

JOINT COMMITTEE ON
PUBLIC EMPLOYEE RETIREMENT
PUBLIC PLAN UPDATE 2011



In an effort to keep local public employee retirement systems (PERS) informed of recent legislative changes on the state and federal level, the Joint Committee on Public Employee Retirement (JCPER) is providing this *Public Plan Update*.

End of Session Review

At the conclusion of the 2011 Legislative Session of the Missouri General Assembly, six pension related bills were Truly Agreed To and Finally Passed. All of these bills have been signed into law by Governor Nixon, and will become law effective August 28, 2011 (unless otherwise noted).

The Joint Committee on Public Employee Retirement monitored 62 pension related bills during the 2011 legislative session. Six of these bills were signed into law.

SS for SENATE BILL 238
ALL FIRE PLANS

- ✦ Adds impairment of health caused by an infectious disease to duty related presumption for disability or death benefit purposes.

HOUSE BILL 183
**POLICE RETIREMENT SYSTEM OF KANSAS CITY &
CIVILIAN EMPLOYEES' RETIREMENT SYSTEM OF THE POLICE DEPARTMENT
OF KANSAS CITY**

- ✦ Modifies start date for retirement benefits & clarifies payment of supplemental benefits.
- ✦ Modifies certain service purchase provisions.
- ✦ Prohibits membership in Civilian plan by retired members of the KC Employees or Firemen Retirement Plans hired after 08/28/11.

HOUSE BILL 229
KANSAS CITY PUBLIC SCHOOL RETIREMENT SYSTEM

- ✦ Requires a 50% compensation limit for retirees returning to work under a system covered school district, in addition to the current limitation of 600 hours per school year; if either limit is exceeded, the retiree's pension benefit is suspended for the month in which the limit is exceeded.
- ✦ Provisions address Internal Revenue Code conformance, member vesting in the event of system termination or discontinuance of system contributions and reinforces the trusteeship of system assets for the exclusive benefit of membership.

SS for SCS for HOUSE BILL 282

**MISSOURI STATE EMPLOYEES RETIREMENT SYSTEM;
MoDOT & PATROL EMPLOYEES RETIREMENT SYSTEM;
LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM;
KC POLICE & KC CIVILIAN POLICE RETIREMENT SYSTEMS;
FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS; and
ALL DEFINED BENEFIT PLANS**

- ✦ **STATE EMPLOYEES:** Employees hired on or after 7/1/12, shall be automatically enrolled in the state's deferred compensation plan upon employment. Employees will automatically have 1% of eligible compensation contributed to deferred compensation plan. Employees who do not want to contribute to the program may opt out of the plan within the first 30 days of employment, and at a later date decide to participate.
- ✦ **MISSOURI STATE EMPLOYEES RETIREMENT SYSTEM and MoDOT & PATROL EMPLOYEES RETIREMENT SYSTEM:** Requires the transfer of funds to cover reciprocal service transfer elections between MOSERS & MPERS on or after September 1, 2011.
- ✦ **MISSOURI STATE EMPLOYEES RETIREMENT SYSTEM:** Allows employees of the Missouri Development Finance Board to become members of MOSERS on or after September 1, 2011.
- ✦ **LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM:** Allows LAGERS to charge the existing "Casualty Reserve Fund" for payments made relative to duty related death thereby allowing for a pooled fund for risk (as currently used for disability claims) rather than each individual employer account.
- ✦ **KANSAS CITY POLICE & KANSAS CITY CIVILIAN POLICE EMPLOYEES RETIREMENT PLAN:** Same provisions contained in HB 183 (see page 1).
- ✦ **FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS:** Same provisions contained in HB 664 (see below).
- ✦ **JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT:** Requires all Missouri defined benefit public pension plans to submit investment performance on a quarterly basis to the JCPER.

HOUSE BILL 358

ST. LOUIS CITY POLICE RETIREMENT SYSTEM

- ✦ Internal Revenue Code conformance provisions including provisions relative to annuity distributions, direct rollover provisions, benefits associated with qualified military service and compliance with "normal retirement age" provisions.

SS for SCS for HCS for HOUSE BILL 664

FIREMEN'S RETIREMENT SYSTEM OF ST. LOUIS

- ✦ Modifies accidental disability retirement allowance based on years of service which includes an educational & supplemental allowance and modifies associated COLA provisions.
- ✦ Internal Revenue Code conformance provisions.
 - ** *These provisions are enabling language and require approval by the St. Louis Board of Aldermen.*
- ✦ Same provisions contained SB 238 (see above).



FEDERAL ISSUE HIGHLIGHTS

As the 112th Congress faces challenging issues such as Medicare, Social Security, economic and structural concerns, attention also continues to be drawn to public employee pensions. The most notable Federal legislation filed this year affecting public pension plans is the Public Employee Pension Transparency Act introduced in February under H.R. 547 and S. 347. Provisions contained in this Act include, but are not limited to: annual reporting of public pension plans to the Secretary of the Treasury, prohibits the Federal government from accepting any current/future obligations of state and local pension plans, and additional reporting if annual reporting does not disclose assets at fair market value or if liabilities are not discounted using U.S. Treasury Bond yields. Information regarding these proposals as well as all Federal legislative proposals can be accessed at: <http://thomas.loc.gov/home/thomas.php>.



GASB – On July 8th, the Governmental Accounting Standards Board (GASB) issued Exposure Drafts associated with proposed changes to Pension Accounting and Financial Reporting standards as they apply to supporting state and local governments. These proposed changes will separate pension accounting procedures from pension funding processes and significantly modify the pension related information contained in a public employer’s financial statements.

Information regarding the Exposure Drafts can be found at: <http://www.gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1175804830991>

It is important to note there is a public comment period which closes September 30th with public hearings scheduled for October.

JCPER NEWS

As mentioned in the End of Session Review, provisions were passed in the 2011 legislative session which included the reporting quarterly by defined benefit pension plans to the JCPER. This reporting was requested in 2009 and has been an ongoing request since that time. The statutory quarterly reporting requirement to the JCPER simply codifies this standing request. This reporting can be submitted on-line via the JCPER website using an assigned username and password. JCPER staff will continue to provide a quarterly reporting reminder approximately 30 days after the quarter ends.



QUARTERLY REPORTING

ANNUAL REPORTING

(USERNAME AND PASSWORD REQUIRED)

Also new this year is on-line annual reporting for all plans reporting to the JCPER. This reporting can also be accessed via our website with the assigned username and password. As this is an ongoing process and we work to simplify statutory reporting procedures for the plans, we welcome any suggestions you may have to streamline the process.

For more information regarding pension legislation, the JCPER annual report, or links to other pension related sites, visit our website at www.jcper.org.

