



Board Governance Manual



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Introduction

The Board of Trustees (Board) of the Kansas City Police Employees' Retirement System (KCPERS) serves and protects the interests of KCPERS Members. To better exercise this fiduciary duty, the Board believes that a sound governance framework is essential. The Board adopted the Governance Manual (Manual), which provides critical guidance for this framework.

The Manual provides the framework for the Board's mandate to set policy and oversee the operations of KCPERS. The Board intends that the Manual will serve as a guide and resource for new and experienced Trustees. The Board and individual Trustees will strive to comply with the provisions of the governance policies. The Board will periodically review each section of the Manual and update its contents as necessary.

Our Mission

The mission of the Kansas City Police Employees' Retirement Systems is to ensure plan solvency and optimize benefits for present and future retirees. We will accomplish this by:

- Providing superior service for our members
- Safeguarding the integrity and ensuring the autonomy of the KCPERS
- Utilizing technology to provide superior services and increase office productivity
- Establishing and nurturing relationships and communications with plan members, key officials, and significant internal and external stakeholders

Our Values

KCPERS is an organization that exists solely for the benefit of its members and the people who depend on them. We understand the importance of a reliable monthly income that enables people to exit the workforce with dignity and helps them maintain their standard of living throughout retirement.

At KCPERS, we believe that a dignified retirement is a fundamental right for everyone. We work hard daily to ensure everyone has access to a secure retirement. We take our responsibility seriously and strive to ensure that the people who keep our communities going can depend on us.

About KCPERS

The Police Retirement System of Kansas City, Missouri, was established in 1946 and is governed by Missouri Revised Statutes 86.900 to 86.1280. The Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri, was established in 1965 and is governed by Missouri Revised Statutes 86.1310 to 86.1640.

The Plans are single-employer, contributory, defined benefit plans established by the State of Missouri's General Assembly and administered by the Retirement Board of KCPERS. A single Board oversees the administration of both systems. KCPERS provides retirement, disability, and death benefits for the 3500+ police officers, civilian employees, retirees, and their beneficiaries in the Kansas City, Missouri Police Department.

The Board comprises nine members: two are appointed by the Board of Police Commissioners, the City Council appoints two, and five are elected by the membership of the Retirement Systems. The elected members must include one member of the Civilian Employees' Retirement System, one member retired from active service in the Police Retirement System, and one active member of the Police Retirement System who has not attained the rank of Sergeant or higher. Elections are held annually, and board members are elected to serve three-year terms.

The Board generally meets on the second Thursday of each month. Board meetings are open to the public, and time is set aside for public comments at each meeting. Meeting agendas usually include presentations from outside advisors, such as auditors, actuaries, or investment managers; a report from the Board Secretary on the retirement system and office operations; and new and old business to be conducted by the Board.

Governing Statutes

KCPERS is governed by Missouri Revised Statutes 86.900 to 86.1640. There are six parts to the statutes.

1. Establishment of the System
2. Administration; Retirement Board
3. Membership and Creditable Service
4. Benefits
5. Internal Revenue Service Qualification
6. Miscellaneous

The Revised Statutes of Missouri sets the Board's statutory role and duties. The Board has also established this Manual to provide further detail and guidance concerning these duties.

Summary Plan Descriptions

The summaries below are not intended to serve as a legal document or substitute for the law. In all circumstances, the language of the actual text of the law and the policies adopted by the Board will take precedence. Copies of the Revised Statutes of Missouri, which govern KCPERS, are available on our website at www.kcpers.org or upon request at the KCPERS Office.

POLICE

Eligibility – All police officers who serve as law enforcement officers for compensation become members as a condition of employment.

Tier I member—A person who became a member before August 28, 2013, and remained a member.

Tier II member – A person who became a member on or after August 28, 2013.

On April 30, 2024, the Plan’s membership consisted of the following:

	Tier I Members	Tier II Members	Total
Retirees and beneficiaries currently receiving benefits	1,549	4	1,553
Terminated members entitled to but not yet receiving benefits	39	–	39
Active members			
Vested	521	–	521
Non-vested	121	439	560
Total	2,230	443	2,673

Contributions – State statutes establish the Plan's funding requirements and can only be changed by the Missouri General Assembly. The Retirement Board sets a rate based on the recommendations of an independent actuary who determines the estimated amount required to fund the benefits earned by Plan members during the year and any additional amount needed to finance any unfunded accrued liability. The City is obligated to contribute the employer's actuarially determined contribution rate. For the year ending April 30, 2023, active members contributed 11.55% of their base pay, while the City contributed 38.81% of the annual projected covered payroll. Additionally, the City was required to make contributions of \$200 per month of supplemental benefits for eligible members.

Benefits Provided—The plan's benefits are defined by Missouri Revised Statutes 86.900 to 86.1280 and can only be changed by the Missouri General Assembly. This Plan provides retirement benefits, pre-retirement death benefits, disability benefits for duty and non-duty-related causes, and termination benefits to sworn law enforcement employees of the Kansas City, Missouri Police Department.

Retirement Benefits

	Tier I	Tier II
Vested	15 YOCS, benefit begins at age 55	15 YOCS, benefit begins at age 60
Regular Retirement	25 YOCS, or at age 60 with 10 YOCS	27 YOCS, or at age 60 with 15 YOCS
Maximum YOCS	32 YOCS, must retire at 35 Years of Service	32 YOCS, must retire at 35 Years of Service
Benefit Multiplier	2.5%	2.5%
Final Compensation	AAC of highest two years of salary	AAC of highest three years of salary
Pension Calculation	AAC x 2.5% x YOCS	AAC x 2.5% x YOCS
Supplemental Benefit	\$420	\$200
PLOP Eligibility	26 or more YOCS	28 or more YOCS
COLA Eligibility	Pension commenced by 12/31 of the prior calendar year.	Eligible in the following the year in which member would have attained 32 YOCS

YOCS = Years of Creditable Service

AAC = Average Annual Compensation

PLOP = Partial Lump Sum Option Payment

Disability

Duty Disability Eligibility – A member in active service who has become permanently unable to perform the full and unrestricted duties of a police officer, as determined by the Board of Police Commissioners, as the exclusive result of an accident or disease occurring in the line of duty.

