

HOUSE BILL No. 2566

By Committee on Federal and State Affairs

3-14

AN ACT concerning retirement and pensions; relating to members of the legislature; purchase of retirement annuities; amending K.S.A. 2000 Supp. 74-4925 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2000 Supp. 74-4925 is hereby amended to read as follows: 74-4925. (1) The state board of regents shall:

(a) Assist all those members of the faculty and other persons who are employed by the state board of regents or by educational institutions under its management and who are in the unclassified service under the Kansas civil service act as provided in subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, except health care employees, as defined by subsection (1)(f) of K.S.A. 75-2935 and amendments thereto, in the purchase of retirement annuities for their service rendered after December 31, 1961. Effective on the first day of the first payroll period commencing with or following July 1, 1994, county extension agents employed by Kansas state university under K.S.A. 2-615 and amendments thereto shall be eligible for assistance by the state board of regents in the purchase of retirement annuities under this section. The state board of regents shall not assist any such person who is employed after December 31, 1961, until such person has been employed for a waiting period of at least one year except that (i) the state board of regents may assist any newly employed person immediately if at the time of the commencement of employment the person is covered by a valid retirement annuity contract issued by a company described in subsection (2) which was entered into pursuant to a retirement pension plan adopted for faculty members or other persons, or both, employed by an institution of higher education and to which such person or such person's employer on such person's behalf has been making contributions for at least one year, and (ii) all periods of employment with (A) participating employers under the Kansas public employees retirement system, for which employment participating service credit accrued, or (B) institutions of higher education in other states for which employment retirement benefits accrued under a retirement system or plan provided for such employment, shall be credited toward satisfaction of such one-year waiting period if served, in either

1 case, during the five years immediately preceding employment with the
2 state board of regents or with an educational institution under its man-
3 agement in the unclassified service under the Kansas civil service act as
4 provided in subsection (1)(f) of K.S.A. 75-2935 and amendments thereto,
5 in addition to such employment with the state board of regents or with
6 an educational institution under its management; no period of employ-
7 ment as a student employee, as a seasonal or temporary employee or as
8 a part-time employee, whose employment requires less than 1,000 hours
9 of work per year, shall be credited toward the one-year waiting period
10 under subsection (1)(a); this act shall not apply to persons employed in
11 such temporary and part-time positions designated by the state board of
12 regents as exceptions hereto;

13 (b) require such members of the faculty and others described in sub-
14 section (1)(a) who are so assisted by the state board of regents to con-
15 tribute an amount toward the purchase of such retirement annuities of
16 5.5% of their salaries, such contributions to be made through payroll
17 deductions and on a pretax basis;

18 (c) contribute an amount toward the purchase of such retirement
19 annuities equal to the percentage amount, as prescribed by K.S.A. 74-
20 4925e and amendments thereto, of the total amount of the salaries on
21 which such members of the faculty and others described in subsection
22 (1)(a) contribute during such period for which the contribution of the
23 state board of regents is made;

24 (d) provide, under such rules and regulations as the state board of
25 regents may adopt, for the retirement of any such member of the faculty
26 or other person described in subsection (1)(a) on account of age or con-
27 dition of health, retirement of such member of the faculty or other person
28 described in subsection (1)(a) on account of age to be not earlier than the
29 55th birthday and prior to January 1, 1994, not later than the end of the
30 academic year following the 70th year. On and after January 1, 1994, there
31 shall be no mandatory retirement on account of age. Any person who
32 retires under this section and who receives benefits from the Kansas pub-
33 lic employees retirement system for prior service credit shall have such
34 benefits calculated in accordance with the applicable provisions of K.S.A.
35 74-4914 and 74-4915 and amendments thereto.

36 (2) For the purposes of this section the state board of regents may
37 contract with:

38 (a) Any life insurance company authorized to do business in this state;
39 or

40 (b) any life insurance company organized and operated without profit
41 to any private shareholder or individual exclusively for the purpose of
42 aiding and strengthening educational institutions by issuing insurance and
43 annuity contracts only to or for the benefit of such institution and indi-

1 individuals engaged in the services of such institutions, whether or not such
2 company is authorized to do business in Kansas. No premium tax or in-
3 come tax shall be due or payable on such annuity contract or contracts
4 for such retirement programs issued by a company described in this sub-
5 section (2)(b), except that neither the purchase nor the issuance of such
6 retirement annuities from or by a company described in this subsection
7 (2)(b) shall constitute the effecting of a contract of insurance.

