

**STUDY SESSION**  
**Pension Fund Overview**  
CITY HALL, Fifth Floor  
6801 Delmar Blvd., University City, Missouri 63130  
**Monday, March 25 2024**  
**6:00 p.m.**

**AGENDA**

**1. MEETING CALLED TO ORDER**

At the Study Session of the City Council of University City held on Monday, March 25, 2024, Mayor Terry Crow, called the meeting to order at 6:00 p.m.

In addition to the Mayor, the following members of Council were present:

Councilmember Stacy Clay; (*excused*)  
Councilmember Aleta Klein  
Councilmember Steven McMahan; (*excused*)  
Councilmember Jeffrey Hales  
Councilmember Dennis Fuller  
Councilmember Bwayne Smotherson

Also in attendance were City Manager, Gregory Rose; City Attorney, John F. Mulligan, Jr.; HR Director, Amy Williams, and Finance Director, Keith Cole.

**2. CHANGES TO REGULAR AGENDA**

None

**3. PENSION FUND OVERVIEW**

Mr. Rose stated there have been some discussions about the parity between these two funds administered by the City. So, he has asked the H.R. Director, Amy Williams, to provide Council with a presentation identifying the benefits that are included in each fund and illustrating what each fund entails. In addition, he has asked that this presentation be presented to the Pension Board at their next meeting.

Ms. Williams stated that the City administers two plans, the Non-Uniform Pension Plan and the Uniform Pension Plan.

**Basic Information**

- Staff Administrator: Employer via Keith Cole
  - Custodian of all monies, securities, and properties of the funds
  - Staff liaison to the Pension Board of Trustees that provides the control and direction for both plans
- Plan Administrator/Trustee: UMB
- Actuary: Buck, A Gallagher Company
- Plan Year: January 1 – December 31

**Non-Uniform Pension Plan**

- **Retirement Benefits**
  - Normal Retirement
    - Age 65 or age 62 with 30 years of creditable service
  - Early Retirement
    - Age 55 with 20 years of creditable service

- Vesting
  - Employees are fully vested after 5 years of creditable service
- Termination of Benefit
  - Attainment of age 65, 100% after 5 years of creditable service

✚ *Definition: Creditable Service = years and completed months of full-time service*

Ms. Williams stated that:

- Employees are members at the beginning of their employment and must be certified by the Pension Board
- If a member leaves and returns in less than a year, and they have not withdrawn any funds, their time is restored, and they are considered "*a continuous employee*"
- If a member leaves and returns after one year, they are considered "*a new employee*"
- **Death Benefits**
  - Prior to Normal Retirement
    - Accumulated employee contributions, plus \$100,000
  - After Normal Retirement
    - Accumulated employee contributions
    - Lump sum payment, but if the beneficiary is a spouse, they may elect a monthly life annuity instead
    - If the member dies before the date of distribution, the interest will be distributed over the life of the benefits to the beneficiary
- **Changes from Prior Years**
  - Vesting requirement reduced from 10 years to 5 years
- **Refund of Contributions**
  - Accumulated employee contribution with interest of 5%
- **Contributions**
  - 3% of annual compensation
  - The pension amount is decided by the average compensation for the three highest consecutive years of service
- **Accrued Benefit**
  - 2/3 of the final average compensation plus 1% of the final compensation in excess of the average Social Security wages, all multiplied by creditable service

Mr. Rose stated one distinction is that contributions actually go into the plan, which is different from the Uniform Plan.

- **Expenses**
  - The normal cost for expected Administrative Expenses up 3% from 2022 is \$168,849
- **Interest Rate**
  - Increased from .030% to 6.80% compounded annually

### **Uniform Pension Plan**

Members consist of commissioned salaried employees of the Police and Fire Department.

- **Retirement Benefits**
  - Normal Retirement Eligibility
    - Age 50 with 25 years of service
    - Receives 65% plus 1% for each year of service over 25 years up to a maximum of 70%, multiplied by the base salary
  - Early Retirement Eligibility
    - Age 50 with 20 years of service

- Receives 40% plus 4% for each year of service over age 50 up to a maximum of 60% multiplied by the base salary
- Vesting
  - After 10 years of service
- Termination of Benefit
  - Attainment of age 55, 100% after 10 years of service

Ms. Williams stated that:

- Employees with earned service that were not vested in another government plan can purchase up to two years of credible service, as long as it does not exceed their time worked at U City.
- If an employee is reinstated within two years or less and has not withdrawn any funds, they may continue their years of service
- If an employee returns after two years, they are considered a new employee
- **Funeral Death Benefit**
  - Paid upon death in the sum equal to one (1) month's base salary in effect at the time of death
- **Death Benefit**
  - Death of a participant retired or eligible for retirement after age 50 with 20 or more years of service, if married 3 years before retirement
    - 50% of the benefit the employee was receiving or eligible to receive plus 10% for each unmarried dependent under age 18, a maximum of 60% of the base salary
    - If no surviving spouse's benefit is payable, the benefit will be divided among the children
  - Death of a participant before retirement eligibility
    - \$100,000, lump sum
- **Minimum Benefit**
  - Retiree or surviving spouse - \$325 per month
- **Contributions**
  - 5% of salary to an investment account or 401A
  - 0.02 per \$100 of assessed valuation
- **10-Year Drop Payment for Uniform Members**

There is an off-set or drop in the final monthly pension amount that occurs after ten years of service. Factors used by the Actuary to determine this formula are age, years of service, and salary.

  - Average payments from 2020 – 2024
    - Police - \$81,256
    - Fire - \$115,761
- **Expenses**
  - The normal cost for expected Administrative Expenses up 3% from 2022 is \$138,348
- **Interest Rate**
  - 6.80% compounded annually
- **Next Pension Board Meeting**
  - Currently, scheduled for Tuesday, April 23, at 6:30 p.m.

Mayor Crow posed the following questions to Mr. Cole:

**Q. Are the expenses listed for both plans based on a percentage or the amount of hours performed by the Actuary?**

A. *The fees associated with the Actuary, legal, and UMB are included as administrative expenses.*

**Q. Are the fees associated with managing the money built into the investment?**

A. Yes.

**Q. Does the difference in the expenses represent the size of the portfolio?**

A. Yes.

**Q. Are the fee structures of \$138,348 and \$168,849, generally for legal expenses or the Actuary?**

A. *While some of it goes to Greensfelder for legal expenses, the vast majority goes to the Actuary.*

Mayor Crow asked if it was correct to assume that no changes can be made to the Uniform Plan because it has not reached the required funding level? Mr. Rose stated that is correct. Currently, the Uniform Plan is below the funding level of 80% which is required to implement any changes that would increase the cost.

4. **EXECUTIVE SESSION** - *(Roll call vote required)*

Motion to go into a Closed Session according to Missouri Revised Statutes 610.021 (1) Legal actions, causes of action, or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives or attorneys.

Councilmember Smotherson moved to close the Study Session to go into a Closed Session, it was seconded by Councilmember Hales.

Roll Call Vote Was:

**Ayes:** Councilmember Klein, Councilmember Smotherson, Councilmember Hales, Councilmember Fuller, and Mayor Crow.

**Nays:** None.

5. **ADJOURNMENT**

Mayor Crow thanked Ms. Williams for her presentation and closed the Study Session at 6:12 p.m. to go into a Closed Session on the second floor. The Closed Session reconvened in an open session at 6:22 p.m.

LaRette Reese  
City Clerk, MRCC