Amount of Pension – For a member retiring on or after August 28, 2001, and before August 28, 2013, the benefit is equal to 75% of the final compensation payable for life or as long as the permanent disability continues.

For a member retiring on or after August 28, 2013, the benefit is equal to 80% of the final compensation payable for life or as long as the permanent disability continues.

Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, who has become permanently unable to perform the full and

unrestricted duties of a police officer as determined by the Board of Police Commissioners. The disability is not exclusively caused by the actual performance of official duties.

Amount of Pension – 2.5% of Final Compensation multiplied by years of creditable service payable for life or as long as the permanent disability continues.

Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers' Compensation law. The Retirement Board may require a disability retiree, not age 60, to undergo continuing eligibility reviews once every three years, including a medical re-examination.

Death in Service – Duty or Non-Duty

Eligibility – Benefit payable to a surviving spouse, if any, upon the death of an active member. Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefits payable to an eligible child or children in equal shares until age 18—no service requirement.

Amount of Pension – 40% of Final Compensation payable to surviving spouse for life.

Child Benefit—\$600 annually for each child under 18, if any, until the child reaches age 18 or 21 if a full-time student. A child who is mentally or physically incapacitated from wage earning at the time of a member's death shall qualify, without regard to age, for life or so long as the incapacity existing at the time of the member's death continues.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Line of Duty Death

Eligibility—The benefit is payable to a surviving spouse. If no surviving spouse exists, the benefit is payable to children under age 21 or children over age 21 who are mentally or physically incapacitated from wage earning in equal shares—death resulting from the performance of official duties; no service requirement.

Amount of Benefit – In addition to benefits payable under Death in Service shown above, a lump sum of \$50,000.

Death After Retirement

Eligibility – Benefit payable to an eligible surviving spouse, if any, upon the death of a retired member.

Benefit payable for the life of the surviving spouse. If there is no surviving spouse, benefit payable to an

eligible child or children in equal shares until age 18.

Amount of Pension –

Tier I member – Benefit equal to 80% of the straight life pension the deceased member received at the time of death.

Tier II member—Benefit equal to 50% of the straight life pension the deceased member received at the time of death. In place of the 50% surviving spouse benefit, a Tier II member may elect a reduced actuarially equivalent annuity of either a 75% or 100% surviving spouse benefit at retirement.

Funeral Benefit – \$1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Benefit – Refund of member's contributions without interest.

Minimum Pension Benefit

Eligibility – Any retired member entitled to a pension benefit and either has at least 25 years of creditable service or is retired due to an injury or illness. A surviving spouse qualifies for the minimum monthly benefit if the member had at least 25 years of creditable service, died in service, or was retired due to an injury or illness.

Amount of Benefit – Minimum monthly benefit of not less than \$600 in combined pension benefit and cost-of-living adjustments. The minimum monthly pension benefit is in addition to the Supplemental Retirement Benefit.

Post-Retirement Benefit Increases

Eligibility –

Tier I members and surviving spouses – Member’s pension must have commenced by December 31 of the prior calendar year.

Tier II members and surviving spouses—Service retirements are generally eligible in the year following the year in which the member would have attained thirty-two years of service. Duty Disability retirements are eligible in the year following retirement. Non-duty Disability retirements are eligible earlier in the year following the fifth year after retirement or the year following the year in which they would have attained thirty-two years of service. Surviving spouses of retired members are eligible at the same time a member would have been if they were living.

Amount of Benefit – They may receive an annual cost-of-living adjustment (COLA) not exceeding 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs.

Statutes require that the Retirement Board act upon a qualified actuary's advice when granting cost of living adjustments.

Supplemental Retirement Benefit

Tier I members – Current and future retired and disabled members and their surviving spouses are eligible to receive \$420 monthly in addition to pension benefits.

Tier II member – Current and future retired and disabled members and their surviving spouses are eligible to receive \$200 monthly in addition to pension benefits.

Optional Form of Benefit Payment

Tier I member—A member retiring with at least 26 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP).

Tier II member – A member retiring with at least 28 or more years of service may elect to take a portion of their lifetime benefit as a lump-sum distribution (PLOP).

Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I members do not participate in Social Security, although members hired after 1986 contribute to Medicare.

Tier II members do not participate in Social Security but contribute to Medicare.

Civilian

Eligibility – All regularly appointed full-time civilian employees of the Kansas City, Missouri Police Department who are not eligible to receive a pension from any other City-funded retirement system shall become members as a condition of their employment.

Tier I member—A person who became a member before August 28, 2013, and remained a member.

Tier II member – A person who became a member on or after August 28, 2013.

On April 30, 2023, the Plan’s membership consisted of the following:

	Tier I	Tier II	Total
Retirees and beneficiaries currently receiving benefits	325	3	328
Terminated members entitled to but not yet receiving benefits	46	7	53
Active members			
Vested	249	101	350
Non-vested	–	148	148
Total	620	259	879

Contributions – State statutes set out the funding requirements for the Plan, which can only be amended by the Missouri General Assembly. The Retirement Board establishes a rate based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by Plan members during the year, with an additional amount to finance any unfunded accrued liability.

The City is required to contribute the employer's actuarially determined contribution rate. For the year ended April 30, 2023, active members contributed 5% of base pay, and the City contributed 21.78% of the annual projected covered payroll.

Benefits Provided—The plan's benefit terms are established in Missouri Revised Statutes 86.1310 to 86.1640 and can only be amended by the Missouri General Assembly. The Plan provides retirement benefits, pre-retirement death benefits, duty and non-duty-related disability benefits, and termination benefits to civilian employees of the Kansas City, Missouri Police Department.