8 (3) (a) Such member of the faculty or other person described in sub-
9 section (1)(a) shall also be a member of the Kansas public employees
10 retirement system, but only for the purpose of granting retirement ben-
11 efits based on prior service only which was rendered prior to January 1,
12 1962, which shall be credited to the member as provided in subsection
13 (1) of K.S.A. 74-4913 and amendments thereto, except that such member
14 of the faculty or other person described in subsection (1)(a) who was
15 employed prior to July 1, 1962, who has not yet retired and who is em-
16 ployed on July 1, 1988, on an academic year contract, shall receive credit
17 for 12 months of prior service for each nine months of prior service for
18 which such member or person was employed on an academic year con-
19 tract prior to July 1, 1962. For the purpose of determining eligibility for
20 a vested benefit, service by such a member of the faculty or other person
21 after December 31, 1961, shall be construed to be credited service under
22 subsection (2) of K.S.A. 74-4917 and amendments thereto.

23 (b) Any member of the faculty or other person described in subsec-
24 tion (1)(a) who retires after 10 years of continuous service immediately
25 preceding retirement shall be granted a retirement benefit based on prior
26 service only which was rendered prior to January 1, 1962. Application for
27 such benefit shall be in such form and manner as the board shall
28 prescribe.

29 (4) For the purpose of establishing a procedure whereby the state
30 board of regents and any member of the faculty or other person described
31 in subsection (1)(a), subject to rules and regulations of the state board of
32 regents, may take advantage of section 403(a) or (b) of the federal internal
33 revenue code of 1986 or any other section of the federal internal revenue
34 code of 1986 which defers or excludes amounts from inclusion in income,
35 any member of the faculty or any other person described in subsection
36 (1)(a), whether or not such person has satisfied the one-year waiting pe-
37 riod requirement under subsection (1)(a), may request in writing that the
38 state board of regents reduce such person's annual salary, as fixed by the
39 board, in an amount equal to not less than 5% nor more than the per-
40 centage allowed under section 403(b) of the federal internal revenue code
41 of 1986, as designated by such member of the faculty or other person
42 described in subsection (1)(a), of the gross amount of such annual salary.
43 In the event of such request by a faculty member or other person who is

1 required to make the contribution as provided in subsection (1)(b), such
2 person shall not be required to make such contribution and the state
3 board of regents shall provide a sum equal to the percentage amount, as
4 prescribed by K.S.A. 74-4925e and amendments thereto, of the gross
5 annual salary of the member of the faculty or other person and shall
6 purchase for and on behalf of each such person whose salary has been so
7 reduced a retirement annuity contract or contracts, the annual premiums
8 for which shall be equal to the sum of the amount of the salary reduction
9 of the member of the faculty or other person and the amount paid by the
10 state board of regents. In the event of such request by a faculty member
11 or other person who is serving the one-year waiting period pursuant to
12 subsection (1)(a) who is not required to make the contribution as provided
13 in subsection (1)(b), the state board of regents shall purchase for and on
14 behalf of each such person whose salary has been so reduced a retirement
15 annuity contract or contracts, the annual premiums for which shall be
16 equal to the sum of the amount of the salary reduction of the member
17 of the faculty or other person, but the state board of regents shall not
18 provide the sum equal to the percentage amount, as prescribed by K.S.A.
19 74-4925e and amendments thereto, of the gross annual salary of such
20 person as provided for such person who is required to make the contri-
21 bution as provided in subsection (1)(b). Such retirement annuity contracts
22 may be purchased by the state board of regents from companies described
23 in subsection (2)(a) and subsection (2)(b) or from noninsurance compa-
24 nies who offer retirement plans that meet the requirements of section
25 403(b) of the federal internal revenue code of 1986, except that the state
26 board of regents may require that the first 5% of the gross amount of
27 such person's annual salary which is reduced under this subsection (4)
28 and the amount equal to the percentage amount, as prescribed by K.S.A.
29 74-4925e and amendments thereto, of the gross amount of such person's
30 annual salary which is provided by the state board of regents for the
31 purchase of retirement annuity contracts under this subsection (4), if
32 required to be provided under this subsection (4), shall be used to pur-
33 chase such retirement annuity contracts from such company or companies
34 as may be designated by the state board of regents for such purposes.
35 The director of accounts and reports is authorized to draw warrants on
36 the state treasurer upon the filing with the director of proper vouchers
37 for the amount of the premium on the retirement annuity contract to be
38 paid pursuant to the terms of such contracts and this act.

39 (5) All employees who are described in subsection (1)(a) and who
40 commence such employment on and after July 1, 1976, shall receive as-
41 sistance under subsection (1) and shall be covered by a valid retirement
42 annuity contract issued by a company described in subsection (2).

