

JOPLIN POLICE & FIRE PENSION PLAN

SUMMARY OF PROPOSED PLAN CHANGES

1. Section 1.13-Covered Employee

Proposed Sentence-shall mean an Employee who is employed in covered employment.

Current Sentence-shall mean a person employed in covered employment and thereby eligible to participate in this Plan.

2. Section 1.14-Credited Service

Proposed Sentence-shall mean the total time in complete and fractional years (based on the number of complete months) during which the Employee is a Covered Employee and a Participant and makes the contribution required in Section 6.1.

Current Sentence- shall mean the total time in complete and fractional years (based on the number of complete months) during which the Employee is a Covered Employee and makes the contribution required in Section 6.1.

3. Section 2.1-Eligibility

Proposed Sentence-Each Covered Employee whose employment or reemployment began prior to February 1, 2020 was eligible to become a Participant upon satisfaction of the requirements for employment in his or her position as stipulated by the City.

Current Sentence- Each Covered Employee shall become a Participant in the Plan upon satisfaction of the requirements for employment in his or her position as stipulated by the City.

4. Section 2.2-Participation

Proposed Sentences-Subject to Section 2.4, all Participants in the Plan on the Restatement Effective Date shall continue to be Participants. No other Employee shall become a Participant in the Plan.

Current Sentences- All Participants in the Plan on the Restatement Effective Date shall continue to be Participants. Each other Employee shall automatically become a Participant in the Plan in accordance with Section 2.1. Each Participant whose employment has been terminated and later resumes employment, shall participate in the Plan in accordance with Section 2.4.

5. Section 2.4 Subsection A-Reemployment of Former Participant

Proposed Sentence-In the event a Participant terminated employment and was later reemployed as a Covered Employee prior to February 1, 2020, participation in the Plan resumed immediately upon reemployment. If the Covered Employee

did not have at least 20 years of Credited Service at the time of his termination of employment, but was reemployed prior to February 1, 2020 before incurring a Break-in-Service, then upon his reemployment his Credited Service earned prior to termination of employment shall be taken into account for purposes of Section 3.1, provided that Covered Employee repays to the Plan an amount equal to the amount paid to him by the Plan upon his termination of employment, plus interest at the rate of one-half of one percent (.5%) per month from the date of the Plan's payment to the date of repayment.

Current Sentence- In the event a Participant terminates employment and is later reemployed as a Covered Employee, participation in the Plan shall begin immediately upon reemployment. If the Covered Employee did not have at least 20 years of Credited Service at the time of his termination of employment, but is reemployed before incurring a Break-in-Service, then upon his reemployment his Credited Service earned prior to termination of employment shall be taken into account for purposes of Section 3.1, provided that Covered Employee repays to the Plan an amount equal to the amount paid to him by the Plan upon his termination of employment, plus interest at the rate of one-half of one percent (.5%) per month from the date of the Plan's payment to the date of repayment.

6. Section 2.4 Subsection C-Reemployment of Former Participant

Proposed Sentence-Notwithstanding anything to the contrary, if a Covered Employee terminated employment and his date of reemployment is on or after February 1, 2020, such Employee shall not be eligible to resume participation in the Plan upon reemployment.

Current Sentence-Not Applicable

7. Section 6.2-Employer Contributions

Proposed Section- The City shall make monthly contributions to the Plan equal to the net amount after reduction for the priorities described below from the one-half cent ($\frac{1}{2}$ ¢) general sales tax approved by voters in the November 2019 election, which will expire upon the earlier of 12 years after enactment, or the date that the Plan's actuary certifies that the Plan is 120% funded. The priorities referred to in the preceding sentence are the following:

- (A) the amount needed to contribute to the Missouri Local Government Employees Retirement System ("LAGERS") \$1,000,000 per Plan Year for two (2) consecutive Plan Years beginning November 1, 2019, for a total of \$2,000,000.
- (B) The amount needed for each former Participant hired after January 31, 2009 (a "Tier II Participant"), along with such Tier II Participant's

Accumulated Employee Contributions, to purchase under LAGERS the number of years and months of Credited Service the Tier II Participant forfeited by terminating employment with the City in order to join LAGERS. For example, suppose that a Tier II Participant had 8 years and 3 months of Credited Service when the Tier II Participant terminated employment with the City to join LAGERS. Suppose further that the cost for such Tier II Participant to purchase 8 years and 3 months of service under LAGERS is \$75,000, and the Tier II Participant is refunded the amount of \$50,000 for his Accumulated Employee Contributions. The amount of the priority under this paragraph (B) would be \$25,000.

For example, suppose that the sales tax generates a total of \$6.5 million each Plan Year until it expires, for an average of approximately \$541,667 per month. Such gross amount would be reduced by approximately \$83,333 per month for two years for the payments to LAGERS described in paragraph (A), and by an additional \$83,333 per month for five years for the payments described in paragraph (B). Therefore, the average monthly payment for the two Plan Years beginning November 1, 2019 and November 1, 2020 would be approximately \$375,000, the average monthly payment for the three Plan Years beginning November 1, 2021, 2022, and 2023 would be approximately \$458,333, and the average monthly payment for the remaining during of the sales tax would be approximately \$541, 667.

During the period that such general sales tax is in effect, if the Plan is less than 70% funded as determined by the Plan's actuary, and if the aggregate contribution funded by such tax for any Plan Year is less than the actuarial contribution rate for the City set forth in the Actuarial Valuation for the Plan Year, then the City shall make an additional contribution equal to such shortfall.

If during the period after such general sales tax is in effect, the Plan is not fully (100%) funded as determined by the Plan's actuary, then the City shall be responsible for making contributions in the amounts determined by the Plan's actuary to make the Plan fully funded.

If the City becomes more than 30 days delinquent in any of its obligations, the City will be notified in writing by the trustees of the delinquency. The City shall catch-up fully on any delinquent obligations within 60 days after notification in writing by the trustees. If the City fails to catch-up fully within those 60 days, the City shall pay any past due obligation, plus interest at the statutory rate, per §408.020 RSMo., currently nine percent. If the City is delinquent 60 days after written notice of delinquency by the trustees, then the trustees may pursue any course of action deemed necessary and may pursue any and all remedies that the trustees may have, in law or equity, including suit in a court of competent jurisdiction.

Current Section- The City shall make biweekly contributions to the Plan equal to the City's contribution rate as calculated by the Plan's actuary.

For purposes of determining the City's contribution rate as calculated by the Plan actuary in this section, the Plan actuary shall utilize accepted actuarial methods and principles, consistent with actuarial assumptions approved by the Trustees. The Actuarial Valuation should be completed no later than 90 days after the Plan year end. The actuarial contribution rate for the City set forth in the Actuarial Valuation will be effective at the beginning of the following Plan Year immediately following completion of the Actuarial Valuation for the prior Plan Year (e.g. the rate set forth in the Actuarial Valuation for the year ended October 31, 2015 will be effective for the Plan Year beginning November 1, 2016).

If the City becomes more than 30 days delinquent in any of its obligations, the City will be notified in writing by the trustees of the delinquency. The City shall catch-up fully on any delinquent obligations within 60 days after notification in writing by the trustees. If the City fails to catch-up fully within those 60 days, the City shall pay any past due obligation, plus interest at the statutory rate, per §408.020 RSMo., currently nine percent. If the City is delinquent 60 days after written notice of delinquency by the trustees, then the trustees may pursue any course of action deemed necessary and may pursue any and all remedies that the trustees may have, in law or equity, including suit in a court of competent jurisdiction.