Retirement Benefits

	Tier I	Tier II
Vested	5 YOCS, benefit begins at normal retirement date	5 YOCS, benefit begins at normal retirement date
Regular Retirement	Later of age 65 or 10 Years of Service	Later of age 67 or members 20 Years of Service
Benefit Multiplier	2.0%	2.0%
Final Compensation	AAC of highest two years of salary	AAC of highest three years of salary
Pension Calculation	AAC x 2.0% x YOCS	AAC x 2.0% x YOCS
Supplemental Benefit	\$160 with 15 YOCS	\$160 with 15 YOCS
PLOP Eligibility	26 or more YOCS	28 or more YOCS
COLA Eligibility	Pension commenced by 12/31 of the prior calendar year.	Eligible in the following the year in which member would have attained 32 YOCS
Early Retirement	Age 55 w/ 10 YOCS, reduced by .50% for each month before member turns age 60 Age 60 w/ 5 YOCS, reduced by .50% for each month before member turns age 65 Age 60 w/ 10 YOCS, computed as service retirement without reduction Any time member's age and YOCS equals or exceeds 80 (Rule of 80)	Age 62 w/ 5 YOCS, reduced by .50% for each month before member turns age 67 Age 62 w/ 20 YOCS, computed as service retirement without reduction Any time member's age and YOCS equals or exceeds 85 (Rule of 85)

YOCS = Years of Creditable Service

AAC = Average Annual Compensation

PLOP = Partial Lump Sum Option Payment

Service Retirement

Eligibility –

Tier I member – Later of age 65 or member’s 10th anniversary of employment.

Tier II member – Later of age 67 or member’s 20th anniversary of employment.

Amount of Pension – Benefit equal to 2% of Final Compensation multiplied by years of creditable service.

Final Compensation –

Tier I member – Average annual compensation during the two years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than two years.

Tier II member – Average annual compensation during the three years of service with the highest salary, whether consecutive or otherwise, or during the entire period of service if less than three years.

Early Retirement

Tier I member – Eligible for early retirement as follows:

a) Beginning at age 55, if the member has at least ten years of creditable service, the pension is computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 60.

b) Beginning at age 60, if the member has at least five years of creditable service, the pension is computed as service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 65.

c) Beginning at age 60, the pension is computed as service retirement without reduction if the member has at least ten years of creditable service.

d) Any time after the member’s age plus years of creditable service equals or exceeds 80 (Rule of 80). The pension is computed as service retirement without reduction.

Tier II member – Eligible for early retirement as follows:

a) Beginning at age 62, if the member has at least five years of creditable service. Pension is computed as a service retirement and then reduced by 0.50% for each month the benefit commences prior to the month following that in which the member turns age 67.

b) Beginning at age 62, the pension is computed as service retirement without reduction if the member has at least 20 years of creditable service.

c) Any time after the member’s age plus years of creditable service equals or exceeds 85 (Rule of 85). The pension is computed as service retirement without reduction.

Early Reduction Table											
Month	%	Month	%	Month	%	Month	%	Month	%	Month	%
60	30.0%	50	25.0%	40	20.0%	30	15.0%	20	10.0%	10	5.0%
59	29.5%	49	24.5%	39	19.5%	29	14.5%	19	9.5%	9	4.5%
58	29.0%	48	24.0%	38	19.0%	28	14.0%	18	9.0%	8	4.0%
57	28.5%	47	23.5%	37	18.5%	27	13.5%	17	8.5%	7	3.5%
56	28.0%	46	23.0%	36	18.0%	26	13.0%	16	8.0%	6	3.0%
55	27.5%	45	22.5%	35	17.5%	25	12.5%	15	7.5%	5	2.5%
54	27.0%	44	22.0%	34	17.0%	24	12.0%	14	7.0%	4	2.0%
53	26.5%	43	21.5%	33	16.5%	23	11.5%	13	6.5%	3	1.5%
52	26.0%	42	21.0%	32	16.0%	22	11.0%	12	6.0%	2	1.0%
51	25.5%	41	20.5%	31	15.5%	21	10.5%	11	5.5%	1	0.5%

Deferred Retirement (Vested Termination)

Eligibility – Five or more years of creditable service.

Amount of Pension – Computed as service retirement but based upon service, Final Compensation, and benefits formula in effect at the termination of employment. Benefits may begin at early retirement age, adjusted by applicable reductions.

Disability

Duty Disability Eligibility – A member in active service with a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or

profit for the remainder of their life. The disability must be the direct result of the performance of duties with the Police Department. No age or service requirement.

Amount of Pension – 50% of Final Compensation payable for the remainder of the member’s life or as long as the permanent disability continues.

Non-Duty Disability Eligibility – A member in active service, with a minimum of 10 years of service, with a total and permanent disability that prevents the member from engaging in any occupation or performing any work for remuneration or profit for the remainder of their life. Disability is not the direct result of the performance of duties with the Police Department.

Amount of Pension – 30% of Final Compensation but in no event less than the amount the member would have been entitled to as a pension if the member had retired on the same date with equivalent age and creditable service.

Disability benefits may be subject to offset or reduction by amounts paid or payable under any Workers’ Compensation law. The Retirement Board may require a disability retiree under age 60 to undergo continuing eligibility reviews once every three years, including a medical re-examination.

Death in Service (less than 20 years of service)

Eligibility – Death of an active member with at least five but less than 20 years of service.

Amount of Pension – 50% of the member’s accrued pension payable to the surviving spouse for the spouse’s lifetime. The effective date shall be the later of the first day of the month after the member’s death or what would have been the member’s earliest retirement date.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Death in Service (20 or more years of service)

Eligibility – Death of an active member with 20 or more years of service.

Amount of Pension – The surviving spouse may elect the greater of 50% of the member’s accrued pension commencing as described above or a monthly benefit determined on a joint and survivor’s basis from the actuarial value of the member’s accrued pension at the date of death.

Funeral Benefit – \$1,000 payable upon the death of an active member.

Death After Retirement

Eligibility – Death of a retired member who was receiving a benefit.

Amount of Pension – Eligible surviving spouse receives a pension equal to 50% of the member's benefit at the time of actual retirement plus cost of living adjustments. Benefit is payable for the life of the surviving spouse. Instead of the 50% surviving spouse death benefit, a member may elect a reduced actuarially equivalent 100% surviving spouse annuity at retirement. In such case, the surviving spouse shall receive the same amount as the benefit paid to the member, which is payable for the surviving spouse's life.

