

## Senate Substitute for HOUSE BILL No. 2040

By Committee on Ways and Means

3-22

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AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; benefits; local police or fire pension plans; mandatory retirement for judges; employer certification of member contributions; lump sum payments; disability benefits; payments to beneficiaries; executive director; taxation of certain retirement benefits; amending K.S.A. 20-2608, 74-4934, 74-4978h and 74-49,102 and K.S.A. 2000 Supp. 12-5002, 13-14a07, 14-10a07, 20-2603, 20-2610a, 74-4902, 74-4904, 74-4908, 74-4911e, 74-4914, 74-4914e, 74-4915, 74-4915b, 74-4915c, 74-4916, 74-4918, 74-4918a, 74-4919, 74-4919b, 74-4920, 74-4921, 74-4922, 74-4927h, 74-4932, 74-4940, 74-4957, 74-4957a, 74-4958, 74-4958a, 74-4959, 74-4960, 74-4960a, 74-4964, 74-4964a, 74-4965, 74-4967, 74-4989, 74-4998c, 74-49,128 and 79-32,117 and repealing the existing sections.

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

Section 1. K.S.A. 2000 Supp. 12-5002 is hereby amended to read as follows: 12-5002. (a) From and after January 1, 1978, no city may maintain or fund any local police or fire pension plan except in accordance with the minimum funding standards prescribed in this section.

(b) From and after January 1, 1978, and notwithstanding any other provision of law to the contrary, all cities maintaining and funding any local police or fire pension plan shall make annual contributions to each local police or fire pension plan at an annual rate of contribution which is equal to or greater than the minimum annual rate of contribution which is determined pursuant to subsections (c) or (d), except as otherwise specifically authorized pursuant to subsection (g). Such minimum annual rate of contribution shall be equal to the sum of: (1) The actuarially determined amount required to amortize over a period of not more than ~~40~~ 20 years ~~from January 1, 1978,~~ the accrued unfunded liabilities of such plan ~~which are attributable to active members;~~ and (2) the amount required to amortize over a period of not more than 20 years, the accrued unfunded liabilities of such plan ~~which are attributable to retired members;~~ and (3) the normal or ongoing costs attributable to active members. ~~In each year until the local police or fire pension plan is funded on an actuarial reserve basis as required by this section and has no accrued~~

1 ~~unfunded liability attributable to active members or retired members, the~~  
2 ~~total of such annual contributions shall not be less than the total amount~~  
3 ~~of pension benefits paid in such year.~~

4 (c) All cities which will maintain and fund one or more local police  
5 or fire pension plans on and after January 1, 1978, and which do not elect  
6 pursuant to subsection (d) to use the services of an actuary or firm of  
7 actuaries other than the actuary of the board of trustees, shall furnish to  
8 the board of trustees all necessary data, as determined by the board of  
9 trustees, at times designated by the board of trustees, but not more often  
10 than annually, from which the minimum annual rate of contribution for  
11 each such plan may be determined. Upon the basis of an actuarial analysis  
12 of such data, the board of trustees shall certify, commencing on or before  
13 June 1, 1977, and at least once every three years thereafter, to each such  
14 city the actuarially determined minimum annual rate of contribution  
15 which will be required for each such plan in accordance with subsection  
16 (b) for the ensuing calendar year. All costs involved in making certifica-  
17 tions under this subsection shall be paid by each such city.

18 (d) Any city which will maintain and fund one or more local police  
19 or fire pension plans on and after January 1, 1978, may elect to use and  
20 pay for the services of an actuary or firm of actuaries other than the  
21 actuary of the board of trustees as provided in subsection (c), in order to  
22 determine the minimum annual rate of contribution for such city for all  
23 such plans. Each city so electing shall file a statement of election with the  
24 board of trustees, setting forth the name and address of the actuary or  
25 firm of actuaries selected by such city and requesting approval thereof.  
26 The board of trustees shall approve such actuary or firm of actuaries for  
27 performance of the periodic actuarial evaluation and review of all the local  
28 police or fire pension plans maintained and funded by such city and for  
29 determination of the minimum annual contribution for each such plan in  
30 accordance with this section if the board of trustees finds that such actuary  
31 or firm of actuaries is qualified therefor. The approved actuary or firm of  
32 actuaries shall perform such actuarial evaluation and review and shall  
33 determine the minimum annual contribution for each local police or fire  
34 pension plan in accordance with this section and shall report annually  
35 thereon to the board of trustees in such form and manner as may be  
36 prescribed by rules and regulations of the board of trustees. The approval  
37 of an actuary or firm of actuaries under this subsection (d) shall be ef-  
38 fective until the city requests approval of another actuary or firm of ac-  
39 tuaries or until the city acts to use the services of the actuary of the board  
40 of trustees under subsection (c) by withdrawing the statement of election  
41 filed under this subsection (d).

42 (e) In accordance with the provisions of K.S.A. 77-415 *et seq.* and  
43 amendments thereto, the board of trustees shall adopt rules and regula-

1 tions which establish actuarial standards and assumptions for the purposes  
2 of actuarial evaluation and review of local police or fire pension plans and  
3 determination of the minimum annual rates of contribution for cities  
4 maintaining and funding such plans. Whenever the amount of any benefit  
5 is to be determined on the basis of actuarial standards and assumptions,  
6 the standards and assumptions shall be specified in a way that precludes  
7 employer discretion.

8 (f) Prior to the adoption by a city of any proposed changes in the  
9 benefit provisions of a local police or fire pension plan or in the rate of  
10 employee contributions thereto, the governing body of the city shall ob-  
11 tain an actuarial evaluation of the effect of such changes, including an  
12 estimate of the minimum annual contribution which would be required  
13 under this section if such changes are adopted. Such actuarial evaluation  
14 and determination shall be conducted by the actuary of the board of  
15 trustees or by the actuary or firm of actuaries approved under subsection  
16 (d) and all costs incurred therefor shall be paid by the city.

17 (g) The governing body of any city which is required to make annual  
18 contributions at a minimum annual rate to each local police or fire pension  
19 plan maintained and funded by the city in accordance with this section  
20 and which determines that such minimum annual rate of contributions  
21 would place an undue initial hardship on the property taxpayers of such  
22 city, may adopt a resolution to that effect and file a certified copy of such  
23 resolution with the board of trustees prior to January 1, 1978. Any city  
24 which has filed a certified copy of such resolution with the board of trus-  
25 tees prior to January 1, 1978, may make annual contributions in accord-  
26 ance with the following schedule:

27 (1) Contributions for the calendar year 1978 shall be at a rate equal  
28 to or greater than the total of: (A) Thirty-three and one-third percent of  
29 the actuarially determined amount required to amortize over a period of  
30 not more than 40 years from January 1, 1978, the accrued unfunded  
31 liabilities of such plan which are attributable to active members; (B)  
32 33 $\frac{1}{3}$ % of the amount required to amortize over a period of not more than  
33 20 years from January 1, 1978, the accrued unfunded liabilities of such  
34 plan which are attributable to retired members; and (C) the normal or  
35 ongoing costs attributable to active members.

36 (2) Contributions for the calendar year 1979 shall be at a rate equal  
37 to or greater than the total of: (A) Sixty-six and two-thirds percent of the  
38 actuarially determined amount required to amortize over a period of not  
39 more than 39 years from January 1, 1979, the accrued unfunded liabilities  
40 of such plan which are attributable to active members; (B) 66 $\frac{2}{3}$ % of the  
41 amount required to amortize over a period of not more than 19 years  
42 from January 1, 1979, the accrued unfunded liabilities of such plan which  
43 are attributable to retired members; and (C) the normal or ongoing costs

1 attributable to active members.

2 (3) Contributions for the calendar year 1980 and each year thereafter  
3 shall be at a rate equal to or greater than the total of: (A) One hundred  
4 percent of the actuarially determined amount required to amortize over  
5 a period of not more than 38 years from January 1, 1980, the accrued  
6 unfunded liabilities of such plan which are attributable to active members;  
7 (B) 100% of the amount required to amortize over a period of not more  
8 than 18 years from January 1, 1980, the accrued unfunded liabilities of  
9 such plan which are attributable to retired members; and (C) the normal  
10 or ongoing costs attributable to active members.

11 ~~(4) In each year until the local police or fire pension plan is funded  
12 on an actuarial reserve basis as required by this section in accordance  
13 with this schedule and has no accrued unfunded liability attributable to  
14 active members or retired members, the total of such annual contribu-  
15 tions shall not be less than the total amount of pension benefits paid in  
16 such year.~~

17 Sec. 2. K.S.A. 2000 Supp. 13-14a07 is hereby amended to read as  
18 follows: 13-14a07. (a) If any officer or member of a police or fire de-  
19 partment, while in the performance of such officer's or member's duties,  
20 is killed or dies as a result of an injury received, or dies of any disease  
21 contracted by reason of such officer's or member's occupation as a po-  
22 liceman or fireman, or dies after having retired and leaves a spouse, such  
23 spouse, shall receive a monthly pension in an amount equal to 50% of the  
24 monthly salary of such deceased officer or member, if such spouse was  
25 lawfully married to such policeman or fireman at the time of such po-  
26 liceman's or fireman's retirement. Commencing on the effective date of  
27 this act, any surviving spouse, who was receiving benefits pursuant to this  
28 section and who had such benefits terminated by reason of such spouse's  
29 remarriage, shall be entitled to once again receive benefits pursuant to  
30 this section, except that such surviving spouse shall not be entitled to  
31 recover any benefits not received after the termination of benefits by  
32 reason of such surviving spouse's remarriage but before the effective date  
33 of this act. In the event there is no surviving spouse, then any child or  
34 children of the deceased shall receive, in equal shares a monthly amount  
35 equal to 50% of the monthly salary received at the time of retirement,  
36 such sums to be paid until such child or children attain the age of 18  
37 years or until such child or children attain the age of 23 years, if such  
38 child or children are full-time students as provided in K.S.A. 74-49,117  
39 and amendments thereto. Commencing on the effective date of this act,  
40 any child who was receiving benefits pursuant to this section and who  
41 had such benefits terminated by reason of such child's marriage, shall be  
42 entitled to once again receive benefits pursuant to this section subject to  
43 the limitations contained in this section, except that such child shall not

1 be entitled to recover any benefits not received after the termination of  
2 benefits by reason of such child's marriage but before the effective date  
3 of this act.

