shall be applied to the purpose for which the police and firemen's retirement fund is established.

(e) The net earnings on all investments and all interest earned.

(f) Any and all earnings received from any entertainment or event given for the benefit of the police and firemen's retirement fund and specifically approved by the board of trustees.

(g) Contributions by the City of Jennings out of general revenue

(Ord. No. 627, § 6, 10-23-61; Ord. No. 1507, § 1, 2-9-87; Ord. No. 1690, § 1, 9-27-93; Ord. No.
1702, § 1, 12-27-93; Ord. No. 2138, § 1, 12-15-08)

Note—See the editor's note to Art. VIII.

Sec. 2-321. Contributions from covered employees.

Every covered employee shall be assessed and required to pay into the police and firemen's retirement fund, herein created, a sum equal to three point thirty-nine (3.39) per cent of his current monthly salary, until he reaches his retirement age. The city, in making up its payroll for covered employees of the police and fire departments, shall be authorized, and is hereby required, to deduct from the compensation and salary due each covered employee for each payroll period a sum representing three point thirty-nine (3.39) per cent of such salary and compensation, and such deduction shall be placed in a special fund and shall be paid monthly to the treasurer of the board of trustees. Each covered employee shall execute and deliver to the city clerk an authorization for the deduction herein described, and no covered employee shall be employed in covered services in the police and/or fire departments unless he shall execute such authorization.

(Ord. No. 1089, 3-24-75; Ord. No. 1478, § 1, 1-27-86)

Note—See the editor's note to Art. VIII.

Sec. 2-322. Custodian of funds.

The Custodian of the Missouri Local Government Employees' Retirement System pursuant to Sections 70.600-70.755 RSMo. shall be custodian of all moneys, securities and other property of the police and firemen's retirement fund, subject to the control and direction of the board of trustees.

(Ord. No. 627, § 8, 10-23-61)

Sec. 2-323. Application of funds.

No portion of the funds herein created shall be used for any purpose other than that set forth in this article, and any person diverting or misapplying or consenting to a diversion or misapplication of any part of the fund to any other purpose shall, upon conviction thereof, be adjudged guilty of an offense and punished as provided in section 1-9 of this Code, in addition to any other penalties prescribed by law.

(Ord. No. 627, § 9, 10-23-61)

Sec. 2-324. Right to purchase insurance.

The board of trustees may in its discretion purchase insurance against accidental death or permanent, total disability on any or all covered employees, payable to the board, for the benefit and protection of the plan.

(Ord. No. 627, § 10, 10-23-61)

Sec. 2-325. Legal services and compensation.

The board of trustees may select a competent attorney or attorneys to advise it in all legal matters affecting the affairs of the board, and to prosecute or defend the board of trustees in their representative capacity in any litigation affecting the board, and may pay reasonable compensation therefor from the police and firemen's retirement fund.

(Ord. No. 627, § 11, 10-23-61)

Sec. 2-326. Actuarial service and compensation.

The board of trustees may employ a competent actuary or actuarial service such as it requires for the efficient administration of the police and firemen's retirement fund and may pay reasonable compensation therefor from the police and firemen's retirement fund.

(Ord. No. 627, § 12, 10-23-61)

Sec. 2-327. Disbursements.

All disbursements of funds from the police and firemen's retirement fund shall be approved by the board upon retirement of each covered employee and annually thereafter.

(Ord. No. 627, § 13, 10-23-61)

Sec. 2-328. Right of city to reduce tax levy.

The tax rate set forth in section 2-320 is the maximum tax rate which the city council is authorized to levy and shall levy for the operation of the plan herein set forth, but the city council may, in its sole discretion, upon receipt of a written recommendation of the board of trustees, reduce the tax rate to be levied in the next succeeding taxable years to such figure, as in the judgment of the board of trustees and approved by the board of trustees, may be sufficient to provide adequate funds for the purpose herein specified, and such tax rate shall not thereafter be increased within the limit herein provided except upon affirmative showing by the board of trustees that an increase is necessary for the purposes herein specified.

(Ord. No. 627, § 14, 10-23-61)

Sec. 2-329. Service records.

Within ninety (90) days after the effective day of the ordinance from which this article is derived (October 23, 1961), each covered employee of the police and fire departments shall prepare, sign and cause to be filed with the secretary of the board of trustees, in such form as may be required, a statement showing his full record in the department in which he is employed, with a full explanation concerning any interruption in his continuous service therein and the cause thereof. The board of trustees shall promptly verify the statements of service, and upon verification thereof, shall issue to each covered employee a certificate of the length of said prior service. Such certificates may be modified at the request of the employee, provided such request is made to the board of trustees within one (1) year from the issuance of such certificate, and unless so modified, the certificate shall be final and conclusive as to length of prior service. The board of trustees shall fix by rule how much service in any calendar year shall constitute a year's service.

(Ord. No. 627, § 23, 10-23-61)

Sec. 2-330. Reinstatement of service.

Any former employee who is reinstated in the police or fire departments within twenty-four (24) months after an involuntary termination of employment and withdrawal of deposits, shall be required as a condition of re-employment and reinstatement to the plan, to deposit the total amount withdrawn and shall be credited with the total years of service credited at time of termination. If reinstatement occurs after twenty-four (24) months, the employee's service record starts on the date of re-employment, without credit for prior service.

(Ord. No. 627, § 28, 10-23-61)

Sec. 2-331. Election.

The police and firemen's retirement plan, as herein set forth, shall be submitted to the qualified voters of the city for their approval or rejection at the regular election to be held on the third day of April,

Secs. 2-373—2-400. Reserved.

Sec. 2-361. Application.

Applications for benefits to be paid from the retirement fund shall be made upon forms provided by the board of trustees and shall contain full information from which the board may determine the eligibility of the applicant. If such application be a claim for benefits because of permanent, total disability, full information concerning the nature and extent of the injury, shall be furnished with the application, and the applicant shall submit to such examinations as determined necessary by the board of trustees. The board of trustees may hold hearings, and take and preserve evidence touching the nature and extent of the injuries upon which such claims are based, and may thereafter approve or deny such application. If denied, the applicant shall have the right to review and appeal. If such application for retirement be approved no further compensation for service shall thereafter be paid by the city to such covered employee except for such part-time services as shall be authorized by the board of trustees.

(Ord. No. 627, § 21, 10-23-61)

Sec. 2-362. Length of service and age—Eligibility.

(a) Any covered employee who has:

(1) Attained the age of fifty-five (55) years and has twenty (20) years of creditable service, or

(2) Attained the age of sixty-five (65) years and has fifteen (15) years of creditable service.

shall be eligible for retirement and upon application therefor (duly approved by the board of trustees)
shall be paid benefits as described herein.

(b) A covered employee who terminates his service voluntarily for reasons other than disability, provided he has ten (10) years of creditable service, shall be entitled to have the funds actuarially accumulated for his pension to date of termination set aside. He shall be entitled to a full pension upon reaching the age of sixty-five (65) years or a reduced benefit upon reaching the age of sixty (60) years. The amount of reduction equals seven-tenths (0.7) of one (1) per cent times the number of months that the actual retirement date precedes age sixty-five (65).

(c) A covered employee who terminates his service voluntarily after July 23, 2001, for reasons other than disability provided he has fifteen (15) years of credible service shall be entitled to have the funds actuarially accumulated for his pension to date of termination set aside. He shall be entitled to a pension upon reaching the age and service requirements of subsection (a) of this section.

(Ord. No. 988, 6-12-72; Ord. No. 1089, 3-24-75; Ord. No. 1478, § 2, 1-27-86; Ord. No. 1557, § 1, 7-
24-89; Ord. No. 1936, § 1, 7-23-01)

Sec. 2-363. Same—Benefits.

Any covered employee of the police or fire departments of the city, eligible for retirement and entitled to retirement benefits as prescribed by and in conformity with the provisions herein set forth, shall be paid monthly for life out of the retirement fund an amount equal to two and one-fourth (2¼) per cent of such employee's average monthly salary or the last five (5) years or the last ten (10) years, whichever average is greater, multiplied by the number of years of creditable service of such employee, with the total monthly benefit limited to fifty (50) per cent of said average monthly salary. The last five (5) years or the last ten (10) years as above mentioned shall mean period immediately prior to age fifty-five (55), and the age of sixty-five (65) if said employee retires at the age of sixty-five (65) years, or thereafter.

In addition to the monthly benefit provided above, any employee eligible for retirement under section 2-362(b), who terminates employment after January 31, 1997, and leaves his accumulated contributions in the fund until retirement, or any employee eligible for retirement under section 2-362(a) who retires after January 1, 1997, shall receive a payment equal to the total of all contributions which the employee made pursuant to section 2-321, without interest. Such payment shall be made no later than sixty (60) days following the date the retired employee receives his first monthly payment pursuant to section 2-362. (Ord. No. 988, 6-12-72; Ord. No. 1798, § 1, 1-27-97; Ord. No. 1839, § 1, 7-27-98)

Sec. 2-364. Service disability.