If the total amount paid to a member and surviving spouse is less than the member's accumulated contributions, with interest, an amount equal to the difference shall be paid to the member's named beneficiary.

Funeral Benefit – \$1,000 payable upon the death of a retired member.

Non-Vested Termination

Eligibility – Termination of employment and no pension is or will become payable.

Amount of Pension – Refund of member's contributions with interest.

Post-Retirement Benefit Increases

Eligibility – Members and surviving spouses are eligible if the member's pension commences by December 31 of the prior calendar year.

Amount of Benefit – May receive an annual cost-of-living adjustment (COLA), not exceeding 3% of their respective base pension. Base pension is the pension computed under the provisions of the law at the date of retirement, without regard to COLAs.

Statutes require that the Retirement Board act upon a qualified actuary's advice when granting cost of living adjustments.

Supplemental Retirement Benefit

Retirement on or before August 28, 2007 – current retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month in addition to pension benefits.

Retirements after August 28, 2007: Current and future retired and disabled members and their surviving spouses are eligible to receive the supplemental benefit of \$160 per month if the member has 15 years of creditable service.

Optional Form of Benefit Payment

Members retiring with at least one or more years of service beyond their eligible retirement date may elect to take a portion of their benefit as a lump-sum distribution (PLOP). Members electing PLOP will receive an actuarially reduced monthly benefit for their lifetime.

Social Security and Medicare

Tier I member – Members participate in Social Security and Medicare.

Tier II member – Members participate in Social Security and Medicare.

Board Policies & Administration

As outlined in Chapter 86, a nine-person retirement board is responsible for managing and ensuring the proper operation of the retirement system. The board is expected to establish policies to effectively administer its assets, conduct nominations and elections for elected members, and oversee its business transactions.

The retirement board is required to elect a chair, vice chairman, and treasurer from its membership. It must also appoint a secretary, who may or may not be a member of the board, by a majority vote of its members. The same person cannot hold the positions of secretary and treasurer. The retirement board may hire necessary services such as actuarial and legal to carry out its business.

The retirement board is considered a state agency, as defined in chapter 536, RSMo. It is expected to maintain data in an accessible form to administer the retirement system. Additionally, it must keep a record of all its proceedings, which will be open to public inspection.

Board policies offer clear guidance to senior management and Board members on how to carry out their duties effectively. The policies cover various topics, including communication, education, ethical conduct, and performance evaluation.

KCPERS Policies

Policy #001 – Workers’ Compensation Offset

Policy #002 – Purchase of Creditable Service

Policy #003 – Pension Estimates and Final Pension Calculations

Policy #004 – Investments

Policy #005 – Salary Review

Policy #006 – Rules and Regulations for the Conduct of Elections

Policy #007 – Travel Expenses

Policy #008 – Portfolio Rebalancing

Policy #009 – Deferred Benefits

Policy #010 – Military Leave

Policy #011 – Staff and Board Education

Policy #012 – Public Records and Open Meetings
Policy #013 – Annual and Sick Leave
Policy #014 – Selection of Medical Board Members
Policy #015 – Refund of Member Contributions
Policy #016 – Direct Deposit of Benefit Payments
Policy #017 – Member Change of Address
Policy #018 – Definition of Actuarially Sound
Policy #019 – After-Tax Employee Contributions
Policy #020 – Deferred Vested Members Re-entering Active Status
Policy #021 - Code of Conduct and Gifts
Policy #023 – Election of Retirement Board Officers
Policy #024 – Final Payment of Monthly Benefits
Policy #025 – Benefit Payments to Special Needs Trusts
Policy #026 – Disability Retirement – Continuing Eligibility Review
Policy #027 – Funding Policy
Policy #028 – COLA Policy

Copies of most policies are available on our website at www.kcpers.org or upon request at the KCPERS Office.

The Board’s monitoring activities will address, but not be limited to, the following areas:

- a. Governance and policy compliance;
- b. Investment performance;
- c. Funding and valuations;
- d. Benefit administration;
- e. Member communications;
- f. Operations and finance;
- g. Internal audit function;
- h. Human resources and succession planning;
- i. Stakeholder relations; and
- j. Legislative and legal affairs.

The retirement board is required to publish an annual statement detailing the operations of the retirement system for the year. This statement should include information about the income and disbursements of the system

during the year, as well as the system's financial condition at the end of the year. The financial condition should be evaluated based on actuarial valuation and valuations of its assets and liabilities as of April 30th of each year. The statement should be reviewed and approved by independent certified public accountants selected by the board. One copy of the annual report should be delivered to each member of the retirement board and the board of police commissioners. Additionally, one copy should be filed with the city clerk. The report should be made conveniently available to each retirement system member.

The retirement board must also conduct an actuarial study and calculation annually based on the retirement system's experiences. An independent firm of pension actuaries should perform this study.

Finally, the retirement board should appoint a medical board consisting of no more than three physicians. Each physician shall serve at the retirement board's pleasure and should be responsible for arranging and conducting independent medical examinations as requested.

Duties and Responsibilities

The Kansas City Public Employees Retirement System is governed by the Board, which establishes policies. Management is responsible for implementing these policies and managing day-to-day operations.

Governance and Board Operations:

Concerning governance and Board operations, the Board will:

- Perform its functions solely in the interest of the KCPERS Members and for the exclusive purpose of providing benefits as required by law;
- Take positions on legislative proposals affecting KCPERS;
- Initiate, defend, or settle litigation involving KCPERS;
- Delegate as appropriate any responsibilities to the staff of KCPERS;
- Approve the roles and responsibilities of the Board, the committees of the Board, the Executive Director, the Board Chair, and the Vice Chair;
- Approve the creation or dissolution of standing committees of the Board;
- Approve mandates of ad hoc committees;
- Adopt and circulate KCPERS policies, as necessary;
- Adopt an annual calendar of Board meetings and events
- Invest the funds and diversify the investments of KCPERS to minimize the risk of losses in the sole interest of Plan participants.
- Approve the strategic plan and mission/vision statements for long-term direction, as recommended by the Executive Director;
- Perform an asset/liability study for the defined benefit trust funds every three to five years, or more frequently if necessary, and review the results;
- Approve funding policies and actuarial assumptions and methodologies;
- Ensure that appropriate accounting and internal control policies are in place to safeguard the assets of KCPERS;
- Certify the election or appointment of Trustees to the Board.
- The Board will appoint, evaluate, and may terminate the Executive Director.