4 ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~  
5 ~~amendments thereto,~~ If any officer or member of such fire or police  
6 department, after having become eligible for retirement as provided in  
7 K.S.A. 13-14a08 and amendments thereto, is killed while not in the per-  
8 formance of such officer's or member's official duties, or dies, an amount  
9 equal to 50% of such officer's or member's monthly salary shall be paid  
10 to such persons for the periods of time provided in subsection (a) and  
11 shall be subject to all the limitations provided in subsection (a).

12 (c) Payments to the surviving spouse, child or children under the  
13 provisions of subsection (a) or (b) shall begin no later than December 31  
14 of the calendar year immediately following the calendar year in which the  
15 member died.

16 Sec. 3. K.S.A. 2000 Supp. 14-10a07 is hereby amended to read as  
17 follows: 14-10a07. (a) If any officer or member of a police or fire de-  
18 partment, while in the performance of such officer's or member's duties,  
19 is killed or dies as a result of an injury received, or dies of any disease  
20 contracted by reason of such officer's or member's occupation as a po-  
21 liceman or fireman, or dies after having retired and leaves a spouse, such  
22 spouse, shall receive a monthly pension in an amount equal to 50% of the  
23 monthly salary of such deceased officer or member, if such spouse was  
24 lawfully married to such policeman or fireman at the time of such po-  
25 liceman's or fireman's retirement. Commencing on the effective date of  
26 this act, any surviving spouse, who was receiving benefits pursuant to this  
27 section and who had such benefits terminated by reason of such spouse's  
28 remarriage, shall be entitled to once again receive benefits pursuant to  
29 this section, except that such surviving spouse shall not be entitled to  
30 recover any benefits not received after the termination of benefits by  
31 reason of such surviving spouse's remarriage but before the effective date  
32 of this act. In the event there is no surviving spouse, then any child or  
33 children of the deceased, shall receive, in equal shares a monthly amount  
34 equal to 50% of the monthly salary received at the time of death, such  
35 sums to be paid until such child or children attain the age of 18 years or  
36 until such child or children attain the age of 23 years, if such child or  
37 children are full-time students as provided in K.S.A. 74-49,117 and  
38 amendments thereto. Commencing on the effective date of this act, any  
39 child who was receiving benefits pursuant to this section and who had  
40 such benefits terminated by reason of such child's marriage, shall be en-  
41 titled to once again receive benefits pursuant to this section subject to  
42 the limitations contained in this section, except that such child shall not  
43 be entitled to recover any benefits not received after the termination of

1 benefits by reason of such child's marriage but before the effective date  
2 of this act.

3 (b) ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,123, and~~  
4 ~~amendments thereto,~~ If any officer or member of such fire or police  
5 department, after having become eligible for retirement as provided in  
6 K.S.A. 14-10a08 and amendments thereto, is killed while not in the per-  
7 formance of such officer's or member's official duties, or dies, an amount  
8 equal to 50% of such officer's or member's monthly salary shall be paid  
9 to such persons for the periods of time provided in subsection (a) and  
10 shall be subject to all the limitations provided in subsection (a).

11 (c) Payments to the surviving spouse, child or children under the  
12 provisions of subsection (a) or (b) must begin no later than December 31  
13 of the calendar year immediately following the calendar year in which the  
14 member died.

15 Sec. 4. K.S.A. 2000 Supp. 20-2603 is hereby amended to read as  
16 follows: 20-2603. (a) Except as otherwise provided in this section, each  
17 judge shall contribute 6% of the judge's salary for each payroll period to  
18 the fund. Commencing with the first payroll period after 20 years of  
19 service by the judge and after the judge reaches 65 years of age, and for  
20 each payroll period thereafter, such judge shall contribute 2% of such  
21 judge's salary to the fund. Commencing with the first payroll period after  
22 the judge has enough years of service to entitle such judge upon retire-  
23 ment to the maximum monthly retirement benefit of 70% of the final  
24 average salary of such judge provided under the provisions of K.S.A. 20-  
25 2610 and amendments thereto, and for each payroll period thereafter,  
26 each judge shall contribute 4% of such judge's salary to the fund or,  
27 commencing on and after the effective date of this act, each such judge  
28 shall contribute 2% of such judge's salary to the fund.

29 (b) The director of accounts and reports shall deduct the amount  
30 each judge is to contribute to the fund on the payroll of each judge for  
31 each payroll period showing the amount deducted and its credit to the  
32 fund. Such deductions shall be remitted quarterly, or as the board may  
33 otherwise provide, to the executive ~~secretary~~ *director* of the Kansas public  
34 employees retirement system for credit to the fund to the credit of the  
35 judge's individual account therein.

36 (c) Interest on each judge's accumulated contributions at the rate  
37 determined under subsection (a) of K.S.A. 74-4922 and amendments  
38 thereto shall be added annually to the judge's individual account in the  
39 fund.

40 (d) No member who has retired under the retirement system for  
41 judges shall make contributions to that system or receive any service  
42 credit under that system for any service after the date of such retirement.

43 (e) (1) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and

1 amendments thereto, each participating employer, pursuant to the pro-  
2 visions of section 414(h)(2) of the federal internal revenue code, shall  
3 pick up and pay the contributions which would otherwise be payable by  
4 members as prescribed in subsection (a). The contributions so picked up  
5 shall be treated as employer contributions for purposes of determining  
6 the amounts of federal income taxes to withhold from the member's  
7 compensation.

8 (2) Member contributions picked up by the employer shall be paid  
9 from the same source of funds used for the payment of compensation to  
10 a member. A deduction shall be made from each member's compensation  
11 equal to the amount of the member's contributions picked up by the  
12 employer, provided that such deduction shall not reduce the member's  
13 compensation for purposes of computing benefits under the retirement  
14 system for judges.

15 (3) Member contributions picked up by the employer shall be re-  
16 mitted quarterly, or as the board may otherwise provide, to the executive  
17 ~~secretary~~ *director* for credit to the Kansas public employees retirement  
18 fund. Such contributions shall be credited to a separate account within  
19 the member's individual account so that amounts contributed by the  
20 member may be distinguished from the member contributions picked up  
21 by the employer. Interest shall be added annually to members' individual  
22 accounts.

23 Sec. 5. K.S.A. 20-2608 is hereby amended to read as follows: 20-  
24 2608. (a) Any judge may retire upon reaching age 65 or commencing July  
25 1, 1993, age 65 or age 62 with the completion of 10 years of credited  
26 service or the first day of the month coinciding with or following the date  
27 that the total of the number of years of credited service and the number  
28 of years of attained age of the judge is equal to or more than 85 and upon  
29 making application to the board, and ~~any~~ *such* judge upon reaching age  
30 70 75 shall retire, and upon retiring, each such judge shall receive retire-  
31 ment annuities as provided in K.S.A. 20-2610 and amendments thereto,  
32 except, that when any incumbent judge attains the age of 70, such judge  
33 may, if such judge desires, finish serving the term during which said judge  
34 attains the age of 70.

35 (b) Notwithstanding the provisions of subsection (a), any judge who  
36 is otherwise eligible to retire may retire upon reaching age 60 and, having  
37 total years of service of not less than 10 years, and upon making appli-  
38 cation to the board. Any such judge who retires on and after July 1, 1993,  
39 and prior to attaining the age of 62 shall receive a retirement annuity  
40 pursuant to K.S.A. 20-2610 and amendments thereto based upon the  
41 normal retirement age of 62 reduced by an amount equal to the product  
42 of (1) such annual retirement annuity payable had the judge retired on  
43 the normal retirement date, multiplied by (2) the product of .2% multi-

1 plied by the number of months' difference, to the nearest whole month,  
2 between the judge's attained age at the time of retirement and age 62.

3 (c) Notwithstanding the provisions of subsection (a), on or after July  
4 1, 1993, any judge who is otherwise eligible to retire may retire upon  
5 reaching age 55 with the completion of 10 years of service, and upon  
6 making application to the board. Any such judge who retires prior to  
7 attaining the age of 62 pursuant to this subsection shall receive a retire-  
8 ment annuity pursuant to K.S.A. 20-2610 and amendments thereto based  
9 upon the normal retirement age of 62 reduced by an amount equal to  
10 the total of: (1) (A) The product of such annual retirement annuity payable  
11 had the judge retired on the normal retirement date, multiplied by (B)  
12 the product of .6% multiplied by the number of months' difference, to  
13 the nearest whole month, between the member's attained age at the time  
14 of retirement and age 60; and

15 (2) for any judge who retired on or after July 1, 1993, the product of  
16 such annual retirement annuity payable had the judge retired on the  
17 normal retirement date, multiplied by 4.8%.

18 The provisions of this subsection apply to any judge who retires before  
19 the age of 62 and has attained age 55 but has not attained age 60, with  
20 the completion of 10 years of service.

21 Sec. 6. K.S.A. 2000 Supp. 20-2610a is hereby amended to read as  
22 follows: 20-2610a. (a) A judge may elect to have such judge's retirement  
23 annuity paid under one of the options provided in this section in lieu of  
24 having it paid in the form stated in K.S.A. 20-2610 and amendments  
25 thereto. Such election shall be made before the date of actual retirement.  
26 A specific person shall be designated as joint annuitant at the time of  
27 election of the joint and  $\frac{1}{2}$  to joint annuitant survivor option, joint and  
28 survivor option and the joint and  $\frac{3}{4}$  to joint annuitant survivor option.  
29 Under no circumstances may an option be changed or canceled nor the  
30 named joint annuitant changed after the date of actual retirement of the  
31 judge.

32 (b) The amount of retirement annuity payable under an option shall  
33 be based on the age of the judge and, if applicable, the age of the joint  
34 annuitant, and shall be such amount as to be the actuarial equivalent of  
35 the retirement annuity otherwise payable under K.S.A. 20-2610 and  
36 amendments thereto as prescribed in subsection (c). Whenever the  
37 amount of any benefit is to be determined on the basis of actuarial as-  
38 sumptions, the assumptions shall be specified in a way that precludes  
39 employer discretion. In no case shall the total amount of retirement an-  
40 nuity payable under any option provided in this section be more than  
41 100% of the retirement annuity which would have been otherwise payable  
42 if no option had been elected under this section.