43 (6) Any employee of the state board of regents or of an educational

1 institution under its management, other than an elected official, who is
2 receiving or is eligible for assistance by the state board of regents in the
3 purchase of a retirement annuity under this section and who becomes
4 ineligible for such assistance because such employee's position is reclas-
5 sified to a position in the classified service under the Kansas civil service
6 act or who becomes ineligible for such assistance because such employee
7 transfers to a position in the classified service under the Kansas civil serv-
8 ice act with the state board of regents or an educational institution under
9 its management, shall become a member of the Kansas public employees
10 retirement system in accordance with the provisions of subsection (5) of
11 K.S.A. 74-4911 and amendments thereto, unless such employee files a
12 written election in the office of the Kansas public employees retirement
13 system, in the form and manner prescribed by the board of trustees
14 thereof, to remain eligible for assistance by the state board of regents
15 under this section prior to the first day of the first complete payroll period
16 occurring after the effective date of such reclassification or transfer. Fail-
17 ure to file such written election shall be presumed to be an election not
18 to remain eligible for assistance by the state board of regents under this
19 section and to become a member of the Kansas public employees retire-
20 ment system under subsection (5) of K.S.A. 74-4911 and amendments
21 thereto. Such election, whether to remain eligible for such assistance or
22 to become a member of such system, shall be effective as of the effective
23 date of such reclassification or transfer and shall be irrevocable.

24 (7) The state board of regents shall adopt uniform policies applicable
25 to members of the faculty and other persons, who are employed by the
26 state board of regents or by any educational institution under its man-
27 agement and who are in the unclassified service under the Kansas civil
28 service act as provided in subsection (1)(f) of K.S.A. 75-2935 and amend-
29 ments thereto, except health care employees, as defined by subsection
30 (1)(f) of K.S.A. 75-2935 and amendments thereto, for the purposes of
31 administering the provisions of this section and the provision of retire-
32 ment annuities and other benefits hereunder. All assistance provided by
33 the state board of regents for such persons, and agreements entered into
34 therefor, pursuant to this section prior to the effective date are hereby
35 authorized, confirmed and validated.

36 (8) Any employee described in subsection (1)(a) who is on leave of
37 absence and who accepts a position in the executive branch of govern-
38 ment may file a written election in the office of the Kansas public em-
39 ployees retirement system, in the form and manner prescribed by the
40 board, to remain eligible for assistance by the state board of regents under
41 this section prior to the first day of the first complete payroll period
42 occurring after the commencement of such service in the executive
43 branch of government. Failure to file such written election shall be pre-

1 sumed to be an election not to remain eligible for assistance by the state
2 board of regents. The state board of regents shall contribute an amount
3 toward the purchase of retirement annuities on behalf of such employee
4 equal to the sum of the amounts provided in subsection (1)(c).

5 *(9) Any employee described in subsection (1)(a) who is on leave of*
6 *absence and who is elected or appointed as a member of the legislature*
7 *may file a written election in the office of the Kansas public employees*
8 *retirement system, in the form and manner prescribed by the board, to*
9 *remain eligible for assistance by the state board of regents under this*
10 *section prior to the first day of the first complete payroll period occurring*
11 *after the commencement of such service in the legislature or for any em-*
12 *ployee who is a member of the legislature on January 8, 2001, prior to*
13 *the first day of the first complete payroll period occurring after July 1,*
14 *2001. Failure to file such written election shall be presumed to be an*
15 *election not to remain eligible for assistance by the state board of regents.*
16 *For any employee who files an election as provided in this subsection and*
17 *who was a member of the legislature on January 8, 2001, such election*
18 *shall be effective on January 8, 2001. The state board of regents shall*
19 *contribute an amount toward the purchase of retirement annuities on*
20 *behalf of such employee equal to the percentage amount, as prescribed by*
21 *K.S.A. 74-4925e, and amendments thereto, on the biweekly rate of the*
22 *salary of such employee with the state board of regents in effect on the*
23 *date preceding such leave of absence and continuing throughout such*
24 *leave of absence. Any such employee who makes an election as provided*
25 *by this subsection shall be eligible for the insured death benefit and in-*
26 *sured disability benefit in the same manner as provided under the pro-*
27 *visions of K.S.A. 74-4927a, and amendments thereto. The provisions of*
28 *this section are intended to further the public policy of encouraging per-*
29 *sons to serve in elective office.*

30 Sec. 2. K.S.A. 2000 Supp. 74-4925 is hereby repealed.

31 Sec. 3. This act shall take effect and be in force from and after its
32 publication in the statute book.

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