(a) Any covered employee of the police or fire department of the city, regardless of length of service or age, who becomes totally disabled, whether from line of his duty or not, shall be paid out the police and firemen's retirement fund, monthly for life an amount equal to two and one-fourth's (2¼) per cent of such employee's average monthly salary for the last five (5) years or the last (10) ten years, whichever average is greater, preceding the inception of such disability, multiplied by the number of years of credited service of such employee, or one hundred dollars ($100.00) per month, whichever amount is greater. In addition to the monthly benefit provided above, any employee who retires after January 31, 1997, shall receive a payment equal to the total of all contributions which the employee made pursuant to section 2-321 without interest. Such payment shall be made at the earliest of:

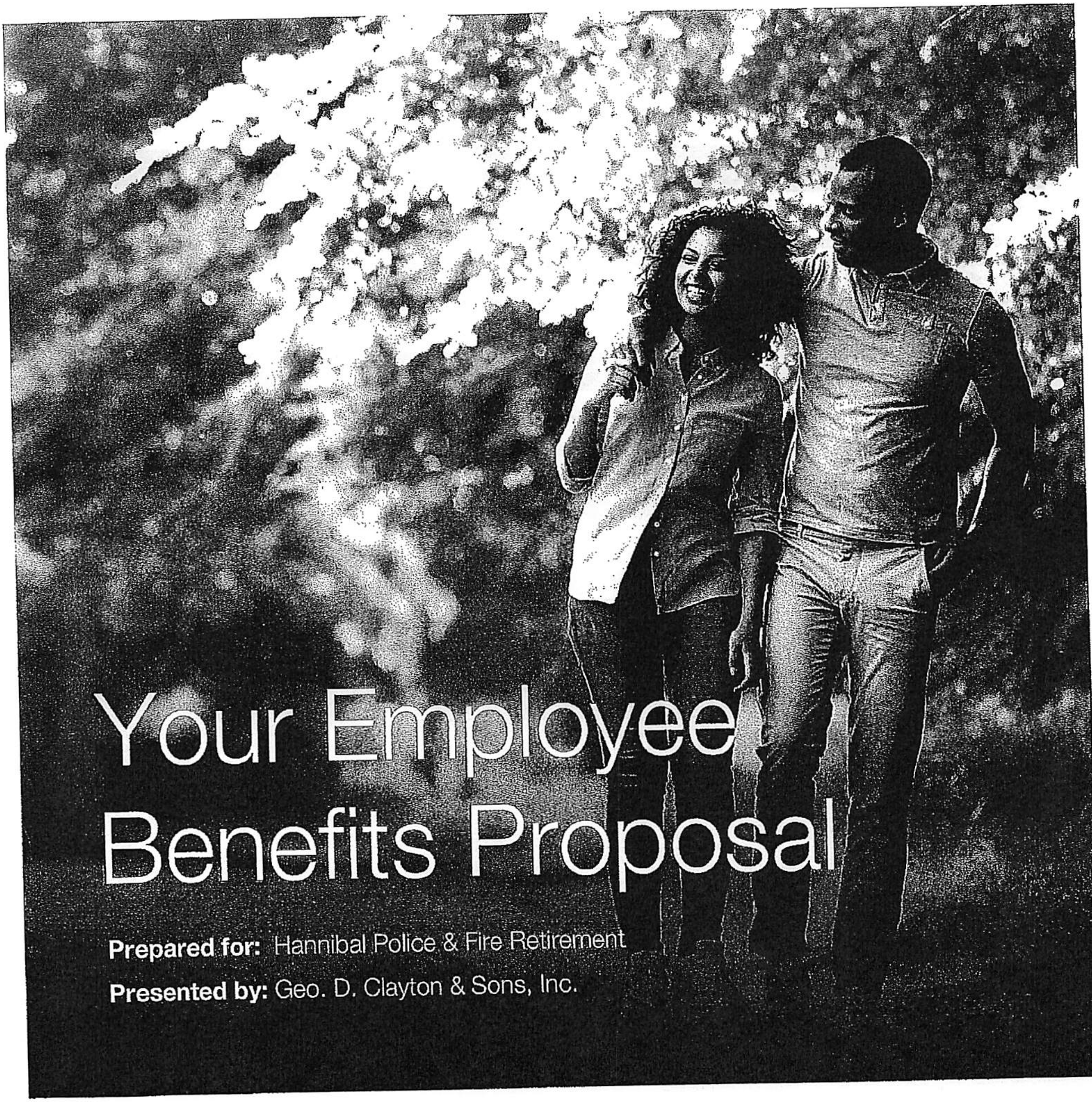
(1) The date the employee attains age sixty-five (65) while receiving disability payments under section 2-354;

(2) The date the employee attains age fifty-five (55) while receiving disability payments under section 2-364 if the employee has twenty (20) years of creditable service; or

(3) The date of his death. If such payment is made following his death, it shall be made to the employee's designated beneficiary.

(b) Before said employee shall be entitled to said disability benefit, two (2) or more doctors of the medical board, after the examination of such employee, shall certify to the board that the disability is permanent and total and that the covered employee is no longer

Deletra Hudson, City Clerk



Your Employee Benefits Proposal

Prepared for: Hannibal Police & Fire Retirement

Presented by: Geo. D. Clayton & Sons, Inc.

Long Term Disability Insurance

Proposal Prepared on:
July 20, 2017

Proposed Effective Date:
June 1, 2017

TheStandard®

Standard Insurance Company

Proposed Effective Date
June 01, 2017

Prepared for:
Hannibal Police & Fire Retirement

The Standard

Long Term Disability Insurance

Protect your employees' income and your company's bottom line. This insurance comes with innovative resources designed to help you build a more productive workplace. Our Workplace Possibilities(SM) program, included at no extra cost, helps employees stay on the job and return to work sooner. While not all claims can be shortened, the program has proven to reduce disability duration by an average of 24 days per claimant (as of Mar. 31, 2014, based on internal company data). That's just one example of how we add real value as your partner.

Covered Members

A regular employee of the Employer working 30 or more hours per week.

	Enhanced LTD
Benefit Schedule	50%
Insured Predisability Earnings	$12,000
Maximum Monthly Benefit	$6,000
Minimum Monthly Benefit	$100 or 15%
Benefit Waiting Period	90 Days
Maximum Benefit Period	To age 70
Guarantee Issue Amount	Full Benefit
Employer Contribution	100%
Minimum Participation	100%
Taxability of Benefits	Taxable
Own Occupation Period	24 Months
Partial/Residual Disability	Included
Preexisting Condition Period	3/12
Mental & Nervous Limitation	24 months
Substance Abuse Limitation	24 months
Return to Work Incentive	12 months
Employee Assistance Program	Included: 3 face-to-face

Additional Plan Design Details

- An Assisted Living Benefit (ALB) is an additional benefit up to a separate monthly maximum of $5,000, which provides a total benefit equal to 80% of insured income replacement, if a disabled member is unable to perform two or more activities of daily living and/or suffers from severe cognitive impairment lasting 90 days or more.
- The own occupation definition of disability requires an earnings loss OR an inability to perform the material duties of the own occupation.
- The Standard pays the employer's matching FICA and Medicare taxes and prepares W-2s for members receiving LTD benefits.
- The plan includes the Workplace Possibilities(SM) program, an innovative approach to addressing and reducing the causes of absence and disability - with innovative tools and resources designed to help keep your employees productive and on the job.
- This coverage includes a $25,000 Reasonable Accommodation Expense Benefit, which reimburses employers for workplace modifications that enable employees to return to or remain at work. The Reasonable Accommodation Expense Benefit is separate from the LTD claim payment.
- A Rehabilitation Plan Benefit is included, which increases the LTD benefit amount by 10% of predisability earnings, not to exceed the maximum benefit, when member is participating in an approved rehabilitation plan. This benefit will also assist in paying for approved expenses incurred by a disabled member a part of an approved rehabilitation plan.
- Survivors Benefit pays a lump sum equal to 3 times the non-integrated LTD benefit.
- Continuity of Coverage.
- The limitations included in the policy are per-occurrence limitations.

Proposed Effective Date
June 01, 2017

Prepared for:
Hannibal Police & Fire Retirement

Cost

	Enhanced LTD
Members	75
Volume	$286,623
Rate: Percent of earnings	.540
Monthly Premium	$1,548
Rate Guarantee	3 years

Optional Features & Services

	Applies To:	Rate Change:	Premium Change:
With Lifetime Security Benefit, 0 - 90 days	All Eligible	+.039	+$111

- A Lifetime Security Benefit extends LTD benefit payments beyond the maximum benefit period if a member is still disabled on the last day of the regular maximum benefit period and is unable to perform two or more activities of daily living and/or suffers from a severe cognitive impairment.

Assumptions

- Sick leave payable to the member will be used as deductible income.
- Workers' compensation benefits will be considered deductible income.
- Rates assume the group participates in .
- Rates include electronic documents
- Rates assume billing is centralized in one location.

Conditions

- Rate assumes that coverage is currently in force.
- Confirmation that you participate in is required.

More Information

For additional information on the available features and benefits of Long Term Disability Insurance from The Standard:

Click here for California: http://www.standard.com/ca-group-long-term-disability
Click here for all other states: http://www.standard.com/group-long-term-disability

Producer Compensation Disclosure

We recognize the valuable role of insurance advisors, consultants and brokers ("producers") in helping their clients design an employee benefits program, and we support reasonable and fair compensation for these services. Producers may be eligible to receive compensation from The Standard.

The commission quoted in this proposal are noted below. Additionally, fees for administrative, marketing or consulting services may apply. If applicable, fees are noted below.

Normal commission scale (www.standard.com/compensation/eb/) included for LTD.

Unless participation is declined by the producer or client, contingent compensation is additional compensation that may also be paid and is dependent on the satisfaction of one or more minimum requirements, such as a specified amount of new premium volume or persistency in connection with the producer's block of business. For information about our customary producer rewards program visit www.standard.com/compensation/eb/. Some producers may have a contingent compensation arrangement that differs from our customary program. Please consult with your producer for additional details.

About This Employee Benefits Proposal

We appreciate the opportunity to provide you with this benefit and cost summary proposal from The Standard. This document outlines certain important features of the group insurance coverages available. This is not a contract or an offer to contract for such coverages. Detailed information about other important features of the coverage proposed is available on request. Just ask your broker/consultant or your representative at The Standard.

A completed application must be submitted before a group can be considered for coverage. Insurance will be effective after the application is accepted by The Standard. If approved, we will issue a contract containing our customary language. It will not duplicate policy language from another carrier. The group contract will contain provisions and defined terms not described in this Employee Benefits Proposal. The group contract will control if there are discrepancies between it and this proposal.

This benefit and cost summary proposal expires on August 21, 2017, unless replaced or withdrawn by The Standard.

The proposed premium rate and plan design for each coverage are based on the underwriting data received by The Standard. Final premium rates and plan provisions will be determined by The Standard on the basis of: applicable state laws, policyholder contributions, confirmation of occupations, the actual composition of the group of persons who will become insured and our current underwriting rules and practices.

Financial Strength Ratings

For information about our Financial strengths ratings visit www.standard.com/about http://www.stltoday.com/news/local/columns/tony-messenger/messenger-lawsuit-renews-missouri-court-battle-over-charge-to-fund/article_bfc1b334-e795-5fb1-bbfd-b5aaa5b8e1fd.html

Messenger: Lawsuit renews Missouri court battle over $3 charge to fund sheriffs' pensions

36 min ago

Tony Messenger

Tony Messenger is the metro columnist for the St. Louis Post-Dispatch.

A Google snapshot of various Missouri sheriff's badges.

Tony Messenger • St. Louis Post-Dispatch

It started as a speeding ticket.

On May 25, Jerry Keller was pulled over in Kansas City for driving too fast.

The 57-year-old from Independence paid his fine.

Included in the court costs that resulted from that fine was a $3 surcharge paid to the Missouri Sheriffs' Retirement Fund.