43 (c) The following retirement options, which are subject to the pro-



1 visions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are  
2 available:

3 (1) *Joint and ½ to joint annuitant survivor.* A reduced retirement  
4 annuity payable to the judge during the judge's lifetime in a monthly  
5 amount equal to the product of (A) the monthly payment of the retire-  
6 ment annuity otherwise payable under K.S.A. 20-2610 and amendments  
7 thereto and (B) the percentage equal to 91% minus .4% for each year by  
8 which the age of the judge's joint annuitant is less than the judge's age,  
9 computed to the nearest whole year, or plus .4% for each year by which  
10 the age of the judge's joint annuitant is more than the judge's age, com-  
11 puted to the nearest whole year, with ½ of that monthly amount contin-  
12 ued to the judge's joint annuitant during such joint annuitant's remaining  
13 lifetime, if any, after the death of the judge. In the event that the desig-  
14 nated joint annuitant under this option predeceases the retired judge, the  
15 amount of the retirement annuity otherwise payable to the judge under  
16 this option shall be adjusted automatically to the retirement annuity which  
17 the judge would have received if no option had been elected under this  
18 section.

19 (2) *Joint and survivor.* A reduced retirement annuity payable to the  
20 judge during the judge's lifetime in a monthly amount equal to the prod-  
21 uct of (A) the monthly payment of the retirement annuity otherwise pay-  
22 able under K.S.A. 20-2610 and amendments thereto and (B) the per-  
23 centage equal to 83% minus .6% for each year by which the age of the  
24 judge's joint annuitant is less than the judge's age, computed to the near-  
25 est whole year, or plus .6% for each year by which the age of the judge's  
26 joint annuitant is more than the judge's age, computed to the nearest  
27 whole year, with that monthly amount continued to the joint annuitant  
28 during the joint annuitant's remaining lifetime, if any, after the death of  
29 judge. In the event that the designated joint annuitant under this option  
30 predeceases the retired judge, the amount of the retirement annuity oth-  
31 erwise payable to the judge under this option shall be adjusted automat-  
32 ically to the retirement annuity which the judge would have received if  
33 no option had been elected under this section.

34 (3) *Joint and ¾ to joint annuitant survivor.* A reduced retirement  
35 annuity payable to the judge during the judge's lifetime in a monthly  
36 amount equal to the product of (A) the monthly payment of the retire-  
37 ment annuity otherwise payable under K.S.A. 20-2610 and amendments  
38 thereto and (B) the percentage equal to 87% minus .5% for each year by  
39 which the age of the judge's joint annuitant is less than the judge's age,  
40 computed to the nearest whole year, or plus .5% for each year by which  
41 the age of the judge's joint annuitant is more than the judge's age, com-  
42 puted to the nearest whole year, with ¾ of that monthly amount contin-  
43 ued to the judge's joint annuitant during such joint annuitant's remaining

1 lifetime, if any, after the death of the judge. In the event that the desig-  
2 nated joint annuitant under this option predeceases the retired judge, the  
3 amount of the retirement annuity otherwise payable to the judge under  
4 this option shall be adjusted automatically to the retirement annuity which  
5 the judge would have received if no option had been elected under this  
6 section.

7 (4) *Life with 5 years certain.* A reduced retirement annuity payable  
8 to the judge during the judge's lifetime in a monthly amount equal to  
9 98% of the monthly payment of the retirement annuity otherwise payable  
10 under K.S.A. 20-2610 and amendments thereto and if the judge dies  
11 within the five-year certain period, measured from the commencement  
12 of retirement annuity payments, such monthly payments shall be contin-  
13 ued to such judge's beneficiary during the balance of the five-year certain  
14 period.

15 (5) *Life with 10 years certain.* A reduced retirement annuity payable  
16 to the judge during the judge's lifetime in a monthly amount equal to  
17 95% of the monthly payment of the retirement annuity otherwise payable  
18 under K.S.A. 20-2610 and amendments thereto and if the judge dies  
19 within the ten-year certain period, measured from the commencement  
20 of retirement annuity payments, such monthly payments shall be contin-  
21 ued to such judge's beneficiary during the balance of the ten-year certain  
22 period.

23 (6) *Life with 15 years certain.* A reduced retirement annuity payable  
24 to the judge during the judge's lifetime in a monthly amount equal to  
25 88% of the monthly payment of the retirement annuity otherwise payable  
26 under K.S.A. 20-2610 and amendments thereto and if the judge dies  
27 within the fifteen-year certain period, measured from the commence-  
28 ment of retirement annuity payments, such monthly payments shall be  
29 continued to such judge's beneficiary during the balance of the fifteen-  
30 year certain period.

31 (7) *Lump sum payment at retirement.* (A) Pursuant to this option,  
32 the judge must specify a lump sum amount to be paid to the judge upon  
33 the judge's retirement. The lump sum amount will be based on the ac-  
34 tual present value of the benefit as provided in K.S.A. 20-2610, and  
35 amendments thereto. The lump sum amount designated by the judge  
36 must be in 10% increments and shall not exceed  $\frac{1}{2}$  of the actuarial present  
37 value of the benefit provided in K.S.A. 20-2610, and amendments thereto.

38 (B) Pursuant to this option, the judge must elect to have the remain-  
39 ing actuarial present value paid in a monthly amount under the provisions  
40 of K.S.A. 20-2610, and amendments thereto, or subsections (c)(1)  
41 through (c)(6) of this section.

42 (C) ~~The amount of any retirement benefit payable pursuant to this~~  
43 ~~subsection shall remain as provided in this subsection even in the event~~

1 ~~that the designated joint annuitant pursuant to subsections (c)(1), (c)(2)~~  
2 ~~or (c)(3) predeceases the retirant. In the event that the designated joint~~  
3 ~~annuitant pursuant to subsection (c)(1), (c)(2) or (c)(3), under this option~~  
4 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~  
5 ~~payable to the retirant under the option shall be adjusted automatically~~  
6 ~~to the retirement benefit which the retirant would have received if no~~  
7 ~~option had been elected under this section.~~

8 (D) The provisions of this subsection shall be effective on and after  
9 July 1, 2001.

10 (d) If a judge, who is eligible to retire, dies without having actually  
11 retired, the judge's spouse, if the spouse is the sole beneficiary for the  
12 judge's accumulated contributions, may elect to receive benefits as a joint  
13 annuitant under one of the options provided in this section in lieu of  
14 receiving the judge's accumulated contributions.

15 (e) On and after July 1, 1993, if a judge with 15 or more years of  
16 credited service dies before attaining retirement age, the judge's spouse,  
17 if the spouse is the sole beneficiary for the judge's accumulated contri-  
18 butions, may elect to receive benefits under one of the options provided  
19 in this section in lieu of receiving the judge's accumulated contributions.  
20 Payments under one of the options provided in this section to the judge's  
21 spouse if so elected, shall commence on the date that the judge would  
22 have first attained retirement age.

23 (f) Benefits payable to a joint annuitant shall accrue from the first  
24 day of the month following the death of a member or retirant and, in the  
25 case of the joint and 1/2 to joint annuitant survivor option, the joint and  
26 survivor option and the joint and 3/4 to joint annuitant survivor option,  
27 shall end on the last day of the month in which the joint annuitant dies.

28 (g) The provisions of the law in effect on the retirement date of a  
29 judge under the retirement system for judges shall govern the retirement  
30 annuity payable to the retired judge and any joint annuitant, except, for  
31 retirement benefits payable after July 1, 1993, for judges who retired prior  
32 to July 1, 1982, in the event that the designated joint annuitant under the  
33 option provided in subsection (c)(1), (2) or (3), as applicable, predeceased  
34 the judge, the amount of the retirement benefit otherwise payable to the  
35 judge under the option provided in subsection (c)(1), (2) or (3), as appli-  
36 cable, shall be adjusted automatically to the retirement benefit which the  
37 judge would have received if no option had been elected under this  
38 section.

39 (h) Upon the death of a joint annuitant who is receiving a retirement  
40 benefit under the provisions of this section, there shall be paid to such  
41 joint annuitant's beneficiary an amount equal to the excess, if any, of the  
42 accumulated contributions of the retired judge over the sum of all retire-  
43 ment benefit payments made to such retired judge and such joint annu-

1 itant. Such joint annuitant shall designate a beneficiary by filing in the  
2 office of the retirement system such designation at the time of death of  
3 the retired judge. If there is no named beneficiary of such joint annuitant  
4 living at the time of death of such joint annuitant, any amount provided  
5 for by this section shall be paid to, in order of preference as follows:

- 6 (1) The joint annuitant's surviving spouse;
- 7 (2) the joint annuitant's dependent child or children;
- 8 (3) the joint annuitant's dependent parent or parents;
- 9 (4) the joint annuitant's nondependent child or children;
- 10 (5) the joint annuitant's nondependent parent or parents; or
- 11 (6) the estate of the deceased joint annuitant.

12 (i) In any event, benefits shall be adjusted as necessary to satisfy the  
13 incidental death benefits regulations under the federal internal revenue  
14 code.

15 Sec. 7. K.S.A. 2000 Supp. 74-4902 is hereby amended to read as  
16 follows: 74-4902. As used in articles 49 and 49a of chapter 74 and amend-  
17 ments thereto, unless otherwise provided or the context otherwise  
18 requires:

19 (1) "Accumulated contributions" means the sum of all contributions  
20 by a member to the system which are credited to the member's account,  
21 with interest allowed thereon;

22 (2) "acts" means the provisions of articles 49 and 49a of the Kansas  
23 Statutes Annotated and amendments thereto;

24 (3) "actuarial equivalent" means an annuity or benefit of equal value  
25 to the accumulated contributions, annuity or benefit, when computed  
26 upon the basis of the actuarial tables in use by the system. Whenever the  
27 amount of any benefit is to be determined on the basis of actuarial as-  
28 sumptions, the assumptions shall be specified in a way that precludes  
29 employer discretion;

30 (4) "actuarial tables" means the actuarial tables approved and in use  
31 by the board at any given time;

32 (5) "actuary" means the actuary or firm of actuaries employed or  
33 retained by the board at any given time;

34 (6) "agent" means the individual designated by each participating em-  
35 ployer through whom system transactions and communication are  
36 directed;

37 (7) "beneficiary" means any natural person or persons or estate  
38 named by a member to receive any benefits as provided for by this act.  
39 Designations of beneficiaries by a member who is a member of more  
40 than one retirement system made on or after July 1, 1987, shall be the  
41 basis of any benefits payable under all systems unless otherwise provided  
42 by law. Except as otherwise provided by subsection (33) of this section,  
43 if there is no named beneficiary living at time of member's death, any

1 benefits provided for by this act shall be paid to: (A) The member's sur-  
2 viving spouse; (B) the member's dependent child or children; (C) the  
3 member's dependent parent or parents; (D) the member's nondependent  
4 child or children; (E) the member's nondependent parent or parents; (F)  
5 the estate of the deceased member; in the order of preference as specified  
6 in this subsection.