- The Board will appoint, evaluate, and may terminate the following service providers:
 - The pension actuary;
 - The auditor;
 - The investment consultants retained to advise the Board;
 - Legal counsel;
 - Custodian banks;
 - Other advisors that may be required from time to time to serve primarily as advisors to the Board

Committees:

The Board's standing committees will be as follows:

- Investment Committee;
- Military Leave Committee;
- Policy Committee
- Technology Committee; and
- COLA Committee.

The Board Chair may establish ad hoc committees in consultation with the Executive Director. Ad hoc Board committee mandates are to be defined by the Board Chair, approved by the Board, and recorded in the Board minutes. The Board Chair will appoint the chair and members of ad hoc Board committees.

The Executive Director will prepare a charter for each standing Board committee that describes its mandate and duties and specifies its composition. The charters require Board approval.

The Board must consider all successful motions by Board committees at a Board meeting unless a Board committee has specific approval authority under its charter.

Duties and Responsibilities of the Board Chair:

The Board will select one of its Trustees to act as the Board Chair for a period of two years. The Board Chair will oversee all Board meetings and be responsible for the powers and duties assigned herein. If the Board Chair cannot complete their term, the Vice Chair will take over the position until the Board elects a new Chair.

The Board Chair will:

- Preside over Board meetings according to KCPERS Rules and Missouri Open Meetings Law.;
- Conduct Board meetings efficiently and productively;
- Recommend to the Board for approval any Trustees to be appointed to standing committees;
- Appoint committee chairs of standing Board committees;
- Establish ad hoc Board committees and appoint their members and chairs;
- Serve as a member of the Executive Committee and chair all meetings of said committee;
- Review and approve Board meeting agendas;
- Coordinate Board meetings, schedules, and presentations in consultation with the Executive Director;
- Represent the Board in its dealings with the Executive Director;
- Be available to the Executive Director as a principal source of advice and counsel;
- Facilitate effective and open communications between the Board and the Executive Director;
- Serve as the official spokesperson for the Board;
- Guide the Board in establishing, where possible, a consensus on critical issues and decisions while allowing full and open debate.;
- Strive to ensure the general cohesiveness and proper functioning of the Board;
- Call special meetings of the Board; and
- Review expenditures of the Executive Director annually.

Duties and Responsibilities of the Board Vice Chair:

The Board will elect one of its Trustees to serve as Vice Chair with the duties and responsibilities set out herein and to serve for a term of two years. In the event a vacancy should occur in the position of Vice Chair, the Board will elect a successor for the balance of the unexpired term at its next regular meeting.

The Vice-Chair will:

- Serve on the Executive Committee and the Evaluation Committee;
- Assume the duties of the Board Chair in the Chair's absence;
- Perform other duties as assigned by the Board Chair.
- Should the Board Chair be unable to complete the term as Board Chair, the Vice Chair will serve as Board Chair until the Board elects a new Board Chair

Duties and Responsibilities of the Committee Chairs:

For each committee of the Board, the Board Chair will designate a Trustee to serve as committee chair. In general, committee chairs will coordinate the work of their assigned committees with support from KCPERS staff.

Committee chairs will be supported by a designated staff liaison, to be appointed by the Executive Director.

Committee chairs will:

- Preside over Committee meetings according to KCPERS Rules and Missouri Open Meetings Law.;
- Conduct committee meetings in an efficient and productive manner;
- Guide the committee in establishing, where possible, a consensus on critical issues and decisions, while allowing full and open debate;
- Facilitate effective and open communications between the committee, the Board, and the Executive Director;
- Coordinate committee meetings, schedules, and presentations;
- Review and approve committee meeting agendas;
- Regularly report to the Board on the activities of the committee;
- Ensure committee minutes are kept, approved by the committee, and made available to the Board; and

- Carry out such other functions and duties as prescribed by the Board.
- If a committee chair is unavailable to attend a meeting, then the committee chair will designate another member to serve as committee chair in his or her absence. If the committee chair is unable to do so, the remaining committee members may appoint a committee chair from among themselves for the meeting.

Duties and Responsibilities of the Executive Director:

The Board will appoint an Executive Director who will be directed by, serve at the pleasure of, and may be dismissed at the will of the Board. The Executive Director is the most senior executive of KCPERS and will implement policy and manage the operations of KCPERS in accordance with Missouri State Statutes and KCPERS Rules, subject to the oversight of the Board. The Executive Director will accept any responsibilities, duties, and authorities delegated by the Board. The Board recognizes that the Executive Director may delegate any listed duties to staff. In doing so, however, the Executive Director retains responsibility for such duties.

The Executive Director will lead KCPERS in achieving its Vision, Mission, goals, and objectives. In doing so, the Executive Director may solicit advice and counsel from the Board, the Board Chair, or individual Trustees.