Hundreds of cities all across the state of Missouri collect the $3 surcharge despite the fact that sheriffs don't enforce municipal laws or otherwise participate in the dispensation of justice in municipalities. The charge is not collected in the city of St. Louis or in municipalities in St. Louis County. But it is collected by many in surrounding counties in St. Charles, Jefferson and Franklin counties.

For several years, the $3 surcharge has been the subject of a politically charged dispute involving all three branches of Missouri government. This dispute was the subject of a five-part series of columns called "A Toll on Justice" published in the Post-Dispatch in March.

Dozens of cities have refused to collect the fee since the Missouri Supreme Court added it to the official list of municipal court charges in 2013. Municipal judges in those cities argue that the fee is an unconstitutional "sale of justice" that makes it harder for poor people to have access to the courts.

Such fees, applied for all sorts of reasons in Missouri courts, add up. And there are people in Missouri prisons right now sent there for violating probation by not being able to afford to pay off the courts costs applied in their cases.

A week before Keller got a speeding ticket in Kansas City, Daven Fowler got one, too. The 20-year-old paid his fine. Now Keller and Fowler want their money back. On Aug. 3, the two men filed a class action lawsuit in Jackson County seeking to declare the $3 surcharge for sheriff's pensions unconstitutional in any municipal court that applies it to various civil and criminal offenses.

"It is unlawful, inequitable and unjust under Missouri's Constitution for Defendant to collect and retain $3 surcharges against Plaintiffs and the Class for municipal infractions," argues the lawsuit, filed by attorney Brian Madden of Wagstaff & Cartmell and the law firm of McGonagle Spencer & Gahagan.

If the lawsuit were to be successful, every Missouri resident who has paid the $3 surcharge in a municipal court case since 2013 would be due a refund.

Frank Vatterott will be watching the case carefully.

The longtime municipal judge in Overland has been fighting the sheriffs' retirement fund over the $3 surcharge since the Missouri Supreme Court chose to apply it to municipalities. That came after the sheriffs were unsuccessful in getting the Missouri Legislature to change the law, and state Sen. Mike Parson — now the lieutenant governor — threatened the court's budget unless it changed its interpretation of the old law. Twice the court's administrative body had determined that the law which created the surcharge didn't apply it to municipalities. But after Parson's threat in a 2013 Senate hearing, the court changed its mind.

Vatterott doesn't mince words when describing what he sees as a full-blown conspiracy to prop up the retirement fund of elected sheriffs on the backs of poor people.

"I believe that the evidence is clear — the Supreme Court was bullied into imposing this surcharge, which it had previously rejected twice, in order to get its apportionment," Vatterott says. "The Supreme Court is our final refuge from unconstitutional acts of the Legislature or of the executive branch. Here, the (court) is a willing partner of the branches of government it is sworn to guard us against — it allowed itself to be bullied into a sweet deal for elected sheriffs, whose pensions have been dramatically increased on the back of poor people faced with municipal traffic tickets in towns across our state."

Vatterott himself filed a lawsuit in 2013 to try to get the surcharge overturned, but it was tossed by the Missouri Court of Appeals, which said the plaintiffs in the case lacked standing to bring it. In the court's ruling, it compared the failed lawsuit to a successful one against red-light cameras in the state, noting that in that case the plaintiffs had paid the fine and sought a refund.

Attorneys for the Missouri Sheriffs' Retirement Fund have not yet responded to the lawsuit and didn't return emails seeking comment. In the past couple of months, the retirement fund has been filing open records requests from cities that have refused to pay it.

One way or another, it seems, the Missouri courts are going to have to tackle this issue.

"This new suit attacks the surcharge directly, as violating the sale of justice clause of the Missouri Constitution," Vatterott says. "It is, in my opinion, a better method of attack for this insidious tax hoisted on citizens."

A Toll on Justice: A Post-Dispatch Special Report

204.090 - Payment of Benefits.

—1. On and after the operative date of this section, any participant who is eligible for benefits in accordance with the terms and provisions of this chapter may apply for benefits under the terms and in the amounts hereinafter set forth. No benefits which may accrue between March 1, 1967, and April 1, 1967, however, shall be paid until April 1, 1967.

2. Any participant who shall have credited service under both retirement plans shall not receive benefits under either retirement plan until his employment is terminated or until he retires under the retirement plan in which he is last a participant.
3. Any participant whose employment is terminated or who retires and is eligible for benefits under the retirement plan in which he was last a participant shall receive the respective benefits, if any, for which he may be eligible from each retirement plan. For purposes of determining eligibility for benefits upon termination or retirement, the participant's credited service in each retirement plan shall be combined; benefits, however, shall be computed separately for each retirement plan, based upon credited service in each retirement plan.

Notwithstanding anything to the contrary, all credited service prior to the operative date of this chapter shall be deemed to be credited service in the retirement plan in which the participant became enrolled upon the operative date of this chapter.

4. The benefits to which a participant, returning to participation in either retirement plan after prior retirement or after resignation, leave of absence, discharge, or nonparticipation in accordance with Section 204.270, is entitled because of prior participation, if not otherwise previously terminated by application of any other section of this chapter, shall be discontinued until he again terminates his employment or retires.
5. Anything to the contrary notwithstanding, participants eligible to participate in a retirement plan not operated by the County for periods of prior service as a prosecuting attorney who actually receive benefits from such non-County retirement plan shall have their benefits under both the civilian employees retirement plan and the police officers retirement plan for the same periods of service reduced in each year by one-third.

(O. No. 24049, 7-28-09)

204.090 - Payment of Benefits.

— 1. On and after the operative date of this section, any participant who is eligible for benefits in accordance with the terms and provisions of this chapter may apply for benefits under the terms and in the amounts hereinafter set forth. No benefits which may accrue between March 1, 1967, and April 1, 1967, however, shall be paid until April 1, 1967.

2. Any participant who shall have credited service under both retirement plans shall not receive benefits under either retirement plan until his employment is terminated or until he retires under the retirement plan in which he is last a participant.
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For purposes of determining eligibility for benefits upon termination or retirement, the participant's credited service in each retirement plan shall be combined; benefits, however, shall be computed separately for each retirement plan, based upon credited service in each retirement plan.

Notwithstanding anything to the contrary, all credited service prior to the operative date of this chapter shall be deemed to be credited service in the retirement plan in which the participant became enrolled upon the operative date of this chapter.

4. The benefits to which a participant, returning to participation in either retirement plan after prior retirement or after resignation, leave of absence, discharge, or nonparticipation in accordance with Section 204.270, is entitled because of prior participation, if not otherwise previously terminated by application of any other section of this chapter, shall be discontinued until he again terminates his employment or retires.

(O. No. 26577, 11-29-16)

204.270 - Interrupted Service—Plan A or Plan B.—

1. Any previous participant in either retirement plan who shall return or who has returned as a salaried County employee in the civilian service or as a commissioned police officer in the St. Louis County Department of Police after resignation, discharge, or nonparticipation shall receive credit for his past accumulated credited service in either retirement plan and for all periods of participation which have not been interrupted by more than two (2) years of non-County employment or nonparticipation at any one time.

   Any previous participant returning to County employment or to participation according to this section shall become a participant immediately upon his return.

2. Except for participants who may have previously become eligible for any benefits under this chapter because of prior participation, a returning participant who is reinstated to County employment, or who resumes participation in either retirement plan after nonparticipation, if such non-County employment or nonparticipation has been for more than two (2) years, shall return as a new participant without credit for prior service or prior participation.
3. Notwithstanding any provisions in this section, any participant who is granted a leave of absence recognized by the Board for continued participation in either Retirement Plan, irrespective of the duration of such leave of absence but subject to the provisions of Section 204.280, shall not be deemed to have interrupted his service with St. Louis County.
4. Notwithstanding any provisions in this section, a returning participant who remained continuously in County employment during a period of nonparticipation, but who worked for St. Louis County for less than thirty (30) hours per week during such period of nonparticipation, shall receive credit for his past accumulated credited service in either retirement plan and for all periods of participation either of which have not been interrupted by more than two (2) consecutive years without County employment.

(O. No. 12841, 10-10-86)

204.270 - Interrupted Service—Plan A or Plan B.

—1. Any previous participant in either retirement plan who shall return or who has returned as a salaried County employee in the civilian service or as a commissioned police officer in the St. Louis County Department of Police after resignation, discharge, or nonparticipation, shall receive credit for past accumulated credited service in either retirement plan and for all periods of participation which have not been interrupted by more than two (2) years of non-County employment or nonparticipation at any one (1) time. Any previous participant returning to County employment or to participation according to this section shall become a participant immediately upon his return.

2. Except for participants who may have previously become eligible for any benefits under this chapter because of prior participation, a returning participant who is reinstated to County employment, or who resumes participation in either retirement plan after nonparticipation, if such non-County employment or nonparticipation has been for more than two (2) years, shall return as a new participant without credit for prior service or prior participation; provided however, if a returning participant was vested during a period of prior employment and thereafter earns three (3) or more years of credited service during a subsequent period of continuous reemployment, such participant shall have his or her credited service earned during such periods of participation combined as if there had been no interruption in participation in the same manner as subsection 1 of this section.
3. Notwithstanding any provisions in this section, any participant who is granted leave of absence recognized by the Board for continued participation in either Retirement Plan, irrespective of the duration of such leave of absence but subject to the provisions of Section 204.28 0, shall not be deemed to have interrupted his service with the County.
4. Notwithstanding any provisions in this section, a returning participant who remained continuously in County employment during a period of nonparticipation, but who worked for St. Louis County for less than thirty (30) hours per week during such period of nonparticipation, shall receive credit for his past accumulated credited service in either retirement plan and for all periods of participation either of which have not been interrupted by more than two (2) consecutive years without County employment, or as otherwise provided in subsection 2 of this Section 204.070.

(O. No. 26577, 11-29-16)

CONDUENT

231 S. Bemiston
Suite 400
St. Louis, MO 63105

July 18, 2017

VIA EMAIL

Board of Trustees
St. Louis County Retirement Plans
Administration Annex, 5th Floor
41 S. Central Avenue
Clayton, Missouri 63105

Board Members:

Conduent HR Services (Conduent) projected the impact of the proposed changes to new hire benefits in the St. Louis County retirement program. The purpose of this letter is to communicate the anticipated impact of those changes in keeping with Missouri Statute 105.665.

Design Summary

The table below summarizes the key provisions of the current program as well as the proposed changes that would impact new employees. These changes that apply to new employees are assumed to take effect for employees hired on and after July 1, 2017.

