

**IN THE COUNTY LEGISLATURE OF JACKSON COUNTY, MISSOURI**

**AN ORDINANCE** repealing sections 1511., 1514., 1532., and 1533., Jackson County Code, 1984, enacting, in lieu thereof, four new sections, and amending section 1503.45, Jackson County Code, 1984, all relating to the Jackson County Employees Pension Plan.

**ORDINANCE NO. 4813**, January 19, 2016

**INTRODUCED BY** Dennis Waits, County Legislators

WHEREAS, the Jackson County Pension Plan Board of Trustees and its special counsel have recommended several technical amendments to the Plan to bring the Plan into compliance with the Internal Revenue Code and current best practices relating to public sector pension plans; and,

WHEREAS, the recommended amendments are in the best interests of the health, welfare, and safety of the citizens of Jackson County; now therefore,

BE IT ORDAINED by the County Legislature of Jackson County, Missouri, as follows:

Section A. Enacting Clause. Section 1503.45, Jackson County Code, 1984, is hereby amended, sections 1511., 1514., 1532., and 1533. of the Code are repealed, and new sections 1511., 1514., 1532., and 1533. of the Code are enacted, all to read as follows:

1503.45 Service.

The term "Service" shall mean the number of years for which a Member is given credit for the purpose of determining his eligibility for benefits under the Plan. As of

any date, Service shall be equal to the sum of the years of employment calculated under subsection (a), subject to the provisions of subsections b and c of this section, if applicable.

a. The number of years and completed months of the Member's continuous employment for the Employer as an Employee from his date of hire as an Employee to the date of his termination of employment.

b. For the purposes of this Plan the following periods of employment shall be considered "continuous employment" but shall not be recognized as Service:

i. a break in the continuity of employment of not more than two (2) years, provided the Employee returns to work for at least twelve (12) months;

ii. any period of employment during which the Employee was not compensated by the Employer, except that any such period which an employee was on approved leave without compensation while serving on active military duty in the Persian Gulf in Operation Desert Storm shall be recognized as Service;

iii. any period of employment excluded pursuant to the provisions of section 1506 of this chapter;

iv. any period prior to January 1, 1977, during which the Employee was eligible to participate in the Prior Plan but refused to make the Employee contributions thereunder;

v. a break in the continuity of employment prior to April 1, 1967, of more than two (2) years; provided:

A. the Employee was employed by the Employer as an Employee on April 1, 1967; and

B. the Employee completes twenty-five (25) years of employment as an Employee by his Normal Retirement Date (including for this purpose any break in the continuity of employment occurring prior to April 1, 1967).

vi. a break in the continuity of employment of more than two (2) years; provided:

A. the reemployed Employee terminated Vested in the Plan, or is a Retired Member of the Plan, and;

B. the Employee accrues sufficient Service during his period of reemployment to become Vested in the Plan.

c. Service shall also include the number of years a Vested Member purchases pursuant to section 1503.45.1

d. Service shall include months or years represented by contributions paid by the Employer to the Pension Plan pursuant to a settlement agreement between the Employer and Employee for an increased benefit under the Plan.

1503.45.1 Purchase of Service Due To Military Service.

a. Only a Vested Member of the Plan may opt to purchase individual years of Military Service, up to four (4) years of Service, one year for each full year of military service. Such option to purchase individual years of Military Service must be exercised or declared within twelve (12) months of ~~[either]~~ the later of the vesting of the Member or ~~[the effective date of Ordinance 4709]~~ October 1, 2015. Once a Member has exercised or declared the option to purchase years of Military Service, the Member shall have twenty-four (24) months from the date of such declaration to provide to the County full payment for years of Service purchased pursuant to the calculations as provided in subsection (b) of this section.

b. Annually, the Board of Trustees shall determine the cost of the purchase of a year of Service for this purpose, in a manner that is cost neutral to the Plan and based on the following factors:

i. A discount factor equal to the then current interest rate on the thirty-year Treasury Bond plus 200 basis points;

ii. The immediately preceding five (5) year historical aggregate salary experience of the Plan; and

iii. The generational mortality table used for the immediately preceding Annual Valuation.