7 (8) "board of trustees," "board" or "trustees" means the managing  
8 body of the system which is known as the Kansas public employees re-  
9 tirement system board of trustees;

10 (9) "compensation" means, except as otherwise provided, all salary,  
11 wages and other remuneration payable to a member for personal services  
12 performed for a participating employer, including maintenance or any  
13 allowance in lieu thereof provided a member as part of compensation,  
14 but not including reimbursement for travel or moving expenses or on and  
15 after July 1, 1994, payment pursuant to an early retirement incentive  
16 program made prior to the retirement of the member. Beginning with  
17 the employer's fiscal year which begins in calendar year 1991 or for em-  
18 ployers other than the state of Kansas, beginning with the fiscal year  
19 which begins in calendar year 1992, when the compensation of a member  
20 who remains in substantially the same position during any two consecutive  
21 years of participating service used in calculating final average salary is  
22 increased by an amount which exceeds 15%, then the amount of such  
23 increase which exceeds 15% shall not be included in compensation, ex-  
24 cept that (A) any amount of compensation for accumulated sick leave or  
25 vacation or annual leave paid to the member, (B) any increase in com-  
26 pensation for any member due to a reclassification or reallocation of such  
27 member's position or a reassignment of such member's job classification  
28 to a higher range or level and (C) any increase in compensation as pro-  
29 vided in any contract entered into prior to January 1, 1991, and still in  
30 force on the effective date of this act, pursuant to an early retirement  
31 incentive program as provided in K.S.A. 72-5395 *et seq.* and amendments  
32 thereto, shall be included in the amount of compensation of such member  
33 used in determining such member's final average salary and shall not be  
34 subject to the 15% limitation provided in this subsection. Any contribu-  
35 tions by such member on the amount of such increase which exceeds  
36 15% which is not included in compensation shall be returned to the mem-  
37 ber. Unless otherwise provided by law, beginning with the employer's  
38 fiscal year coinciding with or following July 1, 1985, compensation shall  
39 include any amounts for tax sheltered annuities or deferred compensation  
40 plans. Beginning with the employer's fiscal year which begins in calendar  
41 year 1991, compensation shall include amounts under sections 403b, 457  
42 and 125 of the federal internal revenue code of 1986 and, as the board  
43 deems appropriate, any other section of the federal internal revenue code

1 of 1986 which defers or excludes amounts from inclusion in income. For  
2 purposes of applying limits under the federal internal revenue code “com-  
3 pensation” shall have the meaning as provided in K.S.A. 2000 Supp. 74-  
4 49,123 and amendments thereto;

5 (10) “credited service” means the sum of participating service and  
6 prior service and in no event shall credited service include any service  
7 which is credited under another retirement plan authorized under any  
8 law of this state;

9 (11) “dependent” means a parent or child of a member who is de-  
10 pendent upon the member for at least ½ of such parent or child’s support;

11 (12) “effective date” means the date upon which the system becomes  
12 effective by operation of law;

13 (13) “eligible employer” means the state of Kansas, and any county,  
14 city, township, special district or any instrumentality of any one or several  
15 of the aforementioned or any noncommercial public television or radio  
16 station located in this state which receives state funds allocated by the  
17 Kansas public broadcasting commission whose employees are covered by  
18 social security. If a class or several classes of employees of any above  
19 defined employer are not covered by social security, such employer shall  
20 be deemed an eligible employer only with respect to such class or those  
21 classes of employees who are covered by social security;

22 (14) “employee” means any appointed or elective officer or employee  
23 of a participating employer whose employment is not seasonal or tem-  
24 porary and whose employment requires at least 1,000 hours of work per  
25 year, but not including: (A) Any employee who is a contributing member  
26 of the United States civil service retirement system; (B) any employee  
27 who is a contributing member of the federal employees retirement sys-  
28 tem; (C) any employee who is a leased employee of a participating em-  
29 ployer. “Leased employee” means the same as provided in section 414 of  
30 the federal internal revenue code; and (D) any employee or class of em-  
31 ployees specifically exempted by law. After June 30, 1975, no person who  
32 is otherwise eligible for membership in the Kansas public employees re-  
33 tirement system shall be barred from such membership by reason of  
34 coverage by, eligibility for or future eligibility for a retirement annuity  
35 under the provisions of K.S.A. 74-4925 and amendments thereto, except  
36 that no person shall receive service credit under the Kansas public em-  
37 ployees retirement system for any period of service for which benefits  
38 accrue or are granted under a retirement annuity plan under the provi-  
39 sions of K.S.A. 74-4925 and amendments thereto. After June 30, 1982,  
40 no person who is otherwise eligible for membership in the Kansas public  
41 employees retirement system shall be barred from such membership by  
42 reason of coverage by, eligibility for or future eligibility for any benefit  
43 under another retirement plan authorized under any law of this state,

1 except that no such person shall receive service credit under the Kansas  
2 public employees retirement system for any period of service for which  
3 any benefit accrues or is granted under any such retirement plan. Em-  
4 ployee shall include persons who are in training at or employed by, or  
5 both, a sheltered workshop for the blind operated by the secretary of  
6 social and rehabilitation services. The entry date for such persons shall  
7 be the beginning of the first pay period of the fiscal year commencing in  
8 calendar year 1986. Such persons shall be granted prior service credit in  
9 accordance with K.S.A. 74-4913 and amendments thereto. However, such  
10 persons classified as home industry employees shall not be covered by  
11 the retirement system. Employees shall include any member of a board  
12 of county commissioners of any county and any council member or com-  
13 missioner of a city whose compensation is equal to or exceeds \$5,000 per  
14 year;

15 (15) "entry date" means the date as of which an eligible employer  
16 joins the system. The first entry date pursuant to this act is January 1,  
17 1962;

18 (16) "~~executive secretary~~ *director*" means the managing officer of the  
19 system employed by the board under this act;

20 (17) "final average salary" means in the case of a member who retires  
21 prior to January 1, 1977, and in the case of a member who retires after  
22 January 1, 1977, and who has less than five years of participating service  
23 after January 1, 1967, the average highest annual compensation paid to  
24 such member for any five years of the last 10 years of participating service  
25 immediately preceding retirement or termination of employment, or in  
26 the case of a member who retires on or after January 1, 1977, and who  
27 has five or more years of participating service after January 1, 1967, the  
28 average highest annual compensation paid to such member on or after  
29 January 1, 1967, for any five years of participating service preceding re-  
30 tirement or termination of employment, or, in any case, if participating  
31 service is less than five years, then the average annual compensation paid  
32 to the member during the full period of participating service, or, in any  
33 case, if the member has less than one calendar year of participating service  
34 such member's final average salary shall be computed by multiplying such  
35 member's highest monthly salary received in that year by 12; in the case  
36 of a member who became a member under subsection (3) of K.S.A. 74-  
37 4925 and amendments thereto, or who became a member with a partic-  
38 ipating employer as defined in subsection (3) of K.S.A. 74-4931 and  
39 amendments thereto and who elects to have compensation paid in other  
40 than 12 equal installments, such compensation shall be annualized as if  
41 the member had elected to receive 12 equal installments for any such  
42 periods preceding retirement; in the case of a member who retires after  
43 July 1, 1987, the average highest annual compensation paid to such mem-

1 ber for any four years of participating service preceding retirement or  
2 termination of employment; in the case of a member who retires on or  
3 after July 1, 1993, who was first hired as an employee, as defined in  
4 subsection (14) of K.S.A. 74-4902 and amendments thereto, prior to July  
5 1, 1993, the average highest annual compensation, as defined in subsec-  
6 tion (9), paid to such member for any four years of participating service  
7 preceding retirement or termination of employment or the average high-  
8 est annual salary, as defined in subsection (34), paid to such member for  
9 any three years of participating service preceding retirement or termi-  
10 nation of employment, whichever is greater; and in the case of a member  
11 who retires on or after July 1, 1993, and who is first hired as an employee,  
12 as defined in subsection (14) of K.S.A. 74-4902 and amendments thereto,  
13 on or after July 1, 1993, the average highest annual salary, as defined in  
14 subsection (34), paid to such member for any three years of participating  
15 service preceding retirement or termination of employment. Final aver-  
16 age salary shall not include any purchase of participating service credit  
17 by a member as provided in subsection (2) of K.S.A. 74-4919h and  
18 amendments thereto which is completed within five years of retirement.  
19 For any application to purchase or repurchase service credit for a certain  
20 period of service as provided by law received by the system after May 17,  
21 1994, for any member who will have contributions deducted from such  
22 member's compensation at a percentage rate equal to two or three times  
23 the employee's rate of contribution or will begin paying to the system a  
24 lump-sum amount for such member's purchase or repurchase and such  
25 deductions or lump-sum payment commences after the commencement  
26 of the first payroll period in the third quarter, "final average salary" shall  
27 not include any amount of compensation or salary which is based on such  
28 member's purchase or repurchase. Any application to purchase or repur-  
29 chase multiple periods of service shall be treated as multiple applications.  
30 For purposes of this subsection, the date that such member is first hired  
31 as an employee for members who are employees of employers that  
32 elected to participate in the system on or after January 1, 1994, shall be  
33 the date that such employee's employer elected to participate in the sys-  
34 tem. In the case of any former member who was eligible for assistance  
35 pursuant to K.S.A. 74-4925 and amendments thereto prior to July 1, 1998,  
36 for the purpose of calculating final average salary of such member, such  
37 member's final average salary shall be based on such member's salary  
38 while a member of the system or while eligible for assistance pursuant to  
39 K.S.A. 74-4925 and amendments thereto, whichever is greater;