	Current Program	Proposed Changes for New Hires
Benefit percentage – Civilian	1.5%	1.3%
Benefit percentage - Police	1.6%	1.4%
Service for full vesting	5 years	7 years
Unreduced early retirement	Rule of 80	Rule of 85
Employee contributions	0% of salary	4% of salary

Projection Results

The summary of projection results is presented in Appendix A. With only new employees hired after July 1, 2017 being affected by the proposed design changes, the liability will not be affected until the January 1, 2018 plan year, when savings start to be generated. The total contributions are reduced by $120.0 million for a 20 year period and $299.3 million for a 30 year period. The annual savings amount increases each year as the number of new employees hired after the design changes increases to replace retiring and terminating employees. The savings amounts would continue to grow annually. The funded percentage of the plans remains at roughly the same level due primarily to the long period to amortize of the unfunded liability. A modification in funding policy may be required in order to significantly improve the future funded status.

Information for Missouri Statute

The following information is required to be disclosed as part of State Statute 105.665. We have provided in the same order as the Statute. We have also included the 2016 valuation report for the plans as an attachment to this letter; we will reference this report, as needed.

1. The normal cost is provided in Schedule B of the valuation report. Additional details are provided in Appendix B.
2. The amortization payment is provided in Schedule B of the valuation report. Additional details are provided in Appendix B.

3. The total contribution is provided in Schedule B of the valuation report. Additional details are provided in Appendix B.
4. The County is currently paying the total contribution rate referenced in item 3 above.
5. The asset, liability, and funded ratio information is provided in Schedule B of the valuation report.
6. The total contribution rate after reflecting the proposed changes is provided in Appendix A.
7. The results of the projection are provided in Appendix A.
8. Only employee contributions are mandated as a result of the proposed changes.
9. Conduent has no reason to believe that the proposed changes would impair the ability of the plans to meet their obligations.
10. All assumptions used in this study are the same demographic and economic assumptions provided in Schedule J of the valuation report. The actual rate of return on Plan assets during 2016 was estimated to be 5.10% based on preliminary balances provided by Summit Strategies. The active Civilian and Police population sizes were assumed to remain constant over the projection period, and representative new employees were added to replace those who are assumed to terminate, die, or retire each year according to the actuarial assumptions. The County is assumed to make all recommended future contributions based on the County's funding policy.
11. An actuarial certification on the assumptions used is provided below.
12. The actuarial funding method is provided in Schedule J of the valuation report.

Purpose of This Report

This report is prepared for Retirement Board for the St. Louis County Retirement Plans for its use in its review of the operation of these Plans. It is expected that the Board will use the results in this report to assist in the decision-making process regarding plan design. The use of this report by other parties and/or for other purposes is not recommended without advance review of the appropriateness of such application by Conduent.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, changes expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions, applicable law or regulations. Because of limited scope, Conduent performed no analysis of the potential range of such future differences.

Where presented, references to items such "funded ratio" and "unfunded accrued liability" typically are measured on an actuarial value of assets basis. It should be noted that the same measurements using market value of assets would result in different funded ratios and unfunded accrued liabilities. Moreover, the funded ratio presented is appropriate for evaluating the need and level of future contributions but makes no assessment regarding the funded status of the plan if the plan were to settle (i.e. purchase annuities) for a portion or all of its liabilities.

Actuarial Certification

In my opinion, the actuarial assumptions and methods used to value the plan, as selected by the Board in consultation with the actuary, are reasonable in the aggregate, and in combination represent a reasonable estimate of anticipated experience under the plans.

The report was prepared under the supervision of Timothy Bowen, a Fellow of the Conference of Consulting Actuaries and a member of the American Academy of Actuaries, who has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Timothy G. Bowen FCA, EA, MAAA
Principal, Wealth Consulting
Conduent Human Resource Services

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Appendix A

St. Louis County Retirement Plans
Projection of Proposed Plan Design
Combined Civilian and Police Plans
($ millions)

Baseline - No Change to Current Program

Year	Total Liability	Actuarial Value of Assets	Calendar Contributions	Funded Percent
2017	$ 906.6	$ 644.4	$ 40.7	71.1%
2018	936.7	658.2	42.4	70.3%
2019	966.9	677.1	43.5	70.0%
2020	996.4	705.8	43.8	70.8%
2021	1,025.3	736.8	43.7	71.9%
2022	1,053.3	766.8	43.8	72.8%
2023	1,080.4	796.0	43.8	73.7%
2024	1,106.4	824.1	43.9	74.5%
2025	1,131.5	851.3	44.1	75.2%
2026	1,156.1	877.9	44.3	75.9%
2027	1,180.1	903.9	44.7	76.6%
2028	1,203.7	929.4	45.1	77.2%
2029	1,227.4	955.0	45.6	77.8%
2030	1,251.1	980.6	46.2	78.4%
2031	1,275.3	1,006.6	46.8	78.9%
2032	1,299.6	1,032.6	47.5	79.5%
2033	1,324.7	1,059.2	48.1	80.0%
2034	1,350.4	1,086.4	48.6	80.5%
2035	1,376.1	1,113.6	49.2	80.9%
2036	1,402.5	1,141.3	49.9	81.4%
2037	1,429.8	1,170.0	50.8	81.8%
2038	1,458.3	1,199.8	51.6	82.3%
2039	1,488.1	1,230.9	52.5	82.7%
2040	1,519.5	1,263.5	53.5	83.2%
2041	1,552.6	1,297.7	54.7	83.6%
2042	1,588.5	1,334.6	55.9	84.0%
2043	1,627.2	1,374.1	57.2	84.4%
2044	1,668.9	1,416.5	58.5	84.9%
2045	1,713.4	1,461.8	59.9	85.3%
2046	1,760.4	1,509.3	61.4	85.7%
2047	1,810.6	1,560.0	62.9	86.2%

Proposed Changes to Benefit Program

Year	Total Liability	Actuarial Value of Assets	Calendar Contributions	Funded Percent	Annual Savings	Cumulative Savings	Cumulative Savings per Active Payroll
2017	$ 906.6	$ 644.4	$ 40.7	71.1%	$ -	$ -	0.00%
2018	936.8	658.5	41.8	70.3%	0.6	0.6	0.27%
2019	966.9	677.1	42.5	70.0%	1.0	1.6	0.68%
2020	996.3	705.5	42.3	70.8%	1.5	3.1	1.24%
2021	1,024.8	736.2	41.8	71.8%	1.9	5.0	1.89%
2022	1,052.2	765.7	41.4	72.8%	2.4	7.4	2.65%
2023	1,078.4	794.1	40.9	73.6%	2.9	10.3	3.49%
2024	1,103.4	821.1	40.4	74.4%	3.5	13.8	4.43%
2025	1,127.3	847.1	40.1	75.1%	4.0	17.8	5.41%
2026	1,150.4	872.2	39.7	75.8%	4.6	22.4	6.46%
2027	1,172.5	896.4	39.4	76.5%	5.3	27.7	7.55%
2028	1,194.0	919.8	39.2	77.0%	5.9	33.6	8.69%
2029	1,215.1	943.0	39.0	77.6%	6.6	40.2	9.87%
2030	1,236.0	965.7	38.9	78.1%	7.3	47.5	11.07%
2031	1,256.8	988.4	38.7	78.6%	8.1	55.6	12.32%
2032	1,277.3	1,010.7	38.7	79.1%	8.8	64.4	13.55%
2033	1,298.0	1,033.1	38.6	79.6%	9.5	73.9	14.81%
2034	1,318.9	1,055.5	38.2	80.0%	10.4	84.3	16.24%
2035	1,339.2	1,077.4	38.1	80.5%	11.1	95.4	17.49%
2036	1,359.7	1,099.5	38.0	80.9%	11.9	107.3	18.78%
2037	1,380.5	1,121.9	38.1	81.3%	12.7	120.0	20.04%
2038	1,402.1	1,144.9	38.0	81.7%	13.6	133.6	21.30%
2039	1,424.2	1,168.5	38.1	82.0%	14.4	148.0	22.53%
2040	1,447.2	1,192.9	38.1	82.4%	15.4	163.4	23.76%
2041	1,471.2	1,218.3	38.3	82.8%	16.4	179.8	24.94%
2042	1,497.1	1,245.5	38.5	83.2%	17.4	197.2	26.13%
2043	1,525.0	1,274.5	38.8	83.6%	18.4	215.6	27.28%
2044	1,555.2	1,305.8	39.1	84.0%	19.4	235.0	28.40%
2045	1,587.8	1,339.3	39.5	84.3%	20.4	255.4	29.51%
2046	1,622.3	1,374.5	40.0	84.7%	21.4	276.8	30.52%
2047	1,659.5	1,412.4	40.4	85.1%	22.5	299.3	31.60%

NOTES

- "Calendar Contributions" are defined as St. Louis County annual contributions.
- "Savings" is defined as St. Louis County contribution savings as a result of the proposed changes in benefit design. The savings are a combination of employee contributions and a reduction in benefit levels for new hires.
- 2037 total contributions are $48.1 million, with $38.1 million from the County and $10.0 million from employee contributions from the new hires. The additional $2.7 million in annual savings results from slightly lower benefit levels for new hires.
- 2047 total contributions are $57.7 million, with $40.4 million from the County and $17.3 million from employee contributions from the new hires. The additional $5.2 million in annual savings results from slightly lower benefit levels for new hires.
- Under the current program, the employer normal cost is approximately 9%-10% of pay. The employer normal cost under the proposed design for new hires is approximately 5%-6% of pay. The large decline in normal cost percentage is largely a result of employee contributions, with new hires covering about 40% of the cost of their benefits.

