

**NOTICE OF STUDY SESSION
Uniformed Pension Plans**

CITY HALL, Fifth Floor
6801 Delmar Blvd., University City, Missouri 63130
Monday, February 9, 2026
5:30 p.m.

AGENDA

1. Meeting called to order
2. Changes to Regular Agenda
3. Uniformed Pension Plans Update
4. Adjournment

The public may also observe via:

Live Stream via YouTube:

https://www.youtube.com/channel/UCyN1EJ_-Q22918E9EZimWoQ

Posted this 6th day of February, 2026.



To: Gregory Rose, City Manager
Keith Cole, Director of Finance

From: Andy Belknap, Director
Ashley Bertholf, Senior Consultant

Subject: University City Police and Fire Pension Analysis – Observations and Recommendations

Date: October 21, 2025

The City of University City, Missouri (“University City” or “the City”) has engaged Baker Tilly Advisory Group, LP (“Baker Tilly”) to conduct a comprehensive evaluation of the University City Police and Firefighters’ Retirement System (“UCPFRS”) or (Plan). This initiative is part of the City’s broader efforts to ensure long-term pension sustainability, reduce administrative costs, and explore alternative retirement system structures that maintain benefit comparability while improving financial stability. The scope of this project includes benchmarking pension systems in comparable Missouri jurisdictions, analyzing actuarial and budget data, identifying viable alternative pension models, and developing cost estimates and implementation strategies. The City anticipates using the findings to inform future decisions regarding the structure and funding of its public safety retirement system.

The Public Pension Environment in Missouri

There are 130 public pension systems operating in Missouri. There are 16 state-wide statutory systems serving different types of employees (e.g. transportation workers or school employees), and approximately 114 locally administered plans for cities, counties and a variety of special districts. One of the state-wide, statutory plans, the Missouri Local Government Employees Retirement System (LAGERS) is for local governments and serves 861 cities, counties and special districts. Approximately 247 cities in Missouri participate in LAGERS.

In 1983, Missouri lawmakers established the Joint Committee on Public Employee Retirement (JCPER). This organization publishes an annual report on all the public pension systems operating in the state.

In 2023, 50 cities in the state administered a local pension system or systems including the largest cities of Kansas City and St. Louis. Kansas City administers five separate pension systems. There are 15 other police and fire pension systems administered by other municipalities in Missouri in addition to UCPFRS. In terms of cities located near University City, Brentwood, Clayton, Jennings, Ladue and Maplewood all had or have local police and fire pension systems. Maplewood and Jennings completed a transfer into LAGERS in 2017. Maplewood is still reporting on some retired annuitants under its old plan.

Within Missouri it is apparent that most cities use LAGERS for their public pension needs, although the use of self-administered pension systems is not uncommon.

Overview of Pension Condition as Reflected in most Recent CAFRs

For context in University City the standard police and fire pension benefit is 60% of final compensation after 25 years of service. The maximum benefit is 70% of compensation with five additional years of service. The standard retirement age is 50. This is a non-contributory plan with respect to employees. Employees do contribute to a separate 401A account (5% of salary) and may contribute to a 457B plan. Police and fire employees are not enrolled in Social Security. Over the last three fiscal years an average of 119 employees have contributed an average of \$498,794 into their 401A accounts.

This type of plan with both a defined benefit and a defined contribution component is known as a “hybrid plan”. According to the latest JCPER report there are 10 hybrid plans operating in the state, and 20 plans do not enroll employees in Social Security. Therefore, University City’s police and fire pension plan is relatively unusual in that it is a hybrid system, and employees are not covered by Social Security (Only 10 of 130 plans are a hybrid and only 20 of 130 do not include Social Security coverage).

Due to the condition of the pension fund, retirees have not received a COLA increase to pension payments since 2007.

Our engagement team reviewed the last two years of the Actuarial Valuation Reports prepared for the City by Gallagher, for the years ending in 2024 and 2025. For the year ending December 31, 2024, the Plan was found to be 73% funded. This percentage refers to the pension system’s level of assets relative to the anticipated benefits it must pay. Generally speaking, while an actuarial funding level of 100% or more is rarely seen, any funding level of less than 80% is considered to be a warning sign as to long term sustainability, for a pension system. Under Missouri state law a pension system with a funding level of under 80% is prohibited from providing any benefit increases or COLAs.

For the year ending in 2025 the funding level had improved to 77%. In both 2024 and 2025 the fund exceeded its assumed investment return amount of 6.8%, earning 8.3% in 2024 and 8.4% in 2025. The higher than assumed investment earnings are a good sign for the pension fund but not necessarily sustainable over a long time period and cannot be relied upon. It is likely that the fund will also have some years with lower-than-expected earnings.