40 (18) "fiscal year" means, for the Kansas public employees retirement  
41 system, the period commencing July 1 of any year and ending June 30 of  
42 the next;

43 (19) "Kansas public employees retirement fund" means the fund cre-



1 ated by this act for payment of expenses and benefits under the system  
2 and referred to as the fund;

3 (20) "leave of absence" means a period of absence from employment  
4 without pay, authorized and approved by the employer, and which after  
5 the effective date does not exceed one year;

6 (21) "member" means an eligible employee who is in the system and  
7 is making the required employee contributions; any former employee who  
8 has made the required contributions to the system and has not received  
9 a refund if such member is within five years of termination of employment  
10 with a participating employer; or any former employee who has made the  
11 required contributions to the system, has not yet received a refund and  
12 has been granted a vested benefit;

13 (22) "military service" means service in the uniformed forces of the  
14 United States, for which retirement benefit credit must be given under  
15 the provisions of USERRA or service in the armed forces of the United  
16 States or in the commissioned corps of the United States public health  
17 service, which service is immediately preceded by a period of employ-  
18 ment as an employee or by the entering into of an employment contract  
19 with a participating employer and is followed by return to employment  
20 as an employee with the same or another participating employer within  
21 12 months immediately following discharge from such military service,  
22 except that if the board determines that such return within 12 months  
23 was made impossible by reason of a service-connected disability, the pe-  
24 riod within which the employee must return to employment with a par-  
25 ticipating employer shall be extended not more than two years from the  
26 date of discharge or separation from military service;

27 (23) "normal retirement date" means the date on or after which a  
28 member may retire with full retirement benefits pursuant to K.S.A. 74-  
29 4914 and amendments thereto;

30 (24) "participating employer" means an eligible employer who has  
31 agreed to make contributions to the system on behalf of its employees;

32 (25) "participating service" means the period of employment after  
33 the entry date for which credit is granted a member;

34 (26) "prior service" means the period of employment of a member  
35 prior to the entry date for which credit is granted a member under this  
36 act;

37 (27) "prior service annual salary" means the highest annual salary,  
38 not including any amounts received as payment for overtime or as re-  
39 imbursement for travel or moving expense, received for personal services  
40 by the member from the current employer in any one of the three cal-  
41 endar years immediately preceding January 1, 1962, or the entry date of  
42 the employer, whichever is later, except that if a member entered the  
43 employment of the state during the calendar year 1961, the prior service

1 annual salary shall be computed by multiplying such member's highest  
2 monthly salary received in that year by 12;

3 (28) "retirant" means a member who has retired under this system;

4 (29) "retirement benefit" means a monthly income or the actuarial  
5 equivalent thereof paid in such manner as specified by the member pur-  
6 suant to this act or as otherwise allowed to be paid at the discretion of  
7 the board, with benefits accruing from the first day of the month coin-  
8 ciding with or following retirement and ending on the last day of the  
9 month in which death occurs. Upon proper identification a surviving  
10 spouse may negotiate the warrant issued in the name of the retirant. *If*  
11 *there is no surviving spouse, the last warrant shall be payable to the*  
12 *designated beneficiary;*

13 (30) "retirement system" or "system" means the Kansas public em-  
14 ployees retirement system as established by this act and as it may be  
15 amended;

16 (31) "social security" means the old age, survivors and disability in-  
17 surance section of the federal social security act;

18 (32) "total disability" means a physical or mental disability which pre-  
19 vents the member from engaging, for remuneration or profit, in any oc-  
20 cupation for which the member is reasonably suited by education, training  
21 or experience;

22 (33) "trust" means an express trust, created by a trust instrument,  
23 including a will, designated by a member to receive payment of the in-  
24 sured death benefit under K.S.A. 74-4927 and amendments thereto and  
25 payment of the member's accumulated contributions under subsection  
26 (1) of K.S.A. 74-4916 and amendments thereto. A designation of a trust  
27 shall be filed with the board. If there is a designated trust at the time of  
28 the member's death, the insured death benefit for the member under  
29 K.S.A. 74-4927 and amendments thereto and the member's accumulated  
30 contributions under subsection (1) of K.S.A. 74-4916 and amendments  
31 thereto shall be paid to the trust in lieu of the member's beneficiary. If  
32 no will is admitted to probate within six months after the death of the  
33 member or no trustee qualifies within such six months or if the designated  
34 trust fails, for any reason whatsoever, the insured death benefit under  
35 K.S.A. 74-4927 and amendments thereto and the member's accumulated  
36 contributions under subsection (1) of K.S.A. 74-4916 and amendments  
37 thereto shall be paid in accordance with the provisions of subsection (7)  
38 of this section as in other cases where there is no named beneficiary living  
39 at the time of the member's death and any payments so made shall be a  
40 full discharge and release to the system from any further claims;

41 (34) "salary" means all salary and wages payable to a member for  
42 personal services performed for a participating employer, including main-  
43 tenance or any allowance in lieu thereof provided a member as part of

1 salary. Salary shall not include reimbursement for travel or moving ex-  
2 penses, payment for accumulated sick leave or vacation or annual leave,  
3 severance pay or any other payments to the member determined by the  
4 board to not be payments for personal services performed for a partici-  
5 pating employer constituting salary or on and after July 1, 1994, payment  
6 pursuant to an early retirement incentive program made prior to the  
7 retirement of the member. When the salary of a member who remains  
8 in substantially the same position during any two consecutive years of  
9 participating service used in calculating final average salary is increased  
10 by an amount which exceeds 15%, then the amount of such increase  
11 which exceeds 15% shall not be included in salary. Any contributions by  
12 such member on the amount of such increase which exceeds 15% which  
13 is not included in compensation shall be returned to the member. Unless  
14 otherwise provided by law, salary shall include any amounts for tax shel-  
15 tered annuities or deferred compensation plans. Salary shall include  
16 amounts under sections 403b, 457 and 125 of the federal internal revenue  
17 code of 1986 and, as the board deems appropriate, any other section of  
18 the federal internal revenue code of 1986 which defers or excludes  
19 amounts from inclusion in income. For purposes of applying limits under  
20 the federal internal revenue code "salary" shall have the meaning as pro-  
21 vided in K.S.A. 2000 Supp. 74-49,123 and amendments thereto. In any  
22 case, if participating service is less than three years, then the average  
23 annual salary paid to the member during the full period of participating  
24 service, or, in any case, if the member has less than one calendar year of  
25 participating service such member's final average salary shall be com-  
26 puted by multiplying such member's highest monthly salary received in  
27 that year by 12;

28 (35) "federal internal revenue code" means the federal internal rev-  
29 enue code of 1954 or 1986, as in effect on July 1, 1998, and as applicable  
30 to a governmental plan; and

31 (36) "USERRA" means the federal uniformed services employment  
32 and reemployment rights act of 1994 as in effect on July 1, 1998.

33 Sec. 8. K.S.A. 2000 Supp. 74-4904 is hereby amended to read as  
34 follows: 74-4904. (1) The system may sue and be sued in its official name,  
35 but its trustees, officers, employees and agents shall not be personally  
36 liable for acts of the system unless such person acted with willful, wanton  
37 or fraudulent misconduct or intentionally tortious conduct. Any agree-  
38 ment in settlement of litigation involving the system and the investment  
39 of moneys of the fund is a public record as provided in K.S.A. 45-215 *et*  
40 *seq.* and amendments thereto and subject to the provisions of that act.  
41 The service of all legal process and of all notices which may be required  
42 to be in writing, whether legal proceedings or otherwise, shall be had on  
43 the executive ~~secretary~~ *director* at such executive ~~secretary's~~ *director's*

1 office. All actions or proceedings directly or indirectly against the system  
2 shall be brought in Shawnee county.

3 (2) Any person aggrieved by any order or decision of the board made  
4 without a hearing, may, within 30 days after notice of the order or decision  
5 of the board make written request to the board for a hearing thereon.  
6 The board shall hear such party or parties in accordance with the provi-  
7 sions of the Kansas administrative procedure act at its next regular meet-  
8 ing or at a special meeting within 60 days after receipt of such request.  
9 For the purpose of any hearing under this section, the board may appoint  
10 one or more presiding officers. Any such presiding officer shall be a mem-  
11 ber of the board, an employee of the board or any other person designated  
12 by the board to serve as such presiding officer. Any such appointment  
13 shall apply to a particular hearing or to a set or class of hearings as spec-  
14 ified by the board in making such appointment. The board shall review  
15 an initial order resulting from a hearing under this section. Any member  
16 of the board who serves as a presiding officer shall be reimbursed for  
17 actual and necessary expenses and shall receive compensation in an  
18 amount fixed by the board not to exceed the per diem compensation  
19 allowable for members of the board. The board is hereby authorized to  
20 enter into a contract with any other person designated by the board to  
21 serve as a presiding officer who is not a member or employee of the board  
22 and to provide for reimbursement for actual and necessary expenses and  
23 compensation for such person serving as a presiding officer.

24 Sec. 9. K.S.A. 2000 Supp. 74-4908 is hereby amended to read as  
25 follows: 74-4908. (1) The board shall appoint an executive ~~secretary~~ *di-*  
26 *rector* and shall establish the compensation therefor. Subject to the di-  
27 rection of the board, the executive ~~secretary~~ *director* shall be the man-  
28 aging officer of the system and as such shall have charge of the office,  
29 records and supervision and direction of the employees of the system.  
30 The executive ~~secretary~~ *director* shall be in the unclassified service under  
31 the Kansas civil service act.

32 (2) The executive ~~secretary~~ *director* shall recommend to the board  
33 the administrative organization, the number and qualifications of em-  
34 ployees necessary to carry out the intent of this act and the directions of  
35 the board. Upon approval of the board, the executive ~~secretary~~ *director*  
36 is authorized to employ such persons in accordance with the Kansas civil  
37 service act.

