

MINUTES

POLICE RETIREMENT SYSTEM OF KANSAS CITY and CIVILIAN EMPLOYEES'  
RETIREMENT SYSTEM OF THE POLICE DEPARTMENT OF KANAS CITY  
BOARD MEETING

Tuesday, December 8, 2009

Gary Howell called the meeting to order.

PRESENT:

Gary Howell, Member  
Bailus Tate, Member  
Kenny Burnett, Member  
Vic Kauzlarich, Member  
Dave Reyburn, Member  
Angela Wasson-Hunt, Member

Gerald Gorman, Attorney  
James Pyle, Staff  
Sharon Blancett, Staff  
Connie Davis, Staff

SECRETARY REPORT:

2010 PROPOSED LEGISLATION

Mr. Pyle said staff had been working with Mr. Gorman on the recommendations of the Legislative Committee for possible changes to the Police and Civilian Employees' plans. Changes would need to be approved by the Retirement Board before being submitted to the legislature for the up coming session of the Missouri General Assembly. The language for all the possible changes is not complete but staff and Mr. Gorman have worked out the basic framework for the proposed changes. A comparison of the current provisions and possible changes (listed below) was reviewed by the Retirement Board.

**Civilian Employees' Plan**

<b>Description of Change</b>	<b>Proposed Changes</b>
1) Change start date of pension from day after member stops working to first of the month following the month when the member retires.	Add administrative section that defines when pensions start and stop and when benefits are paid.  For retirements after August 2010 pension and supplemental benefits will start on the first of the month following the month when the member retires.  No supplemental benefit or prorated retirement benefit will be paid for the month in which the member retires.

<p>2) Change the provision related to interest paid on the refund of member contributions. Currently interest is paid at 6% on contributions prior to May 1998 and 3% on contributions made after May 1998.</p>	<p>After August 2010 allow the retirement board to set the interest rate paid on refunds of member contributions to as low as 0%.</p>
<p>3) Add the provision that allows a member to purchase creditable service for a leave of absence.</p> <p>A member shall not receive creditable service for any period without compensation, except for military leave.</p>	<p>After August 2010 a member may purchase creditable service for leaves of absences, at the actuarial cost, any time prior to retirement.</p>
<p>4) Change the provision that allows members who terminate service and receive a refund of member contributions, who then return to the KCPD and restore their prior service by paying the refunded contributions plus any gains or losses.</p>	<p>Members may purchase prior service, after August 2010, by paying the member's portion of the actuarial cost any time prior to retirement.</p>
<p>5) Increase the age and service requirement for any retirement. Members can currently retire under the following provisions:</p> <p>Upon completing the later of age 65 or 10 years of service, a member may retire with unreduced benefits.</p> <p>Upon reaching age 60 with 10 years of service, a member may retire with unreduced benefits.</p> <p>At any time the member's total age and service equal or exceed 80, a member may retire with unreduced benefits.</p> <p>Beginning at age 55 with 10 years of service, a member may retire with reduced benefits.</p>	<p>After August 2010 members can retire under the following provisions:</p> <p>Upon completing the later of age 65 or 10 years of service, a member may retire with unreduced benefits.</p> <p>Upon reaching age 62 with 15 years of service, a member may retire with unreduced benefits.</p> <p>Beginning at age 55 any time the member's total age and service equal or exceed 80, a member may retire with unreduced benefits.</p> <p>Beginning at age 62 with 10 but not more than 15 years of service, a member may retire with reduced benefits.</p>