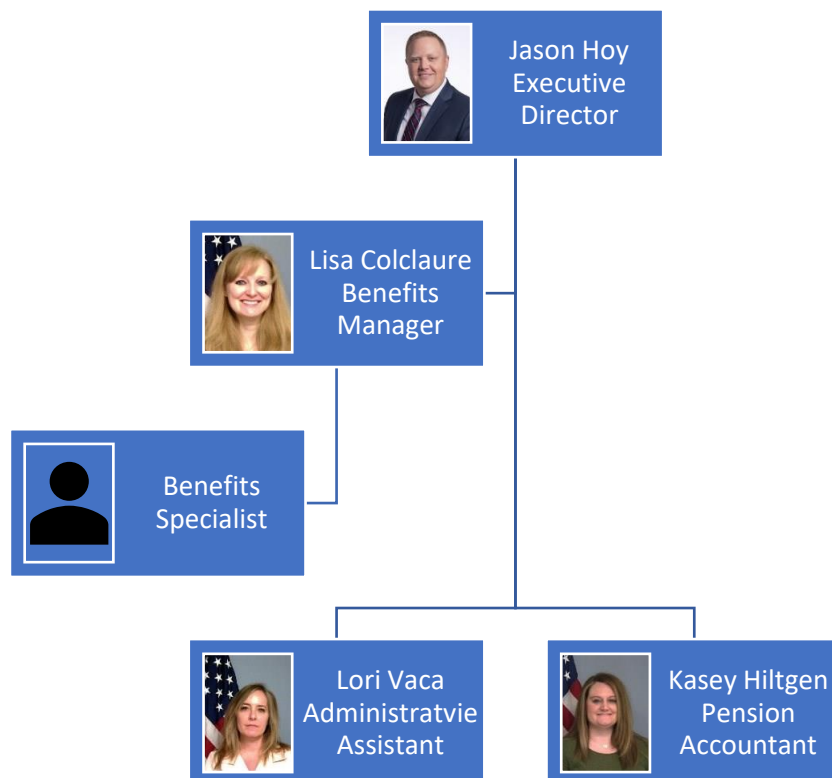
The Executive Director will support the Board and its committees in establishing all Board policies. This will involve working with the Board and its committees to continually identify issues requiring Board policy, conducting the necessary analysis, and providing clear and well-supported policy recommendations for the Board's consideration.

The Executive Director will:

- Develop and maintain a sound organizational plan and provide for all daily operational, administrative, and investment functions, which will ensure the retirement systems' continued effectiveness per RSMo. 86.900-86.1280 and 86.1310-86.1640.
- Develop and implement strategic plans that identify improvements to administrative operations and overall benefit plan design and implementation by involving staff, trustees, and members of both retirement systems.
- Develop and implement policies and procedures that ensure accountability within the retirement systems and provide a continuous flow of operational, educational, historical, and investment information to retirement system members, trustees, and other stakeholders.
- Provide information and leadership to the board of trustees to help keep them aware of changing retirement system member needs and to recommend changes to system programs and policies that will ensure

the long-term viability of the retirement systems and maximize benefits to active and retired members.

- Represent the retirement systems to employee groups, associations, police department officials, actuaries, legal counsel, investment managers, and various governmental entities. Serve as Secretary to the Retirement Board.
- Assist the Board Chair with coordinating Board meetings, agendas, minutes, schedules, and presentations.
- Ensure the timely preparation and distribution of agendas and related materials for Board and committee meetings.
- Ensure the appropriate design, purchase, implementation, and maintenance of all technologies required to efficiently manage and protect KCPERS's data, information, and records.
- Advise the Board with respect to the actuarial assumptions and methodologies recommended by the Board's actuaries.
- Establish appropriate human resource programs and procedures for management and staff, including appropriate succession, education, training, and development plans.



Benefits Manager:

- Responsible for planning, organizing, and preparing the monthly and annual membership transactions for active and retired members of the Police Retirement System and Civilian Employees' Retirement System. Supervise all aspects of benefit payments to members, including maintaining database records of benefit payments to retired members and creditable service and compensation history for active members.

Benefits Specialist:

- Will participate and assist in all aspects of membership transactions for both active and retired members of the Police and Civilian Employees' Retirement Systems, including accurate maintenance of all related records. Must be able to progressively assume additional responsibilities in managing member transactions and related records through demonstrated proficiency.

Pension Accountant:

- Responsible for planning, organizing, and preparing the monthly and annual financial reporting of the Police Retirement System of Kansas City, Missouri, and the Civilian Employees' Retirement System of the Police Department of Kansas City, Missouri. With the assistance of outside auditors, the mandated audit reports and Annual Comprehensive Financial Report must be prepared to conform to GASB guidelines. Maintain and analyze the accounting, investment, banking, and membership payroll records for the two Retirement Systems.

Administrative Assistant:

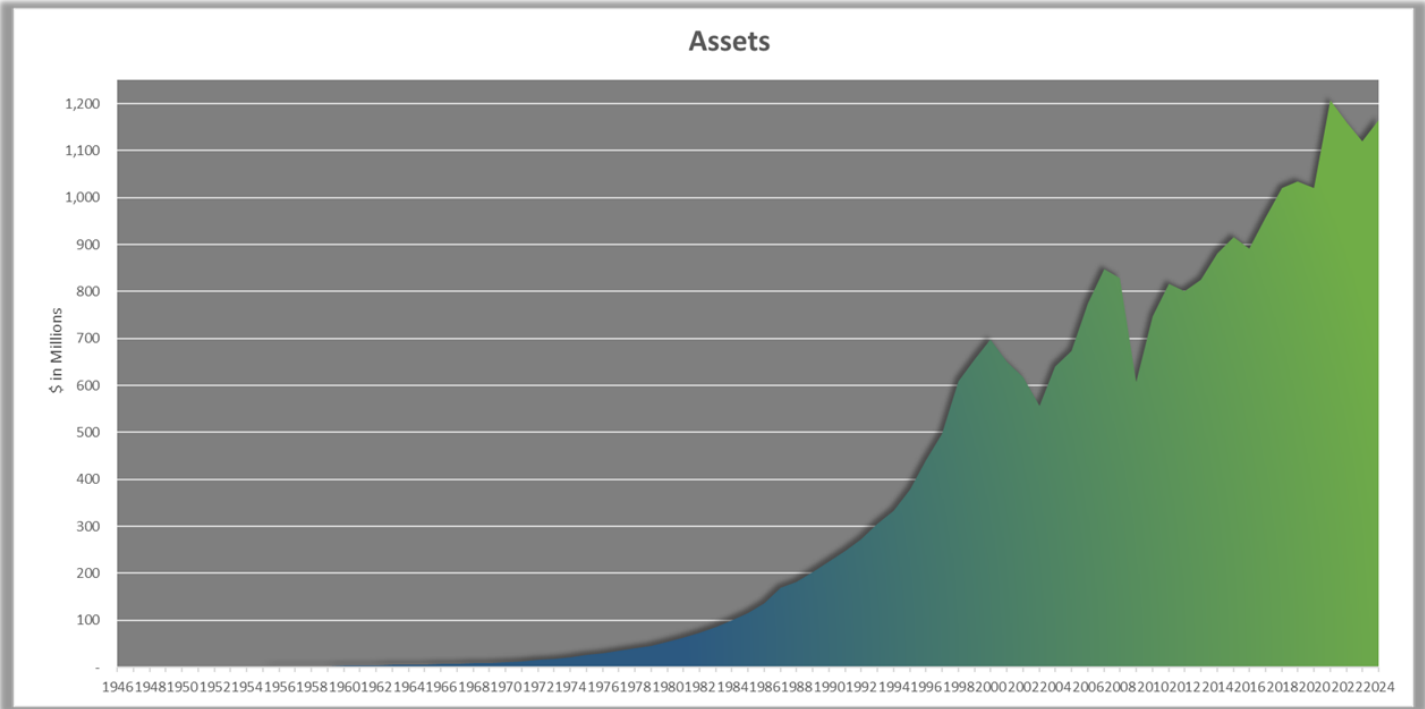
- Provide administrative support that is prompt, accurate, and customer-oriented assistance to Retirement Systems staff, active and retired members of the Police and Civilian Employees' Retirement Systems, and others as needed. Direct member phone, email, and in-person inquiries to the appropriate Retirement Systems staff