38 (3) The board of trustees shall select and employ or retain a qualified  
39 actuary who shall serve at its pleasure as its technical advisor on matters  
40 regarding operation of the system. The actuary shall:

41 (a) Make an annual valuation of the liabilities and reserves of the  
42 system, and a determination of the contributions required by the system  
43 to discharge its liabilities and administrative costs under this act, and

1 recommend to the board rates of employer contributions required to  
2 establish and maintain the system on an actuarial reserve basis. Such  
3 recommended employer contributions shall not be based on any other  
4 purpose outside of the needs of the system as prescribed by this  
5 subsection.

6 (b) As soon after the effective date as practicable and once every  
7 three years thereafter, make a general investigation of the actuarial ex-  
8 perience under the system including mortality, retirement, employment  
9 turnover and interest, and recommend actuarial tables for use in valua-  
10 tions and in calculating actuarial equivalent values based on such  
11 investigation.

12 (c) Cooperate with and provide any assistance to the actuary, the  
13 legislative coordinating council and the joint committee on pensions, in-  
14 vestments and benefits related to the independent actuarial audit and  
15 evaluation as provided in K.S.A. 2000 Supp. 74-4908a and amendments  
16 thereto.

17 (d) Perform such other duties as may be assigned by the board.

18 (4) The attorney general of the state shall furnish such legal services  
19 as may be necessary upon receipt of a request from the board, except  
20 that legal services may be furnished by other counsel as the board in its  
21 discretion deems necessary and prudent.

22 (5) The board shall employ or retain qualified investment counsel or  
23 counselors or may negotiate with a trust company to assist and advise in  
24 the judicious investment of funds as herein provided.

25 (6) The board may appoint a deputy executive ~~secretary~~ *director*, an  
26 investment officer, an investment analyst, a real estate manager, a direct  
27 placement manager, a chief fiscal officer, a member services officer, an  
28 attorney, an assistant investment officer and an information resource of-  
29 ficer to advise and assist the board in the performance of powers, duties  
30 and functions relating to the management and investment of the fund  
31 and in such other matters as may be directed by the board. Such ap-  
32 pointed officers and employees shall be in the unclassified service under  
33 the Kansas civil service act. The compensation of such appointed officers  
34 and employees shall be established by the board.

35 Sec. 10. K.S.A. 2000 Supp. 74-4911e is hereby amended to read as  
36 follows: 74-4911e. (a) Each person who is an elected official on and after  
37 January 1, 1985, and who is a member of the Kansas public employees  
38 retirement system, may elect to continue to participate in the Kansas  
39 public employees retirement system under the provisions of this act after  
40 the date such person's service as an elected official terminates unless such  
41 person immediately becomes an employee of another participating em-  
42 ployer. Such person's election is valid only if such person files notice of  
43 such election in the office of the executive ~~secretary~~ *director* of the Kansas

1 public employees retirement system, in a form acceptable to the system,  
2 within 30 days of the termination of such person's service as an elected  
3 official.

4 (b) For the purposes of contributions to and benefits under the Kan-  
5 sas public employees retirement system, compensation of such members  
6 shall be a monthly amount equal to the greater of (1) the compensation  
7 to which the elected official was entitled for services as an elected official  
8 during the period January 15 to February 14, inclusive, of the most recent  
9 year, or (2) the monthly amount of such person's compensation at the  
10 time that such person's service as an elected official terminates. The em-  
11 ployer rate of contribution for the state of Kansas and employee rate of  
12 contribution shall be applied to such amounts monthly. Such person shall  
13 remit the required employer and employee contributions to the system  
14 quarterly in advance with a report as may be required by the system.

15 (c) Any election by such person under subsection (a) shall remain in  
16 effect until revoked in writing and received by the system or such person  
17 becomes an employee of another participating employer or upon failure  
18 of such person to remit to the system the employer and employee con-  
19 tributions required under subsection (b).

20 (d) This act or acts amendatory thereof and supplemental thereto  
21 shall become a part of the Kansas public employees retirement act as  
22 defined in subsection (2) of K.S.A. 74-4902 and amendments thereto and  
23 shall be governed thereby in all respects, except if words and phrases  
24 used in this act appear to have a different meaning, the provisions of this  
25 act shall prevail.

26 (e) The provisions of subsection (2) of K.S.A. 74-4916 and amend-  
27 ments thereto are not applicable to any person making an election under  
28 subsection (a).

29 (f) No election shall be made as provided in subsection (a) after June  
30 30, 1998.

31 Sec. 11. K.S.A. 2000 Supp. 74-4914 is hereby amended to read as  
32 follows: 74-4914. (1) The normal retirement date for a member of the  
33 system shall be the first day of the month coinciding with or following  
34 termination of employment with any participating employer not followed  
35 by employment with any participating employer within 30 days and the  
36 attainment of age 65 or, commencing July 1, 1993, age 62 with the com-  
37 pletion of 10 years of credited service or the first day of the month co-  
38 inciding with or following the date that the total of the number of years  
39 of credited service and the number of years of attained age of the member  
40 is equal to or more than 85. In no event shall a normal retirement date  
41 for a member be before six months after the entry date of the participating  
42 employer by whom such member is employed. A member may retire on  
43 the normal retirement date or on the first day of any month thereafter

1 upon the filing with the office of the retirement system of an application  
2 in such form and manner as the board shall prescribe. Nothing herein  
3 shall prevent any person, member or retirant from being employed, ap-  
4 pointed or elected as an employee, appointee, officer or member of the  
5 legislature. Elected officers may retire from the system on any date on  
6 or after the attainment of the normal retirement date, but no retirement  
7 benefits payable under this act shall be paid until the member has ter-  
8 minated such member's office.

9 (2) No retirant shall make contributions to the system or receive serv-  
10 ice credit for any service after the date of retirement.

11 (3) Any member who is an employee of an affiliating employer pur-  
12 suant to K.S.A. 74-4954b and amendments thereto and has not withdrawn  
13 such member's accumulated contributions from the Kansas police and  
14 firemen's retirement system may retire before such member's normal  
15 retirement date on the first day of any month coinciding with or following  
16 the attainment of age 55.

17 (4) Any member may retire before such member's normal retirement  
18 date on the first day of any month coinciding with or following termination  
19 of employment with any participating employer not followed by employ-  
20 ment with any participating employer within 30 days and the attainment  
21 of age 55 with the completion of 10 years of credited service, but in no  
22 event before six months after the entry date, upon the filing with the  
23 office of the retirement system of an application for retirement in such  
24 form and manner as the board shall prescribe.

25 (5) If a retirant who retired on or after July 1, 1988, is employed or  
26 appointed in or to any position or office for which compensation for serv-  
27 ice is paid in an amount equal to \$15,000 or more in any one such calendar  
28 year, by any participating employer for which such retirant was employed  
29 or appointed during the final two years of such retirant's participation,  
30 such retirant shall not receive any retirement benefit for any month for  
31 which such retirant serves in such position or office. The participating  
32 employer shall report to the system within 30 days of when the compen-  
33 sation paid to the retirant is equal to or exceeds any limitation provided  
34 by this section. Any retirant employed by a participating employer shall  
35 not make contributions nor receive additional credit under such system  
36 for such service except as provided by this section. Upon request of the  
37 executive ~~secretary~~ *director* of the system, the secretary of revenue shall  
38 provide such information as may be needed by the executive ~~secretary~~  
39 *director* to carry out the provisions of this act. The provisions of this  
40 subsection shall not apply to retirants employed as substitute teachers or  
41 officers, employees or appointees of the legislature. The provisions of this  
42 subsection shall not apply to members of the legislature prior to January  
43 8, 2000. The provisions of this subsection shall not apply to any other

1 elected officials prior to the term of office of such elected official which  
2 commences on or after July 1, 2000. The provisions of this subsection  
3 shall apply to any other elected official on and after the term of office of  
4 such other elected official which commences on or after July 1, 2000.  
5 Except as otherwise provided, commencing January 8, 2001, the provi-  
6 sions of this subsection shall apply to members of the legislature. For  
7 determination of the amount of compensation paid pursuant to this sub-  
8 section, for members of the legislature, compensation shall include any  
9 amount paid as provided pursuant to subsections (a), (b), (c) and (d) of  
10 K.S.A. 46-137a, and amendments thereto, or pursuant to K.S.A. 46-137b,  
11 and amendments thereto. Notwithstanding any provision of law to the  
12 contrary, when a member of the legislature is paid an amount of com-  
13 pensation of \$15,000 or more in any one calendar year, the member may  
14 continue to receive any amount provided in subsections (b) and (d) of  
15 K.S.A. 46-137a, and amendments thereto, and still be entitled to receive  
16 such member's retirement benefit.

17 (6) For purposes of this section, any employee of a local governmental  
18 unit which has its own pension plan who becomes an employee of a  
19 participating employer as a result of a merger or consolidation of services  
20 provided by local governmental units, which occurred on January 1, 1994,  
21 may count service with such local governmental unit in determining  
22 whether such employee has met the years of credited service require-  
23 ments contained in this section.

24 Sec. 12. K.S.A. 2000 Supp. 74-4914e is hereby amended to read as  
25 follows: 74-4914e. (1) As used in this section:

26 (a) "Correctional employee" means any member of the system who  
27 is a security officer or other employee of the department of corrections  
28 and who is in a position for which the duties and responsibilities involve  
29 regular contact with inmates as certified by the secretary of corrections;

30 (b) "disability" means the total inability to perform permanently the  
31 duties of the position of a correctional employee in which the correctional  
32 employee was employed at the time of disability;

33 (c) "service-connected" means any physical or mental disability re-  
34 sulting from external force, violence or disease occasioned by an act of  
35 duty as a correctional employee and includes, for any correctional em-  
36 ployee after five years of credited service, any death or disability resulting  
37 from a heart disease or disease of the lung or respiratory tract, except that  
38 in the event that the correctional employee ceases to be a contributing  
39 member except by reason of a service-connected disability for a period  
40 of six months or more and then again becomes a contributing member  
41 the provision relating to death or disability resulting from a heart disease  
42 or disease of the lung or respiratory tract shall not apply until such cor-  
43 rectional employee has again become a contributing member for a period



1 of not less than two years or unless clear and precise evidence is presented  
2 that the heart disease or disease of the lung or respiratory tract was in  
3 fact occasioned by an act of duty as a correctional employee; and

4 (d) "final average salary" means the average highest annual compen-  
5 sation paid to a correctional employee for any three of the last five years  
6 of participating service immediately preceding the date of disability, or if  
7 participating service is less than three years, then the average annual  
8 compensation paid to the correctional employee during the full period of  
9 participating service or if a correctional employee has less than one cal-  
10 endar year of participating service the correctional employee's final av-  
11 erage salary shall be computed by multiplying the correctional employee's  
12 highest monthly salary received in that year by 12.