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Appendix B

St. Louis County Retirement Plans
Contribution Schedule for 2016

	Plan A
Normal Cost	$ 13,325,941
As % of Covered Payroll	9.33%
Amortization Payment	$ 14,248,299
As % of Covered Payroll	9.98%
Total Annual Cost	$ 27,574,240
As % of Covered Payroll	19.31%

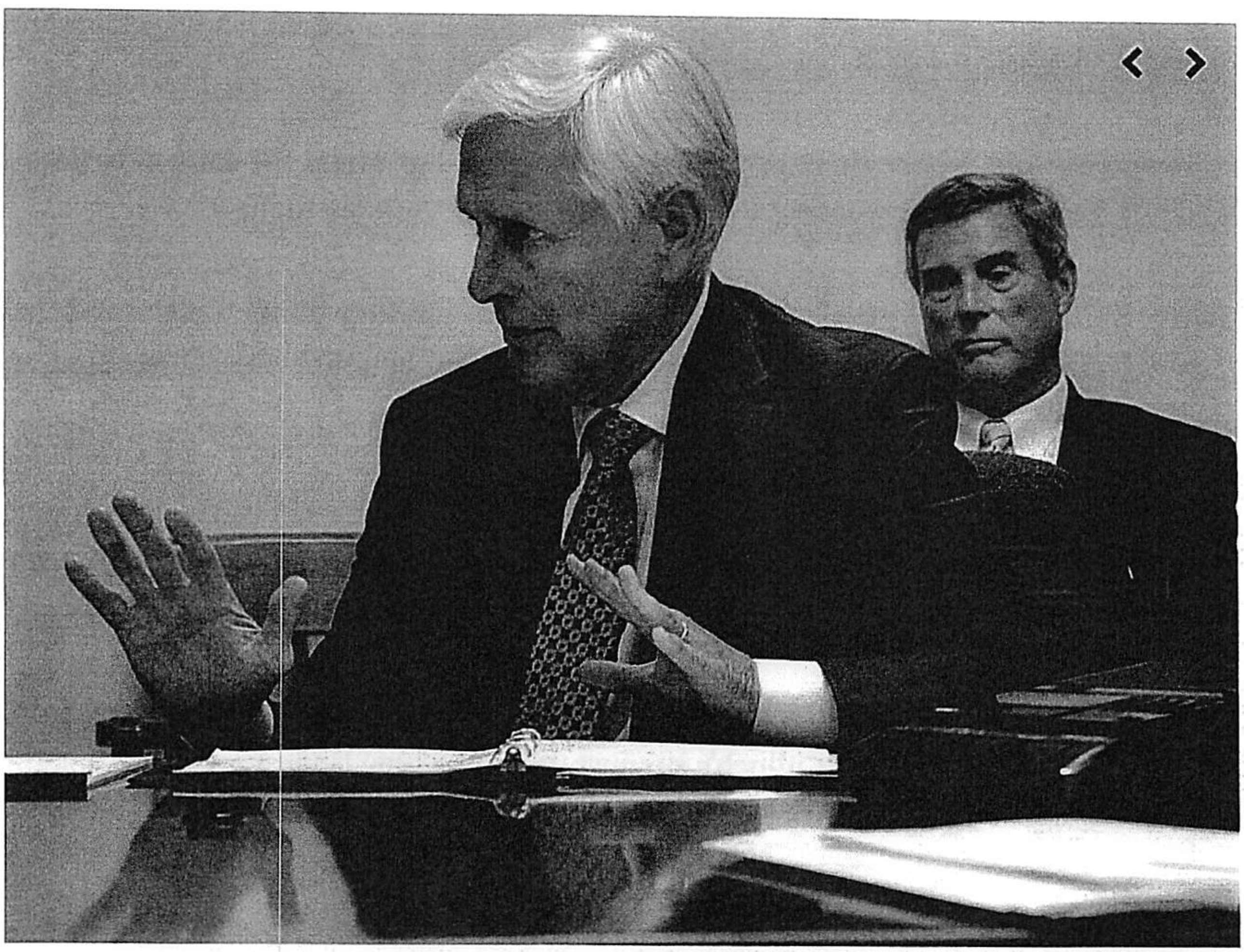
	Plan B
Normal Cost	$ 4,789,894
As % of Covered Payroll	9.22%
Amortization Payment	$ 7,574,824
As % of Covered Payroll	14.58%
Total Annual Cost	$ 12,364,718
As % of Covered Payroll	23.80%

POLITICAL FIX

http://www.stltoday.com/news/local/govt-and-politics/st-louis-county-may-have-broken-state-law-by-boosting/article_c1ca0b8f-d864-565f-be7a-71d39e701bf5.html

St. Louis County may have broken state law by boosting prosecutor's pension

By Stephen Deere St. Louis Post-Dispatch 3 hrs ago



Lawyer John Hessel, left, defends St. Louis County Prosecuting Attorney Robert McCulloch's proposed pension ordinances Tuesday, July 25, 2017, before the St. Louis County Council in Clayton. "The change in the pension benefits only go into effect January 1, 2018," Hessel said. "Therefore it only affects future office holders and not McCu today." Photo by Morgan Timms, mtimms@post-dispatch.com

ST. LOUIS COUNTY • When the St. Louis County Council late last year unanimously approved allowing its prosecuting attorney to draw full state and county pensions upon retirement, it provided him with a benefit that no other county in the state extends to its top law enforcement official.

And that action, along with benefit improvements made by the council to the pensions of a handful of other county employees, may have violated state law.

Now the county is considering legislation that could eliminate the prosecutor's county pension.

The ordinance has been on the council's meeting agenda for final passage for several weeks, while Robert McCulloch, the man who has occupied the county prosecutor's seat for the past 26 years, sat quietly in the council's chambers waiting for a decision that could substantially reduce his retirement payments.

The 66-year-old, whose current term expires in 2018, has urged the council to vote down the bill. The council is expected to take up the matter Tuesday night.

Three members of the seven-member council now claim they didn't understand that they had significantly increased the prosecutor's retirement benefits when they voted on the matter in 2016.

"It's just not fair to allow one employee to double dip when others can't," said Council Chairman Sam Page in a statement. "Now we are learning that the county counselor failed to advise the Council that raising the prosecutor's pension may not have been legal."

Page was once considered an ally of Steve Stenger, a fellow Democrat who was elected to office in part because of McCulloch's support. But Page now leads a majority of council members opposing the county executive on a range of issues.

Does state law apply?

State law prohibits public retirement plans in Missouri from increasing benefits if the retirement plan has less than an 80 percent funding ratio — a number that measures assets against liabilities.

St. Louis County's retirement plan had a funding ratio of just above 70 percent in 2016 and was on a "watch list" for being poorly funded, according to the state's Joint Committee on Public Employee Retirement.

"Politicians today wanting to give goodies out that their children and grandchildren would have to pay for — that's what we were trying to prevent," said Jason Crowell, a Cape Girardeau lawyer and former Republican state senator who advocated for the law. "We said if you were going to have to give out goodies today, you had to be able to pay for it today. That's the whole idea and purpose behind that statute."

The statute "absolutely" applies to St. Louis County, said Crowell, who was chairman of the retirement committee in 2007 — the year the Legislature passed reforms to public retirement plans to keep them solvent.

St. Louis County Counselor Peter Krane disagrees, saying that because the county is set up by charter, it doesn't have to abide by that law.

"The (Missouri) Constitution prohibits the state from setting charter county salaries or pension benefits and gives those authorities to charter counties," he said in a statement.

The constitutional provision that Krane cited says "no law shall provide for any other office or employee of the county or fix the salary of any of its officers or employees." However, it does not specifically mention benefits such as pensions.

The increase to McCulloch's benefits came to the light this summer as the council was considering other legislation designed to protect the county's retirement system. Councilwoman Hazel Erby subsequently introduced a bill that could effectively eliminate McCulloch's ability to receive a county pension.

At a hearing last month, Page asked if other counties allowed prosecutors to draw full state and local pensions.

"Yes," said McCulloch's attorney, John Hessel. But Hessel could not name such a county, and told council members he hadn't had time to investigate the matter.

It appears no other counties allow their prosecutors to get the two full pensions, the Post-Dispatch has found.

Of the state's 115 counties, 111 are covered by County Employee Retirement Fund. According to CERF'S website, "Prosecuting Attorneys are not eligible (to participate in the plan) because they are members of a separate retirement system."

Four other counties — Jackson, St. Charles and St. Louis counties, and the city of St. Louis — participate in other retirement plans. Jackson County in the Kansas City area and the city of St. Louis have ordinances barring elected prosecutors from receiving both state and local pensions. St. Charles County's retirement system reduces the state pension by one-third of what the prosecutor receives from the local pension.

'We didn't want double dipping'

Until 2009, the St. Louis County prosecutor's county pension was reduced by whatever amount he or she received from the state. That year, the County Council changed the rule to allow the prosecutor to receive the full state pension and two-thirds of a county pension.

Charlie Dooley, then the county executive, said in a recent interview he was unaware of the 2009 change until this year.

"I don't remember us discussing it," Dooley said. "If we had discussed it, we wouldn't ever have done it."

Dooley said he remembers McCulloch approaching him about a raise. But Dooley said he did not recall McCulloch referencing the pension.

Former Councilman Mike O'Mara introduced the bill in July 2009 raising only the prosecutor's salary. But at a meeting one week later, O'Mara submitted an amended bill that would also raise the pension.

The only objection came from Erby, who said, "St. Louis County employees did not receive a raise last year and possibly will not be receiving a raise next," according to minutes of the meeting, which don't reflect any discussion of retirement benefits.

Erby abstained from the vote. The legislation, which eventually increased McCulloch's salary to $160,000 and boosted his pension, was approved.

Clayton Erickson, then a trustee with St. Louis County Retirement Board, said he doesn't remember the board discussing the pension change. "We would never talk about anything like that," Erickson said. "We didn't want double dipping."

The county has yet to respond to a public records request from the Post-Dispatch for records showing that the retirement board discussed the change.

County Councilwoman Colleen Wasinger, a Republican, voted for the changes in 2009 and 2016. She said she fully understood the legislation. She declined to say how she would vote Tuesday.

"We're the biggest county in the state," she said. "I think we ought to have one of the most attractive compensation packages for our prosecutor."

Compensation and pension

Both Stenger, the current St. Louis county executive, and McCulloch initially spoke as if the 2016 pension modification would directly benefit McCulloch. Stenger called the change "an act of fairness and appreciation for a lifetime of faithful service to the public."

McCulloch said he found it difficult to believe council members didn't realize the change they made last year would benefit him: "As you (and every member of the Council) know, I have been the prosecuting attorney for the past 26 years, so it rings a bit hollow to say the least when members of the council who voted to pass this change now claim that they did not realize it would impact the prosecuting attorney," he wrote in an email to Post-Dispatch columnist Tony Messenger.

But at the council hearing last month, Hessel said the 2016 change to the prosecutor's pension wouldn't necessarily affect McCulloch unless he is re-elected after his term ends in 2018. It would only affect the prosecutor in 2019, Hessel said.

Hessel pointed to a section of St. Louis County charter that restricts elected officials from receiving additional compensation during their current terms and cited a Missouri Supreme Court case that defined pension benefits as compensation.