Economic Impact

The Kansas City Public Employees Retirement System investment portfolios represent all contributions to the plans from members and the City and all net earnings on these assets. These funds are held to support current and future liabilities.

The purpose of a defined benefit retirement plan should be to attract high-quality workers, retain those workers during their most productive years, and then allow those workers the means to exit the workforce with dignity. This creates steady and predictable movement within the workforce so employers can make better personnel decisions and employees are motivated by opportunities for advancement.

As of April 30, 2024, the combined systems' total assets stood at \$1.2 billion. The graph below shows the long-term growth in assets since the inception of KCPERS in 1946 and the addition of the Civilian Fund in 1965.



KCPERS Funding

KCPERS has three funding sources for benefits: Investment Returns, Employer Contributions, and Employee Contributions. Sixty-seven percent is from Investment Returns, twenty-four percent is from Employer Contributions, and the remaining nine percent comes from Employee Contributions.



Investment Returns

The Retirement Board invests the contributions from the employees and the City to help fund members' retirement benefits. While investment returns fluctuate yearly, investment income is KCPERS' most significant funding source.

KCPERS' current return assumptions are 6.85% in both the Police and Civilian plans. Over the past few years, the Retirement Board has lowered the investment return assumptions to more closely reflect expected market returns.

KCPERS' overall objective is to achieve the highest level of investment performance compatible with its risk tolerance and prudent investment practices. The Retirement Board maintains a long-term perspective in formulating and implementing its investment policy and evaluating investment performance.

Employer Contributions

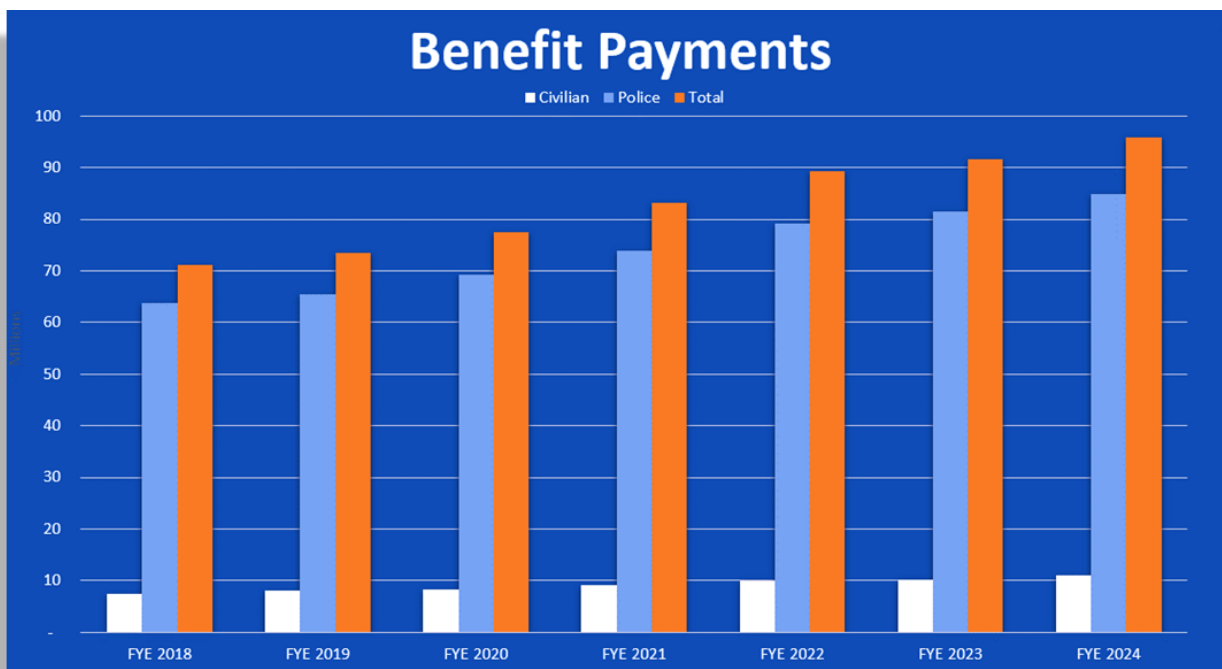
Contribution Rates are based on actuarial assumptions and cost methods and are determined by the Retirement Systems actuary. The City of Kansas City, Missouri, currently contributes the actuarial amounts required for one year of service for all active employees (the normal cost) and an amount to pay the amortized portion of the unfunded liability for that year. For the current fiscal year, the City is contributing \$44.4 million for the Police plan and \$7.6 for the Civilian Employees' plan.