<p>Beginning at age 60 with 5 but not more than 10 years of service, a member may retire with reduced benefits.</p> <p>Any member who terminates employment with 5 or more years of service may receive unreduced retirement benefits at their normal retirement date or reduced retirement benefits at their first eligible date.</p>	<p>Any member who terminates employment with 10 or more years of service may receive unreduced retirement benefits at their normal retirement date or reduced retirement benefits at their first eligible date.</p>
<p>6) Change years of creditable service for vesting</p>	<p>After August 2010 whenever a member has less than 10 years of creditable service and terminates employment with the KCPD the member shall receive a lump sum payment of their member contributions.</p>
<p>7) Change the minimum amount of non-duty disability retirement benefit from 30% of final average salary. Add new disability provisions that were added to the Police statutes.</p>	<p>After August 2010 change the minimum amount of a non-duty disability retirement benefit to 20% of final average salary.</p> <p>Members eligible for a non-duty disability must have 10 years of creditable service prior to the initial evaluation by the medical board.</p> <p>Restrict anxiety disorders, including post traumatic stress syndrome; soft tissue back, neck and spine injuries, which do not result in paralysis; and injuries or illnesses from pre-existing conditions to non-duty disabilities.</p> <p>Members disabled due to own negligence, willful self infliction, or indulgence of alcohol, narcotics or other substance abuse shall not be eligible for any disability benefit.</p> <p>Medical board shall determine if the disability exists and the disability benefit.</p>
<p>8) Change years of service used to determine surviving spouse benefits in the case of a death of a member in service.</p>	<p>For surviving spouses of members who die in service after August 2010, certain benefit options are available if the member had less than 10 years of service and other options are available if the member had at least 10 and less than 20 years of service.</p>

**Police Plan**

<b>Description of Change</b>	<b>Proposed Changes</b>
<p>1) Change start date of pension from day after member stops working to first of the month following the month when the member retires.</p> <p>Clarify when pension and supplemental benefits stop following the death of a member or surviving spouse</p>	<p>Add administrative section that defines when pensions start and stop and when benefits are paid. Allow for beneficiary to receive final benefit payment.</p> <p>For retirements after August 2010 pension and supplemental benefits will start on the first of the month following the month when the member retires.</p> <p>No supplemental benefit or prorated retirement benefit will be paid for the month in which the member retires.</p> <p>When a retired member or surviving spouse dies after August 2010:</p> <ol style="list-style-type: none"> <li>1) The retirement benefit of a member, without a surviving spouse, will be prorated in the month of the member's death. In any month where a benefit is prorated there will be no supplemental benefit.</li> <li>2) The retirement benefit of a surviving spouse will be prorated in the month of his or her death. In any month where a benefit is prorated there will be no supplemental benefit.</li> <li>3) The benefit of a member, with a surviving spouse, will be prorated and the surviving spouse benefit will be effective the day following the death of the member. In the month of a member's death the surviving spouse shall receive the supplemental benefit.</li> </ol> <p>Benefits will be prorated in the month of the member's or surviving spouse's death. No supplemental benefit shall be paid in the month a retirement benefit is prorated except when a member dies with an eligible surviving spouse.</p>

<p>2) Delete the provision that allows a member to not lose creditable service during a leave of absence of less than 30 day.</p> <p>Change the provision that allows a member to purchase creditable service for a leave of absence over 30 days at the member contribution rate.</p>	<p>After August 2010 a member shall not receive creditable service for any period without compensation, except for military leave unless the member elects to purchase the eligible periods.</p> <p>Members may purchase creditable service for leaves of absences, at the actuarial cost, any time prior to retirement.</p>
<p>3) Change the provision that allows members who terminate service and receive a refund of member contributions, who then return to the KCPD and restore their prior service by paying the refunded contributions plus any gains or losses.</p>	<p>Members may purchase prior service, after August 2010, by paying the member's portion of the actuarial cost any time prior to retirement.</p>
<p>4) Increase the age and service requirement for any retirement with less than 25 years of service. Members can currently retire under the following provisions:</p> <p>Upon completing 25 years of service, members must retire upon completing 30 years of service.</p> <p>Upon reaching age 60 with 10 years of service. At age 60 the Chief of Police can allow the member to stay until age 65. At age 65, any member with less than 30 years of service must retire and is eligible for a benefit if they have more than 10 years of service.</p> <p>Any member who terminates employment with 15 years of service may receive retirement benefits at age 55.</p>	<p>After August 2010 members can retire under the following provisions:</p> <p>Upon completing 25 years of service, members must retire upon completing 30 years of service.</p> <p>Upon reaching age 62 with 15 years of service. At age 62 the Chief of Police can allow the member to stay until age 65. At age 65, any member with less than 30 years of service must retire and is eligible for a benefit if they have more than 15 years of service.</p> <p>Any member who terminates employment with 15 years of service may start drawing a benefit at age 62.</p>
<p>5) Create new consolidated disability statute.</p>	<p>Add new disability section effective August 2010 that combines duty and non duty disability benefits into one section. Replace the current duty disability benefit, at 75% of final average salary, with a new total and permanent disability. Create a new duty disability benefit at 50% of final average salary.</p>