But that decision also references another ruling from the state's highest court that said the word "compensation" as it appears in the St. Louis city charter did not include pension benefits because the charter has two separate provisions establishing compensation and retirement benefits — as does the charter of St. Louis County.

"Words in constitutions, statutes and charters are known by the company they keep. Context is important in discerning what words mean," said former Supreme Court Judge Mike Wolff in an email. "The county charter does not define 'compensation,' but it does separately authorize a pension plan. One might infer that the authors intended for compensation and pension to be dealt with as separate topics."

Wolff, now a dean emeritus at St. Louis University Law School, wrote the concurring opinion in the case Hessel cited and authored the majority's opinion in the other case.

In an interview this month, Hessel acknowledged that there is ambiguity about whether the 2016 change applied to McCulloch.

"There's a person with a black robe that's going to have to answer that question," he said.

Hessel said he didn't believe that the state statute forbidding increases to pensions funded below 80 percent applied to his client because it's not clear the changes added liability to the overall system.

But McCulloch's pension wasn't the only benefit improved last year. At the same time the council also allowed 30 other employees to count previously ineligible years of service toward their pensions.

Stenger in a statement last month argued that the cost was negligible. But it was enough that the county paid a consultant to produce a figure, which Stenger provided: $114,000 a year.

Stephen Deere

Stephen Deere is a reporter for the St. Louis Post-Dispatch.

Effective 28 Aug 2014 Chapter 105

Title VIII PUBLIC OFFICERS AND EMPLOYEES, BONDS AND RECORDS

105.684. Benefit increases prohibited, when — amortization of unfunded actuarial accrued liabilities — accelerated contribution schedule required, when. — 1. Notwithstanding any law to the contrary, no 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 and will not be less than seventy-five percent after such adoption or implementation. Methods and assumptions used in valuing such proposed change may be modified if the nature is such that alternative assumptions are clearly warranted.

2. The unfunded actuarial accrued liabilities associated with benefit changes described in this section shall be amortized over a period not to exceed twenty years for purposes of determining the contributions associated with the adoption or implementation of any such benefit increase, supplement, or enhancement.

3. Any plan with a funded ratio below sixty percent shall have the actuary prepare an accelerated contribution schedule based on a descending amortization period for inclusion in the actuarial valuation.

4. Nothing in this section shall apply to any plan established under chapter 70 or chapter 476.

5. Nothing in this section shall prevent a plan from adopting and implementing any provision necessary to maintain a plan's status as a qualified trust pursuant to 26 U.S.C. Section 401(a).

(L. 2007 S.B. 406, A.L. 2013 H.B. 233, A.L. 2014 H.B. 1882)

< end of effective 28 Aug 2014 >

use this link to bookmark section 105.684

In accordance with Section **3.090**, the language of statutory sections enacted during a legislative session are updated and available on this website **on the effective date** of such enacted statutory section.

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Joint Committee on Public Employee Retirement
Quarterly Reports
2017 Second Quarter

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Affton FPD Retirement Plan	$8,065,203	$8,293,008	12.0% (Net)	5.8% (Net)	9.2% (Net)	6.5%	2.75%	3.5%
Antonia FPD Pension Plan	$2,214,703	$2,253,873	6.28% (Net)	n/a% (Net)	n/a% (Net)	n/a%	n/a%	n/a%
Arnold Police Pension Plan	$11,953,142	$11,758,908	9.38% (Net)	4.61% (Net)	7.41% (Net)	6.5%	0%	4.5%
Bi-state Dev Agency Division 788, A.T.U.	$128,317,970	$131,320,766	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Development Agency Local 2 I.B.E.W.	$4,466,956	$4,668,937	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	N/A%
Bi-state Salaried Employees	$57,957,110	$63,271,836	N/A% (Net)	N/A% (Net)	N/A% (Net)	7%	2.5%	4.5%
Black Jack FPD Retirement Plan	$12,641,984	$12,943,407	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Bothwell Regional Health Center Retirement Plan	$43,938,457	$44,839,329	12.2% (Net)	3.2% (Net)	7.3% (Net)	7.75%	2.9%	3.0%
Brentwood Police & Firemen's Retirement Fund	$36,702,802	$36,075,943	N/A% (Gross)	N/A% (Gross)	N/A% (Gross)	N/A%	N/A%	N/A%
Bridgeton Employees Retirement Plan	$26,910,880	$27,307,949	7.37% (Net)	1.46% (Net)	6.28% (Net)	7.5%	3.0%	4.0%
Carthage Policemen's & Firemen's Pension Plan	$6,791,473	$6,940,909	10.01% (Net)	5.60% (Net)	7.69% (Net)	7.0%	2.2%	3.5%
Cedar Hill Fire Protection District Length of Service Awards Program	$159,185	$159,823	N/A% (Gross)	N/A% (Gross)	N/A% (Gross)	4.75%	N/A%	N/A%
Clayton Non-uniformed Employee Pension Plan	$16,670,392	$17,075,595	11.44% (Net)	6.61% (Net)	9.83% (Net)	7%	2%	4%
Clayton Uniformed Employees Pension Plan	$40,764,287	$41,434,534	12.75% (Net)	7.07% (Net)	9.64% (Net)	7%	2%	3.5%
Columbia Police and Firemens' Retirement Plan	$124,496,292	$127,845,939	10.2% (Net)	3.62% (Net)	6.77% (Net)	-%	-%	-%
Community FPD Retirement Plan	$28,876,865	$27,696,774	26.59% (Net)	4.42% (Net)	10.98% (Net)	7.00%	NONE %	4.00%
County Employees Retirement Fund	$465,403,000	$478,074,000	13.13% (Gross)	4.63% (Gross)	9.02% (Gross)	7.5%	2.5%	2.5%
Creve Coeur Employees Retirement Plan	$23,300,785	$24,250,103	11.7% (Net)	5.0% (Net)	9.0% (Net)	7.5%	3.5%	5.0%
Creve Coeur FPD Retirement Plan	$10,587,764	$10,727,855	n/a% (Gross)	n/a% (Gross)	n/a% (Gross)	7%	3%	4%
Eureka FPD Retirement Plan	$11,188,156	$11,415,182	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.5%
Fenton FPD Retirement Plan	$29,720,627	$29,576,360	13.57% (Net)	5.03% (Net)	8.66% (Net)	7.5%	2.5%	2%

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
Firefighter's Retirement Plan of the City of St. Louis	$47,270,818	$49,620,959	6.47% (Gross)	N/A% (Gross)	N/A% (Gross)	7.625%	3%	3%
Florissant Valley FPD Retirement Plan	$27,973,304	$28,508,247	N/A% (Net)	N/A% (Net)	N/A% (Net)	6.25%	2.5%	see comme nts%
Glendale Pension Plan	$5,054,818	$5,195,067	9.98% (Gross)	N/A% (Gross)	N/A% (Gross)	7.50%	2.50%	3.75%
Hannibal Police & Fire Retirement Plan	$16,270,043	$16,401,731	10.2% (Gross)	4.6% (Gross)	8.3% (Gross)	7.0%	2.5%	3.5%
Hazelwood Retirement Plan	$37,581,054	$38,178,078	23.16% (Net)	7.64% (Net)	14.28% (Net)	7.5%	3%	4.5%
High Ridge Fire Protection District Pension Plan	$7,732,010	$7,047,840	9.7% (Net)	3.9% (Net)	7.8% (Net)	5.5%	2.5%	0 0%
Jackson County Employees Pension Plan	$260,688,004	$269,594,299	13.2% (Gross)	5.87% (Gross)	9.57% (Gross)	7.0%	2.5%	4%
Kansas City Civilian Police Employees' Retirement System	$131,117,000	$134,787,000	11.0% (Net)	4.5% (Net)	7.7% (Gross)	7.5%	3.0%	3.75%
Kansas City Police Retirement System	$818,754,000	$839,412,000	11.3% (Net)	4.7% (Net)	7.9% (Gross)	7.5%	3.0%	3.5%
Kansas City Public School Retirement System	$631,599,000	$634,436,119	13.39% (Net)	4.32% (Net)	7.53% (Net)	7.75%	2.75%	3.5%
KC Area Transportation Authority Salaried Employees Pension Plan	$16,511,794	$17,757,693	13.44% (Gross)	5.55% (Gross)	8.97% (Gross)	7.00%	3.00%	4.))%
KC Trans. Auth. Union Employees Pension Plan	$46,785,528	$48,089,270	11.09% (Net)	6.30% (Net)	9.12% (Net)	7.00%	3.00%	4.00%
Ladue Non-uniformed Employees Retirement Plan	$4,204,784	$4,811,520	11.8% (Net)	4.7% (Net)	8.1% (Net)	7.0%	2.5%	4.5%
Ladue Police & Fire Pension Plan	$29,289,214	$33,563,218	11.7% (Net)	4.7% (Net)	8.1% (Net)	7.0%	2.5%	4.5%
LAGERS Staff Retirement Plan	$10,433,786	$10,861,267	11.70% (Net)	4.94% (Net)	9.20% (Net)	7.25%	2.5%	3.25%
Little River Drainage Dist Retirement Plan	$1,433,755	$1,442,429	7.02% (Gross)	2.5% (Gross)	3.55% (Gross)	5%	0%	3.5%
Local Government Employees Retirement System	$6,769,114,589	$6,958,592,384	12.04% (Net)	4.54% (Net)	9.27% (Net)	7.25%	2.5%	3.25%
Maplewood Police & Fire Retirement Fund	$13,374,280	$13,503,329	8.63% (Gross)	3.49% (Gross)	8.00% (Gross)	7.59%	2.4%	0%
Metro St. Louis Sewer Dist Employees Pension Plan	$255,980,110	$265,771,547	8.6% (Net)	2.8% (Net)	6.2% (Net)	7.0%	2.5%	4.25%
Metro West FPD Retirement Plan	$45,828,053	$47,137,324	12.35% (Net)	4.93% (Net)	7.4% (Net)	0%	0%	0%
Mid-County FPD Retirement Plan	$1,612,716	$1,635,305	1% (Net)	1% (Net)	1% (Net)	7%	2.75%	4.50%
Missouri State Employees Retirement System	$8,069,128,867	$8,070,468,519	3.5221% (Net)	0.3592% (Net)	5.8563% (Net)	7.65%	2.5%	3.0%