Employee Contributions

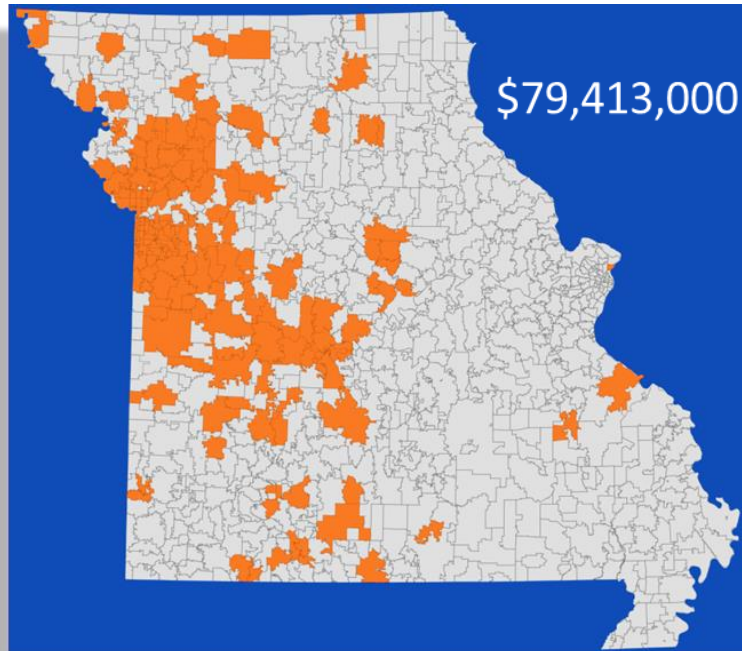
All members contribute a percentage of their base pay. The member contribution rate is 11.55% for the Police plan and 5% for the Civilian Employees' plan. Member contributions are made through payroll deduction on a pre-tax basis and paid into the Retirement System by the Board of Police Commissioners each pay period.

Annual Benefit Payments

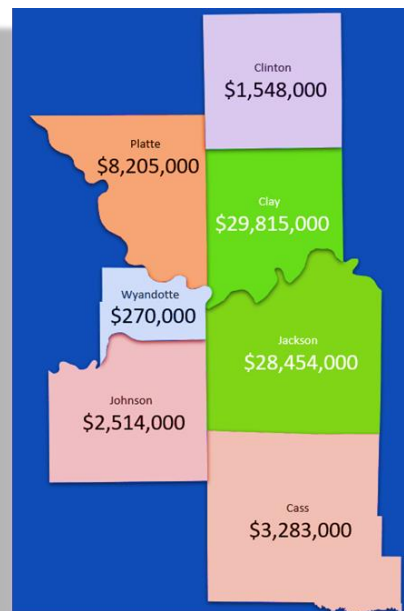
KCPERS paid nearly \$100 million in pension benefits to over 1,500 retired KCPD employees and beneficiaries last year.



Nearly 86% of those benefit payments remain in Missouri. Those members live and pay taxes in Missouri, helping drive the economies of the local communities in which they live.



\$74 million of the \$79.4 million in benefits paid in Missouri stay directly in the KC Metro. That money is spent at local restaurants and shops and generates taxes.



Definitions & Terms

The following words and phrases are used in statute and KCPERS policies and procedures and shall have the following meanings unless the context requires a different meaning.

Accumulated contributions

Total of all amounts deducted from a member's pay and paid to the retirement board, including any contributions made by the member or their beneficiary for prior service credits or other permitted purposes.

Actuarial cost

The present value of future payments, calculated using actuarial assumptions set by the board.

Beneficiary

Any person eligible to receive pension or benefits, either currently or conditionally.

Board of police commissioners

The authorized body managing the city's police force.

City or cities

Any city with a population between 300,000 and 700,000, or a city electing to maintain a retirement system under sections 86.900 to 86.1640.

Compensation

A member's basic wage or salary based on rank and position, excluding bonuses, overtime, and other extras. The compensation limit aligns with Section 401(a)(17) of the IRS Code.

Consultant

A person retained by the retirement system as a special consultant on the problems of retirement, aging, and related matters who, upon request of the

retirement board, shall give opinions and be available to give opinions in writing or orally in response to such requests, as may be needed by the board;

Creditable service

Service time that qualifies a member for pension benefits, according to sections 86.900 to 86.1640 or section 105.691.

Employee

Any regularly appointed civilian employee of the police department, as specified in sections 86.1310 to 86.1640, who is not eligible to receive a pension from the police retirement system of said city;

Final compensation

The average annual pay over a defined period based on a member's service tier, calculated from the months where contributions were made:

Tier I: Average over highest-paid 24 months.

Tier II: Average over highest-paid 36 months.

Fiscal year

The retirement system follows the fiscal year of Kansas City, which ends on April 30.

Internal Revenue Code

Refers to the United States Internal Revenue Code of 1986, as amended;

Medical Board

One to three physicians appointed by the retirement board to conduct required independent medical examinations.

Member

A participant in the police or civilian retirement system:

Tier I Member: Joined before August 28, 2013.

Tier II Member: Joined on or after August 28, 2013.

Surviving Spouses: Based on member's Tier.

Pension

Lifetime annual payments beginning at retirement or another start date, paid monthly until death.

Pension fund

The fund comprising contributions from the cities, police retirement system members, and civilian employees' retirement system members.

Police officer

An officer employed for police duties by the Board of Police Commissioners. In case of dispute as to whether any person is a police officer qualified for membership in the retirement system, the decision of the board of police commissioners shall be final.

Retirement board or board

The board established under sections 86.920 & 86.1330 to administer the retirement system.

Retirement system

The police retirement system of the cities as defined in sections 86.910 & 86.1320.

Surviving spouse

Defines eligibility for benefits based on the date and circumstances of the member's death and specific marital criteria.

Police: Must have been married to the member at the time of their death, with different conditions based on the date of the member's service and retirement.

Civilian: Criteria vary based on whether the member's death was in service, and whether the member retired or passed away before or after August 28, 2001.