For reference purposes the City Non-Uniformed Employees’ Retirement System is 96.7% funded.

Another metric that pension plans are evaluated on concerns administrative expenses as a percentage of benefits paid, which typically range from 0.5 to 5 percent. For UCPFRS in 2024 and 2025 this percentage ranged from 5.3 to 6.2 percent. These would be considered to be undesirably high administrative costs, which are often a byproduct of relatively small pension programs (As of 2024 the Plan had only 221 participants, 95 annuitants, 23 vested terminations and 103 active members). Long term this suggests the City may be better served as a member in a larger pension plan serving police and firefighters.

Both actuarial reports also demonstrate continual negative cash flows which totaled \$5,973,566 over six years or an average of \$995,594 per year. While over this time period the market value of the assets held by the pension fund did grow from \$26.6 to \$33.8 million, the fact is the Plan will have to sustain “down” years (it will not always be able to out earn the interest earnings assumption of 6.8% per year). The continual need to run a negative cash flow is a sign that contributions relative to benefit payments are too low.

Stakeholder Interviews

The first component of this engagement including a stakeholder interview cycle. Baker Tilly staff conducted virtual interviews with **11 individuals** representing leadership, finance, police, fire, and retirement board roles in University City. From these interviews several key themes emerged regarding the challenges and opportunities surrounding the City’s pension system.

Observations are clustered under the following themes:

- Pension System Structure and Sustainability
- Recruitment, Retention, and Workforce Stability
- Communication, Education, and Transparency
- Governance and Policy Constraints

Pension System Structure and Sustainability

- 1. The pension system is widely viewed as underfunded and structurally outdated.** Stakeholders consistently expressed concern that the current pension system is not financially sustainable. Several interviewees noted that the system was once fully funded but has since deteriorated due to changes in contribution structures, market downturns, and a lack of proactive adjustments. The hybrid model, which includes in addition to the pension, mandatory 401A and voluntary 457B components, has created confusion and a lack of transparency about actual retirement benefits.

The table below shows the basic structure of the police and fire pension approach:

Table 1. Uniformed Employees' Retirement System Make-Up

Uniformed Employees' Retirement System Make-Up					
#	Account Type	Account Requirement	Management Entity	Contribution	Benefit Payout
1	City Pension	Mandatory	City	None	Determined by Actuary
2	401A	Mandatory	Employee	5% plus city contribution at 10 years	Employee Managed
3	457B	Voluntary	Employee	Voluntary Amount	Employee Managed

- 2. Many believe the system needs a structural overhaul to ensure long-term solvency.** The hybrid system was created in the 1980s to remedy previous gaps in the ability for surviving spouses to receive reasonable benefits upon the death of pensioners. Further information on the history and decision-making process for the hybrid system was not available from the interviews conducted. Among some personnel there is an attitude that the City should just add more funds, however, due to City budget constraints this is not a feasible pathway forward. The table below illustrates the current funding gap.

Table 2. Current Funding Gap (FY 2024-25)

Pension Gap and Funding Sources (FY 2024-25)	
Total Pension Needs	\$2,432,038
City Contribution	\$545,235
Property Tax Contribution	\$1,199,906
Gap	\$686,897

- 3. Administrative costs are high due to the small size of the system.** The pension system's small scale contributes to disproportionately high administrative costs, which according to the CAFRs reviewed are over 5%. This has led some to suggest merging with a larger system or exploring alternative management strategies. However, concerns remain about whether other systems would be willing to absorb University City's plan, given its current funding status. On average, administrative costs typically range from 1% to 5%, allowing for more access to existing funds for pensioners.

- 4. The City lacks a complete view of retirees' total retirement benefits, limiting its ability to assess pension adequacy and plan sustainability.** Several stakeholders, particularly from the Finance Department and Retirement Board, highlighted that the City can only “see” the pension portion of an employee’s retirement, not the full picture that includes 401A and 457B accounts. These investment accounts are individually managed and portable, meaning employees can manage, withdraw or roll over funds independently of the City’s oversight. As a result, the City cannot accurately evaluate the total retirement income retirees receive, nor can it assess how well the system is meeting long-term financial security goals. This lack of visibility complicates efforts to analyze retirement readiness, model future liabilities, or communicate the value of the benefits package to current and prospective employees. Consider the language displayed in recruitment ads for public safety workers on the City’s website:

The Police and Fire Retirement Plan requires participation by all sworn officers of the Police and Fire Departments. This is a hybrid plan: defined contribution (401a) and defined benefit. Employees contribute 5% of their salary to their defined contribution account which is 100% vested from day one. Vesting for the defined benefit plan occurs after 10 year of service at which time a lump sum City payment is contributed to the employees' 401a account. Full retirement benefits may be received at age 50 with 25 years of service. A full retirement benefit for vested employees is equivalent to the employee's defined contribution account balance at the time of retirement plus an offset defined benefit amount which is actuarially calculated.