13 (2) If any active contributing correctional employee becomes totally  
14 and permanently disabled due to service-connected causes as defined in  
15 subsection (1), such correctional employee shall be retired and the fol-  
16 lowing benefits shall become payable and shall continue until the correc-  
17 tional employee's death or until the correctional employee recovers from  
18 the disability if a report of the event in a form acceptable to the board is  
19 filed in the office of the executive ~~secretary~~ *director* of the board within  
20 220 days after the date of the event or act of duty causing such disability  
21 and an application for such benefit, in such form and manner as the board  
22 shall prescribe, is filed by the correctional employee or the correctional  
23 employee's authorized representative in the office of the executive ~~see-~~  
24 ~~retary~~ *director* of the board within two years of the date of disability:

25 (a) The correctional employee shall receive a retirement benefit  
26 equal to 50% of the correctional employee's final average salary. Such  
27 benefit shall accrue from the day upon which the correctional employee  
28 ceases to draw compensation.

29 (b) Each of the correctional employee's unmarried children under  
30 the age of 18 years or each of the correctional employee's children under  
31 the age of 23 years who are full-time students as provided in K.S.A. 74-  
32 49,117 and amendments thereto shall receive an annual benefit equal to  
33 10% of the correctional employee's final average salary. Such benefit shall  
34 accrue from the day upon which the correctional employee ceases to draw  
35 compensation and shall end on the first day of the month in which each  
36 such child or children attains the age of 18 years, die or marry, whichever  
37 occurs earlier or in which each such child or children attains the age of  
38 23 years, if such child or children are full-time students as provided in  
39 K.S.A. 74-49,117 and amendments thereto.

40 (c) In no case shall the total benefits payable under paragraphs (a)  
41 and (b) of this subsection (2) be in excess of 75% of the correctional  
42 employee's final average salary.

43 (d) In the event a correctional employee who is retired under para-

1 graph (a) of this subsection (2), dies within two years after the date of  
2 such retirement, then benefits may be payable under subsection (2) of  
3 K.S.A. 74-4916 and amendments thereto.

4 (e) In the event a correctional employee who is retired under para-  
5 graph (a) of this subsection (2), dies more than two years after the date  
6 of such retirement, and the proximate cause of such death is the service-  
7 connected cause from which the disability resulted, then benefits may be  
8 payable under subsection (2) of K.S.A. 74-4916 and amendments thereto.

9 (f) In the event a correctional employee who is retired under sub-  
10 section (2) dies after the date of retirement and no benefits are payable  
11 under paragraphs (d) and (e) the following benefits shall be payable:

12 (i) To the correctional employee's spouse, if lawfully wedded to the  
13 correctional employee at the time of the correctional employee's death,  
14 a lump-sum benefit equal to 50% of the correctional employee's final  
15 average salary at the time of the correctional employee's retirement.

16 (ii) To the correctional employee's spouse, if lawfully wedded to the  
17 correctional employee at the time of the correctional employee's death,  
18 an annual benefit equal to 50% of the correctional employee's retirement  
19 benefit payable in monthly installments, to accrue from the first day of  
20 the month following the correctional employee's date of death and ending  
21 on the first day of the month in which the spouse dies. If there is no  
22 surviving spouse, or if after the death of the spouse there remain one or  
23 more children under the age of 18 years or one or more children under  
24 the age of 23 years who is a full-time student as provided in K.S.A. 74-  
25 49,117, and amendments thereto, the annual spouse's benefit shall be  
26 payable in equal shares to such children and each child's share shall end  
27 on the first day of the month in which such child attains the age of 18  
28 years or dies, whichever occurs earlier or in which such child attains the  
29 age of 23 years, if such child is a full-time student as provided in K.S.A.  
30 74-49,117, and amendments thereto.

31 The provisions of this subsection shall apply in all cases of such cor-  
32 rectional employees who die after October 1, 1996.

33 (3) If any correctional employee who is an active contributing mem-  
34 ber prior to such correctional employee's normal retirement becomes  
35 totally and permanently disabled for a period of 180 days from causes not  
36 service-connected, and not as the result of a willfully negligent or inten-  
37 tional act of the correctional employee, such correctional employee shall  
38 be retired and the following benefit shall become payable and shall con-  
39 tinue until the correctional employee's death or until the correctional  
40 employee recovers from such disability whichever occurs first if a report  
41 of the disability in a form acceptable to the board is filed in the office of  
42 the executive ~~secretary~~ *director* of the board within 220 days after the  
43 date of the commencement of such disability and if an application for

1 such benefit in such form and manner as the board shall prescribe is filed  
2 in the office of the executive ~~secretary~~ *director* of the board within two  
3 years of the date of disability:

4 A retirement benefit equal to 2% of the correctional employee's final  
5 average salary multiplied by the number of years of credited service, ex-  
6 cept that such retirement benefit shall be at least equal to 25% of the  
7 member's final average salary but not to exceed the amount of the re-  
8 tirement benefit provided in paragraph (a) of subsection (2). Such benefit  
9 shall not become payable until satisfactory evidence is presented to the  
10 board that the correctional employee is and has been for a period of 180  
11 days totally and permanently disabled, but benefits shall accrue from the  
12 day upon which the correctional employee ceases to draw compensation.

13 (4) Any correctional employee who is employed for compensation by  
14 an employer other than the department of corrections and whose disa-  
15 bility is incurred in the course of such other employment shall not be  
16 eligible for any of the benefits provided in subsection (3).

17 (5) If a correctional employee becomes totally and permanently dis-  
18 abled and no benefits are payable under subsections (2) or (3), the sum  
19 of the correctional employee's accumulated contributions shall be paid to  
20 the correctional employee.

21 (6) Any correctional employee receiving benefits under this section  
22 shall submit to medical examination, not oftener than annually, by one or  
23 more physicians or any other practitioners of the healing arts holding a  
24 valid license issued by Kansas state board of healing arts, as the board of  
25 trustees may direct. If upon such medical examination the examiners re-  
26 port to the board that the retirant is physically able and capable of resum-  
27 ing employment with the participating employer from whose employment  
28 the correctional employee retired, the disability benefits shall terminate.  
29 A retirant who has been receiving benefits under the provisions of this  
30 section and who returns to employment of a participating employer shall  
31 immediately commence accruing service credit which shall be added to  
32 that which has been accrued by virtue of previous service.

33 (7) Any retirant who has been receiving benefits under the provisions  
34 of this section for a period of five years shall be deemed finally retired  
35 and shall not be subject to further medical examinations, except that if  
36 the board of trustees shall have reasonable grounds to question whether  
37 the retirant remains totally and permanently disabled, a further medical  
38 examination or examinations may be required.

39 (8) Refusal or neglect to submit to examination as provided in sub-  
40 section (6) shall be sufficient cause for suspending or discontinuing ben-  
41 efit payments under this section and if such refusal or neglect shall con-  
42 tinue for a period of one year, the correctional employee's rights in and  
43 to all benefits under the system may be revoked by the board.

1 (9) Any retirement benefits payable under the provisions of this sec-  
2 tion shall be in lieu of all other benefits under the system.

3 (10) Each correctional employee shall report to such member's par-  
4 ticipating employer any event or act of duty causing disability within 200  
5 days after such event or act of duty. The department of corrections shall  
6 file in the office of the executive ~~secretary~~ *director* of the board, in a form  
7 acceptable to the board, a report of the event or act of duty causing  
8 disability within 220 days after the event or act of duty.

9 (11) Benefits payable under this section shall be reduced by the orig-  
10 inal amount of any disability benefits received under the federal social  
11 security act or the workers compensation act. For any correctional em-  
12 ployee already retired on the effective date of this act, no reduction of  
13 the original social security benefits shall be applicable to benefits paid  
14 prior to the effective date of this act. In no case shall a correctional em-  
15 ployee who is entitled to receive benefits under this section receive less  
16 than \$100 per month.

17 (12) The provisions of this section shall apply to disabilities occurring  
18 after June 30, 1982, and prior to July 1, 1995. At the direction of the  
19 board of trustees, the actuary shall conduct an experience evaluation of  
20 benefits payable under this section and the board shall provide copies of  
21 such study to the governor and members of the legislature.

22 (13) The provisions of K.S.A. 74-4927 and amendments thereto re-  
23 lating to insured disability benefits shall not be applicable to correctional  
24 employees subject to the provisions of this section.

25 (14) In the event a correctional employee who is retired under sub-  
26 section (3) dies after the date of retirement and no benefits are payable  
27 under that subsection, the following benefits shall be payable:

28 (i) To the correctional employee's spouse, if lawfully wedded to the  
29 correctional employee at the time of the correctional employee's death,  
30 a lump-sum benefit equal to 50% of the correctional employee's final  
31 average salary at the time of the correctional employee's retirement.

32 (ii) To the correctional employee's spouse, if lawfully wedded to the  
33 correctional employee at the time of the correctional employee's death,  
34 an annual benefit equal to 50% of the correctional employee's retirement  
35 benefit payable in monthly installments, to accrue from the first day of  
36 the month following the correctional employee's date of death and ending  
37 on the first day of the month in which the spouse dies. If there is no  
38 surviving spouse, or if after the death of the spouse there remain one or  
39 more children under the age of 18 years or one or more children under  
40 the age of 23 years who is a full-time student as provided in K.S.A. 74-  
41 49,117, and amendments thereto, the annual spouse's benefit shall be  
42 payable in equal shares to such children and each child's share shall end  
43 on the first day of the month in which such child attains the age of 18

1 years or dies, whichever occurs earlier or in which such child attains the  
2 age of 23 years, if such child is a full-time student as provided in K.S.A.  
3 74-49,117, and amendments thereto.

