

ORDINANCE NO. \_\_ 240353 \_\_\_\_\_

Amending Chapter 2 of the Code of Ordinances, entitled “Administration,” by repealing Section 2-1176, Retirement Benefits, and enacting in lieu thereof a new section of like number and subject matter to increase the health care subsidy provided to members of the Employee Retirement System in accordance with Resolution 230624 and the 2024-25 budget; and establishing an effective date.

WHEREAS, with passage of Ordinance 000865, the City Council increased the retiree health insurance subsidy from \$100.00 per month to \$200.00 per month effective November 1, 2000; and

Whereas, in Resolution 230624, passed on August 3, 2024, the City Council directed the City Manager to identify funding to increase the health care subsidy for retirees within the Employee Retirement System by \$200.00 to \$400.00 monthly; and

WHEREAS, funds were identified and such increase has been included in the 2024-25 budget, passed on March 28, 2024; NOW THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY

Section 1. That Chapter 2, Code of Ordinances of the City of Kansas City, Missouri, is hereby amended by repealing Section 2-1176 and enacting in lieu thereof a new section of like number and subject matter, to read as follows:

**Sec. 2-1176. Retirement benefits.**

(a) *Annuity.* Upon retirement on or after November 1, 2000, as provided in section 2-1174, an annuity calculated as follows shall be payable:

- (1) If married in any jurisdiction at date of retirement, the annuity shall be two percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (2) At date of retirement, a member may elect to receive an actuarial equivalent annuity providing that, upon death following retirement, the same actuarial equivalent annuity shall be payable to the surviving spouse provided the marriage occurred on or before the date of retirement. This election shall not be effective if

the member dies within 30 days after filing application for retirement or before the date of the first payment of the retirement annuity.

- (3) If unmarried at date of retirement, the annuity shall be 2.22 percent of the Tier 1 member's final average compensation and for a Tier 2 member shall be 1.75 percent of the member's final average compensation multiplied by years and full months of creditable service not to exceed 70 percent, except as set forth in section 2-1196, Code of Ordinances.
- (4) With signed consent by the spouse, a Tier 1 married member may elect calculation as if unmarried, forfeiting a surviving spouse's annuity as provided in section 2-1185.

(b) *Withdrawal of contributions.* A member retiring under provisions of section 2-1174, except disability retirements, may elect, with signed consent of spouse, to withdraw all or a portion of the member's accumulated contributions and interest, and receive a reduced annuity. The annuity calculated in subsection (a) of this section shall be reduced an actuarially equal amount by applying factors adopted by the board of trustees upon recommendation of the retirement system's consulting actuary.

(c) *Cost-of-living adjustment – Tier 1.* An annual cost-of-living adjustment in retirement, disability and death benefits shall be paid under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.
- (2) *Amount of adjustment.* The adjustment shall be three percent, each year, noncompounded.

(d) *Cost-of-living adjustment – Tier 2.* A cost-of-living adjustment is authorized under these conditions:

- (1) *Effective date of adjustment and applicability.* An annual cost-of-living adjustment shall be payable on pension checks to be dated May 1 of the current year and shall remain unchanged until the next effective date of adjustment. For retirements occurring on or after January 1, 2021, the adjustment shall apply to all beneficiaries receiving benefits, but no sooner than the May 1 following the Tier 2 member's 62nd birthday, except no pension of any member or beneficiary retiring after February 1 of any year shall be adjusted until May 1 of the succeeding year.

(2) *Amount of adjustment.* The adjustment for a Tier 2 member shall be paid if the funding ratio of the pension fund, as shown by the system's most recent actuarial report, is equal to or greater than 80%, and will be equal to the percentage increase in the prior 12 months of the final national consumer price index for all urban consumers published prior to December 31 in advance of the next year's adjustment, but shall not exceed 2.5% and shall be noncompounded.

(e) *Health insurance subsidy.* A \$400.00 monthly retiree health insurance subsidy shall be payable to all retired members effective May 1, 2024. If a member dies before retirement as the direct and proximate result of an accident sustained in the performance of assigned duties, the member's surviving spouse shall become eligible for the health insurance subsidy described in this subsection as long as the spouse receives an annuity. No other survivors will be eligible for this health insurance subsidy following the line-of-duty death of a qualifying member.

(f) *Minimum benefit.* A minimum benefit of \$400.00 per month is established for retirees with ten or more years of creditable service. Such minimum shall apply to current as well as future retirees, effective with pension checks dated July 1, 1999, calculated prior to any reductions applied due to sections 2-1176(a)(2) and 2-1176(b). Any annual cost-of-living adjustment shall be based on the original amount without reference to this minimum.

(g) *Limitations.* Benefits with respect to a member may not exceed the maximum benefits specified under section 415 of the Federal Internal Revenue Code for governmental plans.

Section 2. That this ordinance shall become effective on May 1, 2024.

Approved as to form and legality:

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Senior Associate City Attorney