It is impossible to tell from this language what the retirement benefit will be. On the other hand, the retirement benefit for non-uniformed positioned is well defined.

Recruitment, Retention, and Workforce Stability

- 5. Turnover is a persistent challenge in both Police and Fire Departments, with early-career attrition, linked to concerns about pension uncertainties, undermining workforce stability.** Stakeholders across departments consistently reported higher than average turnover rates, particularly among employees who have not yet vested in the pension system. The Police Department experiences more frequent attrition, with younger officers leaving for better-funded agencies offering more robust retirement and medical benefits. In the Fire Department, turnover is concentrated among employees with less than five years of service, typically at the firefighter level, creating operational strain and disrupting continuity. This early-career churn not only weakens institutional knowledge and increases training costs but also limits the long-term effectiveness of the pension system, as fewer employees remain long enough to vest into the pension system. While salary increases have helped slow attrition, the pension structure remains a factor cited in the high turnover rates.
- 6. Recruitment and retention are impacted by the pension system and benefits package.** Nearly all interviewees cited the pension system as a major factor in the City’s difficulty attracting and retaining talent, especially in the Police and Fire Departments. Younger employees often leave before vesting, seeking better benefits and job security elsewhere, particularly in better-funded fire protection districts. The lack of medical benefits in retirement and the absence of cost-of-living adjustments (COLAs) were also noted as deterrents. While recent salary increases have helped, the pension remains a weak point in the City’s overall compensation strategy.

Communication, Education, and Transparency

7. **There is a widespread lack of understanding among employees about how the pension system works.** Multiple stakeholders, including finance and board representatives, emphasized that many employees within the Police and Fire Departments do not fully understand how their contributions are allocated or how their retirement benefits are calculated. For example, the 5% employee contribution to the 401A is often mistaken as a pension contribution, when in fact it is a personal investment account. Some staff referred to the 401A account as a separate account from the pension plan while others referred to it as the same thing as the City's pension plan. This confusion undermines trust in the system and complicates efforts to build support for necessary reforms. Further education of employee pension contributions and outcomes is necessary for employees to be empowered in the retirement prospects.

8. **There is a strong desire for fairness and transparency in any proposed changes.** Across interviews, stakeholders emphasized the importance of fairness, both in how benefits are distributed and how changes are implemented. There is concern about how returning employees are treated, how retirees are supported, and how active employees are asked to contribute. Any reform efforts will need to be accompanied by clear, transparent communication and a commitment to equitable treatment across employee groups. There was significant frustration surrounding the Police and Fire pensioners ability to make changes to the system as opposed to the general employees pension fund.

Governance and Policy Constraints

9. **The governance and decision-making process for the pension board is slow and fragmented.** Several board members and stakeholders expressed frustration with the pace of decision-making, noting that quarterly meetings and limited authority over the uniformed pension plan hinder progress. There is also tension between uniformed and non-uniformed representatives, particularly around perceived inequities in how changes can be made. The lack of consensus and clarity on key issues, such as re-entry rules for returning employees, further complicates governance.

10. **Funding solutions are politically and practically constrained.** While there is general agreement that more funding is needed, stakeholders are skeptical about the feasibility of increasing property taxes or passing new sales taxes. Previous attempts have failed, partly due to public mistrust and unclear messaging. Some interviewees suggested exploring increased employee contributions or merging with a larger pension system to reduce administrative costs. However, these options are politically sensitive and would require careful negotiation and communication.

As shown in the table below property tax rates are already high in St. Louis County relative to surrounding areas.

Table 3. Property Tax Rates (2023), St. Louis County Top 10 Tax Rates, State, and National¹

#	Top 10 County's	Effective Property Tax Rate (2023)
1	St. Louis County	1.22%
2	Atchison County	1.17%
3	Jackson County	1.15%
4	St. Charles County	1.13%
5	Clay County	1.10%
6	Platte County	1.06%
7	St. Louis city	1.05%
8	Gentry County	1.03%
9	Grundy County	1.02%
10	Pemiscot County	1.01%
	State	.73%
	National	.93%

Benchmarking with other St. Louis County Cities with Police and Fire Pension Funds

In 1983, the Missouri General Assembly established the Joint Committee on Public Employee Retirement Systems (JCPER) as a central reporting entity for Missouri's public pension plans and to provide an analysis function for the General Assembly and Missouri taxpayers. The JCPER is statutorily required to annually compile and submit a report to the General Assembly. In the more than thirty years since collecting its first year of public pension plan data in 1984, the JCPER has served as a resource to the General Assembly. The 2025 annual report which was issued in March of 2025 includes the most recent data available and reflects pension plan data for plan year 2023. The report contains comparable data on 131 public pension plans, including 50 municipal pension plans.