	<p>Members eligible for a non-duty disability must have 10 years of creditable service prior to the initial evaluation by the medical board.</p> <p>Disability benefits shall not be less than the amount of an earned age and service benefit.</p> <p>Define total and permanent disability.</p> <p>Restrict anxiety disorders, including post traumatic stress syndrome; soft tissue back, neck and spine injuries, which do not result in paralysis; and injuries or illnesses from pre-existing conditions to non-duty disabilities.</p> <p>Members disabled due to own negligence, willful self infliction, or indulgence of alcohol, narcotics or other substance abuse shall not be eligible for any disability benefit.</p> <p>Medical board shall determine if the disability exists and the disability benefit. Upon such determination the member shall be retired by the BOPC.</p>
<p>6) Change method of calculating 3% cost of living adjustment for surviving spouses of members who retire after August 2010.</p> <p>Currently the base pension used to calculate a surviving spouse's 3% cost of living adjustment is 80% of the member's benefit at the time of the member's death.</p>	<p>For surviving spouses of members who retire after August 2010, the calculation of the surviving spouse's initial monthly benefit would remain at 80% of the member's benefit at the time of the member's death.</p> <p>The base pension used for calculating the 3% cost of living adjustment would be 80% of the member's base pension.</p>
<p>7) Delete the provision that allows children over the age of 18 who are mentally or physically incapacitated to receive a surviving spouse benefit.</p>	<p>After August 2010, when a member dies without an eligible surviving spouse, or upon the death of an eligible surviving spouse who is receiving benefits, only children under the age of 18 shall be eligible to receive a surviving spouse benefit.</p>

The Medical Board has made suggestions related to the possible changes in the disability statutes for both plans and Mr. Gorman is writing a new administrative section for the Police plan. Once the plan provisions can be reviewed by Milliman, Pat Beckham will prepare a cost study for the changes in benefits. Staff provided further details on the possible changes to service purchase calculations, the Medical Board's comments on disabilities, calculation of the COLA for surviving spouses, calculation of interest on civilian member refunds, and adding an age requirement to the rule of 80.

Mr. Kauzlarich made the motion to proceed with drafting each of the legislative changes for the Police plan with the exception of changing the calculation for the cost of living adjustment for surviving spouses. Mr. Tate seconded the motion which passed unanimously.

Mr. Tate made the motion to proceed with drafting each of the legislative changes for the Civilian Employees' plan. Ms. Wasson-Hunt seconded the motion which passed unanimously.

#### SECRETARY'S UPDATE

##### **Securities Lending Liability**

Mr. Pyle said Northern Trust has issued a partial reversal of the securities lending collateral deficiency. The long term liabilities that were posted to our accounts in 2008 will be reduced effective November 30, 2009 by \$127,187 in the Civilian Employees' plan and by \$996,105 in the Police plan. The remaining liabilities still subject to reversal are \$37,991 in the Civilian Employees' plan and \$297,538 in the Police Plan.

#### OMNIBUS MOTION

Mr. Reyburn made the following motion, seconded by Mr. Kauzlarich. Motion passed unanimously.

RESOLVED, that the Retirement Board hereby unanimously approves:  
The minutes of the previous meeting of November 10, 2009;  
The monthly financial statements for October 2009;  
The payment of bills as listed in the Secretary's Reports for this meeting;  
The return of contributions to those persons, who have resigned or terminated service, as listed in the Secretary's Reports for this meeting;  
The purchases and sales of assets as listed in the Secretary's Reports for this meeting;  
The payment or commencement of pensions or other benefits as listed in the Secretary's Reports for this meeting; and  
Any purchases of creditable service as listed in the Secretary's Reports for this meeting.

#### PUBLIC COMMENTS

A time was set aside for public comments.

#### ADJOURNMENT

The next regularly scheduled board meeting will be January 12 at 9:00am at the KC Police Credit Union.