

**CITY OF JOPLIN  
COUNCIL AGENDA ITEM**

**ITEM**

Resolution 2020-002 – Designating the “Gap Cost” for the purchase of forfeited prior service credit for those Tier II public safety employees voluntarily migrating to the LAGERS retirement system as an employer contribution

**MEETING DATE**

February 3, 2020

**ORIGINATING DEPT**

Finance

**ATTACHMENTS**

Resolution 2020-002; IRS Ruling

**REVIEWED BY**

Department Head: Leslie Haase; City Attorney: Peter Edwards; City Manager: Dan Pekarek

**SUMMARY**

This Resolution designates the gap cost for the purchase of forfeited prior service credit for those Tier II public safety employees voluntarily migrating to the LAGERS retirement system as an employer contribution.

**BACKGROUND**

On November 5, 2019, the voters approved a ½-cent sales tax to close the existing public safety pension plan to new hires and transition those employees to the Missouri Local Government Employees Retirement System (LAGERS). Tier II public safety employees have the voluntary option to terminate service from the policemen’s and firemen’s pension plan and migrate to LAGERS. Upon this migration, those Tier II employees will forfeit their prior service credit under the pension plan.

Once vested with LAGERS, those employees that migrated will have a voluntary option to purchase their forfeited service credit by returning their full return of contribution from the pension plan to LAGERS. The City will then cover the cost difference to restore the forfeited service credit directly to LAGERS. For this payment to be made directly by the City to LAGERS, and, therefore, not taxable to the employees, the City must adopt a resolution designating this “gap payment” as an employer contribution. As such, this resolution designates this payment as an employer contribution.

**FUNDING SOURCE**

This item is not applicable to this resolution.

**RECOMMENDATION**

Staff recommends approval of this resolution.