Based on reporting in the Directory of Missouri Public Employee Retirement Systems, published by the Missouri Association of Public Employee Retirement Systems and a September 2014 Missouri State Auditor Report entitled Survey of Public Employee Retirement Systems in Missouri we know that within St. Louis County, in addition to University City, the cities of Brentwood, Clayton, Jennings, Ladue and Maplewood all had or have local police and fire pension systems. Jennings and Maplewood have recently (in the last decade or so) transitioned to the LAGERS pension system, with Maplewood still reporting some legacy statistical information via JCPER.

¹ US Census Bureau, 2023 American Community Survey, datasets B25077 and B25103. [American Community Survey 5-Year Data \(2009-2023\)](#)

The table below provides some summary information pulled from the latest JCPER report on the retirement plans provided by the cities in St. Louis County with local police and fire pension plans

Table 4: St. Louis County Police and Fire Pension Programs 2023 Data from 2025 JCPER Annual Report

		Benefit	Normal Retirement	Social Security?	Actuarial Valuation %
City	Pop				
Brentwood	7,693	3.5% of compensation for first 20 years of service + 1% for next 10 years of service	55 with 10 year service	No	100%
Clayton	16,061	2% of compensation x years of service. Maximum 60% of compensation	Age 55 with 10 years of service, Age 50 with 25 years of service, Age 65 with 5 years of service	Yes	101%
Ladue	8,645	Hired prior to 1/1/13: 2% of compensation for the first 20 years of service + 2.5% for the next 10 years of service Maximum: 65% of compensation Hired on/after 1/1/13: 2% of compensation up to 30 years of service Maximum: 60% of compensation	55 with 10 year service	No	82%
Maplewood	9,228	2% of compensation x years of creditable service Maximum: 60% of compensation	55 with 10 year service	No	218% when last reported in 2021
University City	37,428	65% of compensation for first 25 years of service + 1% for next 5 years of service Maximum: 70% of compensation	Age 50 with 25 years of service	No	74%

Several interesting factors can be found in this comparison. First, while it is difficult to make exact comparisons from the information provided in the JCPER report, University City appears to offer a retirement package that is as good, if not superior, to the pensions provided in comparable jurisdictions. In University City, the pension can be up to 70% of compensation while it is capped below that in Ladue and Clayton. Additionally, the retirement age of 50 is lower in University City than in the cities of Brentwood and Ladue. It appears the pension in University City is competitive with these neighboring jurisdictions.

It is also notable that the actuarial valuation level of the police and fire pension system at 74% is considerably lower than in the other cities. The average actuarial valuation for Brentwood, Clayton and Ladue is 93%. Since our interviews strongly suggest that University City is seeing relatively high turnover, especially with police employees, it is probably not because the pension is viewed as inferior in terms of benefits and more likely that is viewed as not as financially solid as other plans due to its relatively low funded level relative to other plan options in cities with their own police and fire pensions funds or those offered in cities contracting with LAGERS. Of course, it also should be noted that Clayton covers employees in Social Security while the others do not and that is an additional retirement benefit.

We also noted that in the other cities with police and fire pension funds the employees as well as the City contributed to funding the pensions. The table below shows the amounts and other relevant information from the most recent JCPER report.

Table 5 Employee and Employer Contributions to Police and Fire Pension Funds in St. Louis County 2023

City	Membership		Contribution		Annual Employer Contribution / Active Employee	Annual Employee Contribution / Active Employee	Annual Total Contribution / Active Employee
	Active	Inactive	Employer	Employee			
Brentwood	53	56	\$ 1,275,438	\$ 277,905	\$ 24,065	\$ 5,243	\$ 29,308
Clayton	89	93	\$ 974,481	\$ 367,619	\$ 10,949	\$ 4,131	\$ 15,080
Ladue	61	69	\$ 1,777,472	\$ 346,301	\$ 29,139	\$ 5,677	\$ 34,816
University City	103	118	\$ 1,745,141	Non-contributory	\$ 16,943	\$ -	\$ 16,943

University City is the only city in the County with an active police and fire pension fund that does not receive a contribution from employees towards the pension fund. However, University City is also a hybrid pension system where in addition to the defined benefit pension the employees also pay into a defined contribution plan (5% of compensation) which is invested at the employees direction into a retirement account.