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
MoDOT & Highway Patrol Employees' Retirement System	$2,113,580,736	$2,163,726,897	11.22% (Net)	6.20% (Net)	9.82% (Net)	7.75%	3%	3.5%
North Kansas City Hospital Retirement Plan	$254,923,964	$265,191,927	11.29% (Net)	5.64% (Net)	9.07% (Net)	7.25%	2.3%	2.5%
North Kansas City Policemen's & Firemen's Retirement Fund	$50,425,128	$52,301,500	14.2% (Gross)	6.2% (Gross)	9.5% (Gross)	6.5%	4.0%	1.2%
Olivette Salaried Employees' Retirement Plan	$20,035,951	$20,587,011	12.7% (Net)	6.3% (Net)	9.4% (Net)	7.25%	2.75%	4.00%
Overland Non-uniform Pension Fund	$10,317,000	$10,393,000	11.60% (Net)	4.84% (Net)	8.44% (Net)	7.0%	2.5%	3.5%
Overland Police Retirement Fund	$12,441,000	$12,592,000	13.29% (Net)	5.42% (Net)	8.95% (Net)	7.0%	2.5%	3.5%
Pattonville-Bridgeton FPD Retirement Plan	$35,208,933	$34,838,544	23.11% (Net)	7.2% (Net)	12.52% (Net)	7.75%	2.5%	2.5%
Prosecuting Attorneys' Retirement System	$40,621,307	$41,818,287	9.84% (Net)	3.65% (Net)	6.58% (Net)	7.1%	2.1%	2%
Public Education Employees' Retirement System	$4,288,065,682	$4,423,296,289	12.5% (Net)	6.2% (Net)	9.4% (Net)	7.75%	2.25%	3.25%
Public School Retirement System	$36,100,666,594	$37,060,346,652	12.5% (Net)	6.2% (Net)	9.5% (Net)	7.75%	2.25%	2.75%
Raytown Policemen's Retirement Fund	$10,139,504	$10,528,774	11.92% (Gross)	5.12% (Gross)	8.10% (Gross)	7.5%	2.5%	N/A%
Richmond Heights Police & Fire Retirement Plan	$51,108,675	$52,317,873	14.21% (Net)	5.0% (Net)	9.67% (Net)	7.0%	3.0%	5.0%
Rock Community FPD Retirement Plan	$16,141,250	$16,386,917	5.9% (Net)	9.8% (Net)	5.9% (Net)	7.5%	2.5%	3.0%
Rock Hill Police & Firemen's Pension Plan	$1,997,450	$2,021,954	1.83% (Net)	1.83% (Net)	1.83% (Net)	6.40%	3.0%	6.50%
Saline Valley Fire Protection District Retirement Plan	$2,579,773	$2,943,881	10.7% (Net)	4.0% (Net)	7.7% (Net)	7.0%	2.5%	2.5%
Sedalia Firemen's Retirement Fund	$7,262,222	$7,335,614	9.9% (Gross)	4.5% (Gross)	8.4% (Gross)	7%	2%	3%
Sedalia Police Retirement Fund	$3,255,679	$3,484,368	12.73% (Gross)	4.54% (Gross)	n/a% (Gross)	6%	None%	None%
Sheriff's Retirement System	$42,507,597	$43,196,278	10.597% (Gross)	5.623% (Gross)	10.073% (Gross)	6.5%	3.5%	see comme nt%
Springfield Police & Fire Retirement Fund	$361,858,493	$383,194,408	8.51% (Net)	3.4% (Net)	7.25% (Net)	na%	na%	na%
St. Joseph Policemen's Pension Fund	$36,290,425	$38,599,999	11.32% (Gross)	0% (Gross)	0% (Gross)	7.1%	2%	4%
St. Louis County Library Dist Empl Pension Plan	$45,957,537	$46,620,102	11.12% (Net)	3.74% (Net)	7.01% (Net)	7.0%	2.5%	3.5%
St. Louis Employees Retirement System	$789,471,692	$799,591,043	12.76% (Gross)	4.56% (Gross)	8.80% (Gross)	7.5%	2.5%	3%
St. Louis Firemen's Retirement System	$466,334,213	$472,834,337	15.43% (Gross)	5.23% (Gross)	9.88% (Gross)	7%	2.75%	3%

Plan Name	Beg. Mkt Value	End Mkt Value	ROR 12 mos.	ROR 36 mos.	ROR 60 mos.	ROR for Inv	Price Inf. Assump..	Sal/Wage Assump.
St. Louis Police Retirement System	$716,151,333	$722,314,273	14.4% (Net)	4.9% (Net)	8.1% (Net)	7.75%	2.5%	3%
St. Louis Public School Retirement System	$855,397,363	$857,741,857	12.1% (Net)	6.6% (Net)	10.2% (Net)	7.5%	2.75%	3.5% / 5.0%
University of Mo Retirement, Disability & Death Benefit Plan	$3,459,868,000	$3,486,895,000	12.4% (Net)	4.3% (Net)	7.8% (Net)	%	%	%
Valley Park FPD Retirement Plan	$5,766,897	$6,111,879	12.76% (Net)	5.50% (Net)	8.93% (Net)	7.00%	2.00%	4.00%
	$68,137,239,958	$69,651,956,839						

Americans Are Dying Younger, Saving Corporations Billions

Life expectancy gains have stalled. The grim silver lining? Lower pension costs

By **John Tozzi**
August 8, 2017, 3:00 AM CDT

Steady improvements in American life expectancy have stalled, and more Americans are dying at younger ages. But for companies straining under the burden of their pension obligations, the distressing trend could have a grim upside: If people don't end up living as long as they were projected to just a few years ago, their employers ultimately won't have to pay them as much in pension and other lifelong retirement benefits.

In 2015, the American death rate—the age-adjusted share of Americans dying—rose slightly <https://www.cdc.gov/nchs/products/databriefs/db267.htm> for the first time since 1999. And over the last two years, at least 12 large companies, from Verizon to General Motors, have said recent slips in mortality improvement have led them to reduce their estimates for how much they could owe retirees by upward of a combined $9.7 billion, according to a Bloomberg analysis of company filings. "Revised assumptions indicating a shortened longevity," for instance, led Lockheed Martin to adjust its estimated retirement obligations downward by a total of about $1.6 billion for 2015 and 2016, it said in its most recent annual report <https://www.sec.gov/Archives/edgar/data/936468/000119312517036192/d290249d10k.htm>.

Mortality trends <https://www.bloomberg.com/graphics/2017-health-care-spending/> are only a small piece of the calculation companies make when estimating what they'll owe retirees, and indeed, other factors actually led Lockheed's pension obligations to rise last year. Variables such as asset returns, salary levels, and health care costs can cause big swings in what companies expect to pay retirees. The fact that people are dying slightly younger won't cure corporate America's pension woes <https://www.bloomberg.com/graphics/2017-corporate-pensions/> —but the fact that companies are taking it into account shows just how serious the shift in America's mortality trends is.

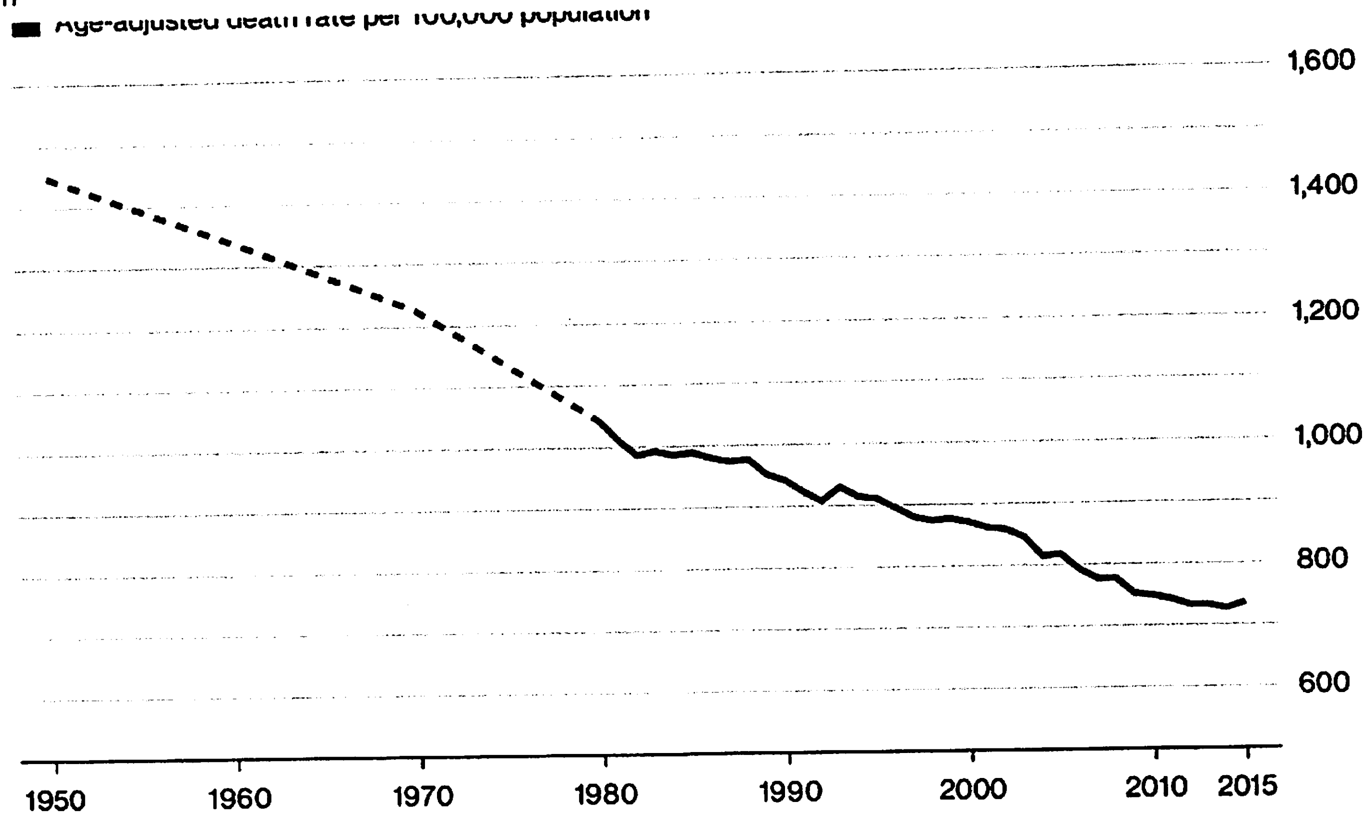
It's not just corporate pensions, either; the shift also affects Social Security, the government's program for retirees. The most recent data available "show continued mortality reductions that are generally smaller than those projected," according to a July report <https://www.ssa.gov/oact/TR/2017/2017_Long-Range_Demographic_Assumptions.pdf> from the program's chief actuary. Longevity gains fell short of what was projected in last year's report, leading to a slight improvement in the program's financial outlook.