c. A Member may elect to purchase years of Military Service, but a Member may not purchase partial years of Service. A member may only purchase complete years of Service.

d. A Vested Member may purchase Service pursuant to this section 1503.45.1 with either after-tax dollars or with pre-tax contributions, such as rollover contributions or plan-to-plan transfers from other retirement arrangements qualified under Internal Revenue Code sections 401(a), 403(a), 403(b), 457(b), or 408;

e. If Service is purchased pursuant to this section 1503.45.1, such Service will be considered "Credited Service" pursuant to section 1503.14, unless at the time of the purchase the Member, at the Member's request, opts to purchase Service only for purposes of establishing an earlier Normal Retirement Date than otherwise allowed or provided pursuant to section 1503.39. In this case, Service will not be Credited Service for any purpose other than establishment of an earlier than otherwise allowed or provided Normal Retirement Date under the Rule of 80. A member may purchase up to four (4) years of service for this purpose. The Board of Trustees shall set the cost of Service purchased for establishing an earlier retirement date utilizing the same factors as stated in section 1503.45.1 b, above.

f. A Member may not purchase Service pursuant to this section 1503.45.1 to establish Vested status pursuant to section 1503.48.

g. A Terminated Employee as defined under section 1509. of this chapter may not purchase Service under this section.

h. Military Service.

The term "Military Service" shall refer to a full calendar year of military service within the United States Military, whether active, reserve, or inactive, so long as the Member was honorably discharged from such service.

1511. Pension Income, Basic Form.

The basic form of Monthly Pension Income (to which the formula indicated in Section 1512 applies) shall be a monthly income commencing on the Member's Disability, Early, Normal or Late Retirement Date or the date specified in Section 1530 and continuing for his lifetime thereafter, with sixty (60) payments guaranteed. Prior to his Disability, Early, Normal or Late Retirement Date, or the date specified in Section 1530, the Member may elect, in a written application provided by the Board of Trustees, Pension Plan Administration Committee, and subject to the Committee's approval, to receive his Monthly Pension Income in one of the alternative forms listed below; provided, however, that in the case of a Disabled Member whose Disability Retirement Date is prior to the date such Disabled Member attains age 55, the Disability Payments provided for in section 1515 shall be paid in the basic form provided for in this section 1511 and shall not be paid in any of the alternative forms specified in subsections 1511.1 and 1511.2. Each of the alternative forms shall be the Actuarial Equivalent of the Monthly Pension Income payable under the basic form and shall commence as of the Member's Disability, Early, Normal, or Late Retirement Date or the date specified in section 1530. Notwithstanding the foregoing provisions of this section 1511, a Disabled Member whose Disability Retirement Date precedes such Disabled Member's attainment of age

55 and who is receiving Disability Payments in the basic form, may elect, not later than 60 days after attaining age 55, in a written application provided by the Pension Plan Administration Committee, and subject to the Committee's approval, to receive his remaining Monthly Pension Income in one of the alternative forms listed below. Such alternative form shall be the Actuarial Equivalent of the Monthly Pension Income then being received by the Disabled Member

1511.1 A monthly income payable for the Member's lifetime with one hundred and twenty (120) payments guaranteed (an alternative form).

1511.2 A monthly income payable for the lifetime of the Member and continuing thereafter in the same monthly amount to a Beneficiary designated in writing by the Member (an alternative form). Should the Beneficiary named by the Member die prior to the Member's Disability, Early, Normal or Late Retirement Date or prior to the date specified in Section 1530, the election shall be void and Monthly Pension Income shall be paid under the basic form. Should the Beneficiary die after Monthly Pension Income has commenced to the Member, no alternative Beneficiary can be named.

1511.3 If the Member's designated Beneficiary is other than his Spouse or Domestic Partner, the Actuarial Value of the benefits payable to the Member shall be [more than] at least fifty percent (50%) of the Actuarial Value of the benefits payable to the Member and his Beneficiary or survivor.

1511.4 Contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code, notwithstanding any contrary provision set forth herein.

