

HJR92/SJR71 Would Revive Bad Pension Funding Policy



HJR92/SJR71 Runs Counter to Good Pension Governance and Funding Policy

- ❖ HJR92/SJR71 would reinstate a set of perverse incentives that tie pension contributions to the volume of arrests, prosecutions, and other aspects of the criminal justice system.
- ❖ Outside of Illinois, it is rare for states to use fees and other targeted revenue streams to cover pension contributions because those revenues inherently fluctuate. Instead, contributions should be paid from general revenues and be recalculated annually to ensure systems remain solvent.
- ❖ Most states include sheriffs in general police/fire pensions and prosecutors in general public employee pensions because these are not employee groups with unique demographics, nor do they have different retirement needs than their agency peers.
- ❖ Total annual employer contributions to the sheriffs' pension system were less than \$1 million as of 2021. If spread over Missouri's 114 counties, each county would be responsible for an average of just **\$8,700** in contributions per year.

Pensions should not rely on variable fee revenue streams tied to the volume of activity in the criminal justice system.

HJR92/SJR71 Doesn't Help Employers or Employees

- ❖ Newly elected Missouri sheriffs face the widely known "promote out of your pension" issue.
- ❖ Prior to 2023, Missouri sheriffs had the option to remain in their previous retirement system, the Missouri Local Government Employees Retirement System (LAGERS).
- ❖ Due to the passage of SB75 and SB20 in 2023, all new county sheriffs must enroll in the Sheriffs' Retirement System (SRS).
- ❖ A sheriff must complete 8 years of service in SRS to vest and earn a benefit. If a sheriff loses their election after the first 4-year term, they receive nothing from SRS, wasting their prime years of retirement savings.
- ❖ LAGERS is currently over 100% funded, and absorbing sheriffs back into the system would have a negligible impact on LAGERS' overall funded status and required contributions.

Alternatives to HJR92/SJR71:

- ❖ Either allow sheriffs to stay in their previous retirement system (LAGERS), or discontinue SRS for all new hires, thereby protecting sheriffs accrued benefits while also eliminating the need to reimpose the previous \$3 charge on traffic citations to fund pensions.
- ❖ Fund all legacy and future liabilities in SRS on an actuarially determined basis, using 50/50 cost sharing between employers and employees.

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