"Historically, mortality rates annually have tended to come down year-over-year," says R. Dale Hall, managing director of research at the Society of Actuaries. The professional association compiles mortality data that many private pension plans use in their projections. "There really has been a little bit of slowdown in mortality improvement in the United States," Hall says.

Death Rate Improvements Have Stalled

The U.S. mortality rate leveled out since 2011 and increased slightly in 2015

Age-adjusted death rate per 100,000 population



Source: National Center for Health Statistics

Bloomberg

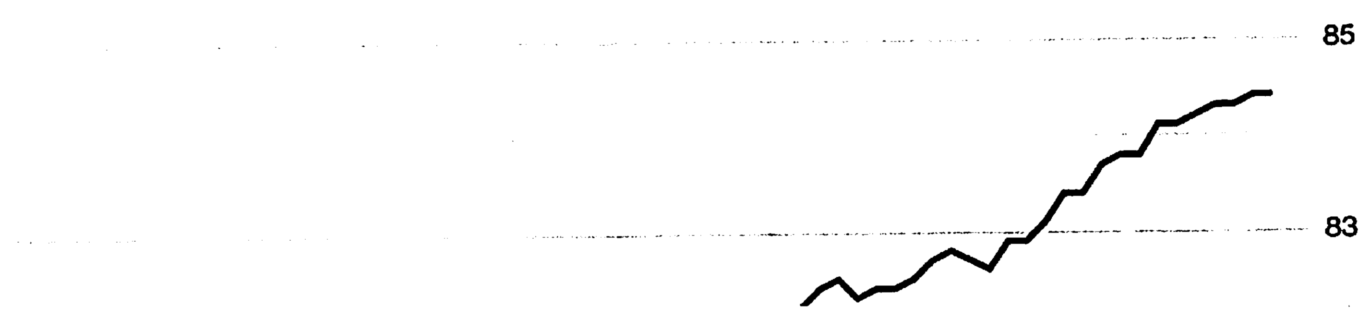
Absent a war or an epidemic, it's unusual and alarming for life expectancies in developed countries to stop improving, let alone to worsen. "Mortality is sort of the tip of the iceberg," says Laudan Aron, a demographer and senior fellow at the Urban Institute. "It really is a reflection of a lot of underlying conditions of life." The falling trajectory of American life expectancies, especially when compared to those in some other wealthy countries, should be "as urgent a national issue as any other that's on our national agenda," she says.

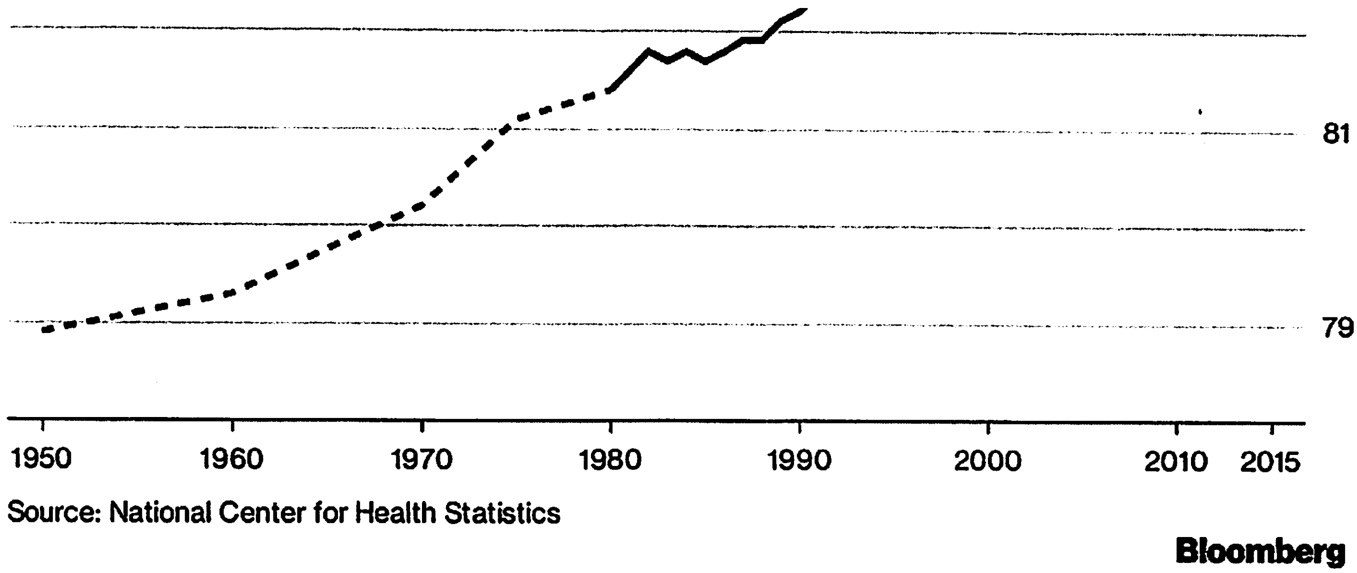
Actuaries use two main factors to project death rates into the future: They start with current mortality levels—the percentages of people who die at a given age—and then make predictions about how those percentages might change with developments such as new medical treatments or changes to smoking or obesity rates. For instance, the widespread prescribing of cholesterol-lowering statins in the 1990s was "a huge driver of mortality improvement," says Eric Keener, senior partner and chief actuary at Aon's U.S. retirement practice. If medical science produces new treatments for Alzheimer's disease or cancer, they could have similar effects.

Death rates for Americans over the age of 50 have improved, on average, by 1 percent each year since 1950, according to an analysis <https://www.soa.org/Files/Research/Exp-Study/mortality-improvement-scale-mp-2016.pdf> by the Society of Actuaries, though there's a lot of variation in any given year. From 2000 to 2009, that long-term trend seemed to be accelerating, with annual improvements of 1.5 to 2 percent—but then those gains stalled. From 2010 to 2014, death rates were only improving by about half a percent per year.

Longevity Gains Slow For Retirement-Age Americans

Improvements in life expectancy at age 65 have flattened out in recent years





In 1970, a 65-year-old American could expect <https://www.cdc.gov/nchs/data/hus/hus16.pdf#015> to live another 15.2 years on average, until just past their 80th birthday. By 2010, a 65-year-old could expect to live to 84.

But the increases have slowed down since then. Life expectancy at 65 rose by just about four months between 2010 and 2015—half the improvement recorded between 2005 and 2010.

In 2014, the Society of Actuaries updated its baseline mortality tables for the first time since 2000 to reflect significant gains in life expectancies seen through 2008—a major revision <https://www.soa.org/experience-studies/2014/research-2014-rp/> that predicted future improvements based partly on that trend. That led many companies, expecting their retired employees to live longer and longer, to revise their estimates of pension obligations upward.

But as it turned out, those assumptions were too optimistic about how fast death rates would keep improving. Updates in the last two years, based on more recent mortality data, have pulled down companies' estimates of what they'll owe future retirees. The 2016 update would lower pension obligations by about 1.5 percent to 2 percent, all else being equal, according to the Society of Actuaries report <https://www.soa.org/Files/Research/Exp-Study/mortality-improvement-scale-mp-2016.pdf>. (The group draws on data from the Social Security Administration, the Centers for Disease Control and Prevention, and the Centers for Medicare and Medicaid Services.)

And because accurate death records take a long time for the government to compile, the revised estimates published in 2016 incorporated mortality data only through 2014. The picture for 2015 looks bleaker still: The overall U.S. death rate increased that year, the CDC has since reported <https://www.cdc.gov/nchs/products/databriefs/db267.htm>.

It's still unclear exactly how Americans' waning life-expectancy gains will mean for public-sector pension obligations, but the effect will likely be similar. The Society of Actuaries' tables are designed for private-sector retirement plans; the group is still working on an update for public-employee pensions.

There's no simple answer for why longevity gains are slowing. For years, economists and public health experts have been trying to ascertain what's behind America's troubling death trends, among them a rise in death rates for certain demographic groups. A much-discussed 2015 paper <http://www.pnas.org/content/112/49/15078.full> suggested that mortality was rising for middle-aged white Americans, citing suicides, drug overdoses, and alcohol, collectively sometimes referred to as "deaths of despair <https://www.brookings.edu/bpea-articles/mortality-and-morbidity-in-the-21st-century/> ." Women have been particularly affected <http://www.urban.org/research/publication/death-rates-us-women-ages-15-54/view/full_report> .

While overall mortality rates are influenced by deaths from infancy to old age, pension payouts primarily reflect how long people survive after retirement. But looking just at people over 65, the death rate worsened in 2015 for that group as well, according to a July report <https://www.soa.org/Files/Research/Projects/2017-us-historical-population-2000-2015.pdf> published by the Society of Actuaries. That was the first reversal for retirement-age Americans since 1999.

"That's actually rather remarkable," says Keener, the Aon actuary. "Even in the previous years, you've seen a slower degree of improvement for the pensioners, but you haven't seen a decline in life expectancy."

The broader trend isn't unique to the U.S. A July publication <https://www.actuaries.org.uk/learn-and-develop/research-and-knowledge/our-journals-and-research-publications/longevity-bulletin/longevity-bulletin-tide-turning-issue-10> from the Institute and Faculty of Actuaries in the United Kingdom found that the U.S., Canada, and Britain have all experienced similarly slowing gains since 2011. That report suggested the combination of the recession and cuts to social safety-net programs may have played a role. "These signs should be taken as warnings that worsened health care, behaviour and environment can reverse decades of success in health and longevity," wrote Joseph Lu, chair of the Institute's mortality research committee.

Changes to life expectancy in the U.K. could cut 310 billion pounds from British private-sector pension obligations, or 15 percent of the total liability, PwC estimated <https://www.pwc.co.uk/press-room/press-releases/310bn-could-be-wiped-off-uk-pension-deficit-by-life-expectancy-changes-according-to-pwcs-skyval-index.html> in May, although other actuaries have called that figure "relatively extreme <https://www.ft.com/content/ee61cf36-3630-11e7-bce4-9023f8c0fd2e> ."

The question actuaries can't yet answer is whether the slowdown is a short-term blip or a more permanent shift. If mortality improved by 1 percent a year for most of the past 70 years, might the U.S. revert to that soon? Or, Keener asks, "is this really a new reality that we're living in?"