1514. Pension Income, Effect of Early Retirement.

An Active Member whose Attained Age is at least fifty-five (55) and who is Vested may, upon written application, retire as of an Early Retirement Date. Commencing at his Early Retirement Date, such Active Member is entitled to a reduced Monthly Pension Income which is equal to his Accrued Benefit as of his Early Retirement Date, reduced by one two hundred fortieth (1/240th) each month by which his Early Retirement Date precedes his Normal Retirement Date.

1532. Death Prior to Age 55, Effect.

[Except as specifically provided in section 1533. of this chapter, if any active Member should die being Vested in the Plan, a lump sum Death Benefit equal to the deceased Member's Current Accrued Benefit at the time of death shall be payable: (i) to the deceased Member's surviving Spouse or Domestic Partner, if any; (ii) if the deceased Member is not survived by a Spouse or Domestic Partner, to such other survivor as the deceased Member has designated; or (iii) if the deceased Member has made no such designation, to the deceased Member's estate.] If any active Member should die (i) prior to reaching the Attained Age of fifty-five; (ii) being Vested in the Plan; and (iii) be survived by a Spouse or Domestic Partner, that Spouse or Domestic Partner shall be entitled to a Death Benefit. Such Death Benefit shall be a monthly income, payable for the life of the

Spouse or Domestic Partner, equal to the benefit that would have been payable to such Spouse or Domestic Partner if the Member had retired on the day before the date of the death and elected the form of payment specified in Section 1511.2 with 75% of the reduced benefit continued to the Member's Spouse or Domestic Partner for lifetime. Such Spouse or Domestic Partner Death Benefit payments shall commence on the first day of the month next following the Member's date of death. If a Member dies without a Spouse or Domestic Partner, a Member's surviving child or children shall receive a return of contributions equal to the contributions made on behalf of the Member by the Employer up to \$10,000.00, to be paid in a lump sum distribution and in equal shares.

1533. Death After Age 55 [With Spouse or Domestic Partner], Effect.

If any active Member should die (i) after reaching the Attained Age fifty-five, (ii) being Vested in the Plan, and (iii) be survived by a Spouse or Domestic Partner, that Spouse or Domestic Partner shall be entitled to a Death Benefit. [No Death Benefit shall be payable if the Member is not survived by a Spouse or Domestic Partner.] Such Death Benefit shall be a monthly income, payable for the life of the Spouse or Domestic Partner equal to the benefit that would have been payable to such Spouse or Domestic Partner if the Member had retired on the day before the date of death and elected the form of payments specified in Section 1511.2 with 100% of the reduced benefits continued to the Member's Spouse or Domestic Partner for lifetime. Such Spouse or Domestic Partner Death Benefit payments shall commence on the first day of the month next following the Member's date of death. Notwithstanding the above, if a Member had reached the Member's Normal Retirement Date and had made a written election as

to the form of benefit payments pursuant to Section 1511, then, upon the Member's death prior to the commencement of benefits, any Death Benefit shall be payable in accordance with such written election. If a Member dies without a Spouse or Domestic Partner, a Member's surviving child or children shall receive a return of contributions equal to the contributions made on behalf of the Member by the Employer up to \$10,000.00, to be paid in a lump sum distribution and in equal shares.

Effective Date: This Ordinance shall be effective immediately upon its passage by the County Executive.

APPROVED AS TO FORM:

*Jim D. Hadler*  
Chief Deputy County Counselor

*W. [Signature]*  
County Counselor

I hereby certify that the attached Ordinance, Ordinance No. 4813 introduced on January 19, 2016, was duly passed on January 25, 2016 by the Jackson County Legislature. The votes thereon were as follows:

Yeas 8

Nays 0

Abstaining 0

Absent 1

This Ordinance is hereby transmitted to the County Executive for his signature.

1.25.16  
Date

*Mary Jo Spino*  
Mary Jo Spino, Clerk of Legislature

I hereby approve the attached Ordinance No. 4813.

1/29/2016  
Date

*Frank White, Jr.*  
Frank White, Jr., County Executive