In terms of the pension plan, University City makes a much lower annual contribution than the cities of Brentwood and Ladue make into their respective police and fire pension plans. Clayton's annual contribution is about equal to what University City makes, although the employees pay about 1/3 of the total annual contribution. All of these other plans have an actuarial valuation considerably higher than the University City police and fire pension plan. The average annual contribution per active employee for these three nearby police and fire pension system plans is \$26,401. Reaching this level of annual funding per active employee would translate into an additional contribution of \$974,196 for University City.

Recognizing the funding shortfall, University City placed a sales tax measure on the ballot in April 2022 that would have raised approximately \$575,000 annually to shore up the UCPFRS funding level. However the measure failed with a 42% Yes vote and a turnout of 17% of approximately 22,000 registered voters.

Outlook for the University City Police and Fire Pension Plan

The pension plan has had strong earnings (above 8%) in the last two years but is still below 80% in terms of actuarial valuation. The earnings target is 6.8% and earnings are likely to return to this level. Under Missouri law, additional benefits or a COLA increase cannot be offered until a pension plan reaches 80% or greater actuarial valuation. The University City police and fire pension plan does not appear to be on a trajectory to obtain 80% actuarial valuation given current funding levels and average assumed investment earnings. It is quite possible it could fall below 70% actuarial valuation funded status in the next two years if investment earnings decline. If that should occur the UCPFRS would be placed on the JCPER “watch list”. Currently 11 of 84 JCPER tracked pension plans are on the watch list.

It is highly desirable for the UCPFRS to avoid being placed on the watch list and to put itself in a position to be able to offer periodic COLA adjustments. This will directly reduce uncertainty about future pension benefits for rank-and-file police and fire employees and reduce expensive and disruptive problems with recruitment and retention.

Below we offer recommendations aimed at improving the condition of the UCPFRS both in the near term and longer term.

Recommendations

In the near term it is apparent that more annual funding needs to be directed towards the UCPFRS in order to keep it fiscally stable and bring up the actuarial valuation to greater than 80%. Since the City has already tried a tax increase that failed, it is far from clear that the voters will be supportive of providing additional support than the existing property tax they are already paying towards the pension. Given that the City is already providing approximately \$545,000 in annual discretionary support funding from the General Fund and the fact that in the other cities in the county that have this type of pension employees are providing a contribution, but in University City they are not, police and fire employees should be asked to contribute. On the other hand if such support is forthcoming it may also pave the way for a more favorable environment for consideration of a tax measure that would improve services and help fund the pension needs.

Recommendation 1: Negotiate with Police and Fire employees to contribute approximately \$545,000 per year or an average of \$5,291 per year to the UCPFRS. This is very close to the average of \$5,051 contributed annually by the employees in Brentwood, Clayton and Ladue with a similar pension system

Recommendation 2: Concurrently, and with an agreement in place with the police and firefighters, place another tax measure on the ballot for the \$545,000 sales tax measure stressing the revenues will go for police and fire service enhancements (preferably staffing and equipment needs) and to provide a reduced portion to support pension needs to achieve a total pension payment of approximately \$700,000 per year in conjunction with the police and fire personnel payments.

Recommendation 3: In recognition of this support from employees, commit that once the UCPFRS reaches an actuarial valuation of greater than 80% that the City will fund an actuarial analysis of a sustainable COLA adjustment for current and future annuitants. Commit that the City will implement such a COLA adjustment consistent with maintaining the UCPFRS in a funded status in excess of 80% actuarial valuation. (This recommendation presupposes support for Recommendations 1 and 2.)

Recommendation 4: Once the UCPFRS is stabilized, approach LAGERS about transitioning into that system with similar pension benefits for current and retired annuitants along the lines pursued by the cities of Jennings and Maplewood which have transitioned into LAGERS. Pledge that the savings in

expenses to the pension fund gained in the transition to LAGERS will be used to improve COLA benefits to current and future annuitants.

While Recommendation 1 will no doubt create some distress for current employees it will pave the way for Recommendations 3 and 4 which will significantly and measurably improve their future retirement and pension from the City of University City. The tax measure is, of course, optional but given the opportunity provided by the employees solving the lions share of the pension issue it is an opportunity that perhaps should not be overlooked. Once the pension is stabilized and transitioned to LAGERS this source of funding would be ongoing and helpful to the City for years to come.