4 The provisions of this subsection shall apply in all cases of such cor-  
5 rectional employees who die after October 1, 1996.

6 Sec. 13. K.S.A. 2000 Supp. 74-4915 is hereby amended to read as  
7 follows: 74-4915. (1) Any member who retires on or after such member's  
8 normal retirement date shall be entitled to receive an annual retirement  
9 benefit equal to the sum obtained by adding an amount for participating  
10 service and an amount for prior service determined as provided in this  
11 section. The amount for prior service shall be equal to 1% of the mem-  
12 ber's prior service annual salary multiplied by the number of years of  
13 prior service entitled to credit as provided in K.S.A. 74-4913 and amend-  
14 ments thereto, except that for members retiring on or after July 1, 1981,  
15 who were last employed by a participating employer which had affiliated  
16 with the system under K.S.A. 74-4910, 74-4912, 74-4929 or 74-4991 and  
17 amendments thereto, and for the period commencing January 1, 1986,  
18 for members retiring before July 1, 1981, who were last employed by a  
19 participating employer which had affiliated with the system under K.S.A.  
20 74-4910, 74-4912, 74-4929 or 74-4991 and amendments thereto, except  
21 that any increase in benefits under this section shall be reduced by any  
22 postretirement benefit adjustments received by such member prior to  
23 July 2, 1985, the amount for prior service shall be calculated using final  
24 average salary in lieu of prior service annual salary and, in the case of any  
25 such member who became a member under subsection (3) of K.S.A. 74-  
26 4925 and amendments thereto and for whom a final average salary cannot  
27 be otherwise determined, such member's final average salary shall be  
28 based on all service for which such member received assistance in a plan  
29 under subsection (2) of K.S.A. 74-4925 and amendments thereto as cer-  
30 tified by such employer upon request of the board. For any member who  
31 retires on or after July 1, 1993, the amount for participating service shall  
32 be equal to the total of 1.75% of the member's final average salary mul-  
33 tiplied by the number of years of participating service.

34 (2) (A) Any member who retires on or after July 1, 1993, but before  
35 the normal retirement date and has attained age 60 but has not attained  
36 age 62 with the completion of 10 years of credited service, shall receive  
37 an annual retirement benefit equal to the annual retirement benefit pay-  
38 able had the member retired on the normal retirement date but based  
39 upon the member's final average salary and years of participating and  
40 prior service credited to the date of actual retirement reduced by an  
41 amount equal to the product of (i) such annual retirement benefit payable  
42 had the member retired on the normal retirement date, multiplied by (ii)  
43 the product of .2% multiplied by the number of months' difference, to

1 the nearest whole month, between the member's attained age at the time  
2 of retirement and age 62.

3 (B) Any member who retires on or after July 1, 1993, but before the  
4 normal retirement date and has attained age 55 but has not attained age  
5 60 with the completion of 10 years of credited service, shall receive an  
6 annual retirement benefit equal to the annual retirement benefit payable  
7 had the member retired on the normal retirement date but based upon  
8 the member's final average salary and years of participating and prior  
9 service credited to the date of actual retirement reduced by an amount  
10 equal to the total of: (i) (a) The product of such annual retirement benefit  
11 payable had the member retired on the normal retirement date, multi-  
12 plied by (b) the product of .6% multiplied by the number of months'  
13 difference, to the nearest whole month, between the member's attained  
14 age at the time of retirement and age 60; and

15 (ii) on and after July 1, 1993, the product of such annual retirement  
16 benefit payable had the member retired on the normal retirement date,  
17 multiplied by 4.8%.

18 (3) Upon death of a retirant, there shall be paid to such retirant's  
19 beneficiary an amount equal to the excess, if any, of such retirant's ac-  
20 cumulated contributions over the sum of all retirement benefit payments  
21 made.

22 (4) Such annual retirement benefits shall be paid in equal monthly  
23 installments except, that the board may provide for the payment of re-  
24 tirement benefits which total less than \$240 a year on other than a  
25 monthly basis.

26 (5) In the event that an application in such form as may be prescribed  
27 by the board for any amount due under the provisions of this act, is not  
28 filed with the office of the retirement system by the person entitled to  
29 same within five years of the date such amount became due and payable,  
30 an amount equal to same shall be transferred to the retirement benefit  
31 accumulation reserve and such amount shall no longer be due and pay-  
32 able, except that if any such person shall present evidence satisfactory to  
33 the board that such person's failure to file such application within that  
34 time period was due to lack of knowledge or incapacity on such person's  
35 part, the amount equal to the amount originally due shall be transferred  
36 from the retirement benefit accumulation reserve to the reserve or re-  
37 serves from which such transfer was initially made and the amount orig-  
38 inally due shall be paid to such person.

39 (6) *The participating employer, when an employee files an application*  
40 *for retirement, shall certify to the system all member contributions of such*  
41 *employee which have not been reported previously. In the event the*  
42 *amount certified results in an overpayment of retirement benefits, the*  
43 *employer shall be held responsible for the contribution amount previously*

1 *certified. If the contributions previously certified are lower than the actual*  
2 *amount reported, the employer shall be responsible for remitting the cor-*  
3 *rect amount and the member's monthly benefit shall be recalculated based*  
4 *on the amount reported by the employer. When an employee in school*  
5 *employment files such an application, the participating employer respon-*  
6 *sible for any such amounts as provided in this subsection shall be the*  
7 *employee's eligible employer as specified in subsection (1), (2) or (3) of*  
8 *K.S.A. 74-4931, and amendments thereto, and shall not be the state of*  
9 *Kansas. The provisions of law in effect on the retirement date of a mem-*  
10 *ber under the system shall govern the retirement benefit payable to the*  
11 *retirant, any joint annuitant and any beneficiary.*

12 Sec. 14. K.S.A. 2000 Supp. 74-4915b is hereby amended to read as  
13 follows: 74-4915b. (a) Notwithstanding any provision of law to the con-  
14 trary, any member who is a member of the legislature who is also em-  
15 ployed by another participating employer of the Kansas public employees  
16 retirement system other than the legislature and is an eligible employee  
17 as defined in K.S.A. 74-4902, and amendments thereto, may retire from  
18 service from such other participating employer and may continue to serve  
19 as a member of the legislature, except that, commencing January 8, 2001,  
20 such member of the legislature shall not receive any retirement benefit  
21 for any month for which such member of the legislature serves when  
22 compensation as provided in subsection (e) is paid in an amount equal to  
23 \$15,000 or more in any one such calendar year. Such member's retire-  
24 ment benefit shall be based on the final average salary of such member  
25 for service prior to service as a member of the legislature.

26 (b) No such member who is a member of the legislature who retires  
27 as provided in subsection (a) and who continues to serve as a member of  
28 the legislature shall accrue any additional service credit for such service  
29 as a member of the legislature or be entitled to any benefit provided in  
30 K.S.A. 74-4916 or 74-4927, and amendments thereto.

31 (c) When such member who is a member of the legislature retires as  
32 a member of the legislature, such member's final average salary shall be  
33 recalculated to include legislative compensation, if such inclusion of such  
34 compensation increases such member's final average salary, of the mem-  
35 ber up to the time of retirement from the participating employer other  
36 than the legislature as provided in subsection (a).

37 (d) No such member who is a member of the legislature shall accrue  
38 any additional retirement benefits for the period of time between the  
39 date the member retired from the participating employer other than the  
40 legislature and the date such member retires as a member of the  
41 legislature.

42 (e) The participating employer shall report to the system within 30  
43 days of when the compensation paid to the retirant is equal to or exceeds

1 any limitation provided in subsection (a). Upon request of the executive  
2 ~~secretary~~ *director* of the system, the secretary of revenue shall provide  
3 such information as may be needed by the executive ~~secretary~~ *director*  
4 to carry out the provisions of this section. For determination of the  
5 amount of legislative compensation, as provided in subsection (a) and this  
6 subsection, for members of the legislature, compensation shall include  
7 any amount paid as provided pursuant to subsections (a), (b), (c) and (d)  
8 of K.S.A. 46-137a, and amendments thereto, or pursuant to K.S.A. 46-  
9 137b, and amendments thereto. Notwithstanding any provision of law to  
10 the contrary, when a member of the legislature is paid an amount of  
11 compensation of \$15,000 or more in any one calendar year, the member  
12 may continue to receive any amount provided in subsections (b) and (d)  
13 of K.S.A. 46-137a, and amendments thereto, and still be entitled to re-  
14 ceive such member's retirement benefit.

15 (f) The provisions of this section are intended to further the public  
16 policy of encouraging persons to serve in elective public office by per-  
17 mitting a member of the system, who is a member through employment  
18 with a participating employer in a nonelected position and who holds an  
19 elected office as a member of the legislature and who is also a member  
20 of the system for such elected office, to retire under the system from  
21 such nonelected employment and to continue serving in such elected  
22 public office.

23 (g) The words and phrases used in this section have the meanings  
24 respectively ascribed thereto by K.S.A. 74-4902, and amendments  
25 thereto, unless a different meaning is plainly required by the context.

26 (h) The provisions of this section shall be effective on and after July 1,  
27 2000.

28 Sec. 15. K.S.A. 2000 Supp. 74-4915c is hereby amended to read as  
29 follows: 74-4915c. (a) Notwithstanding any provision of law to the con-  
30 trary, any member who is an elected local official of a municipality who  
31 is also employed by another participating employer of the Kansas public  
32 employees retirement system other than the municipality and is an eli-  
33 gible employee as defined in K.S.A. 74-4902, and amendments thereto,  
34 may retire from service from such other participating employer and may  
35 continue to serve as an elected local official, except that such local official  
36 shall not receive any retirement benefit for any month for which such  
37 local official serves in such office when compensation is paid in an amount  
38 equal to \$15,000 or more in any one such calendar year. The participating  
39 employer shall report to the system within 30 days of when the compen-  
40 sation paid to the retirant is equal to or exceeds any limitation provided  
41 in this subsection. Upon request of the executive ~~secretary~~ *director* of the  
42 system, the secretary of revenue shall provide such information as may  
43 be needed by the executive ~~secretary~~ *director* to carry out the provisions



1 of this section.

2 (b) No such member who is an elected local official who retires as  
3 provided in subsection (a) and who continues to serve as an elected local  
4 official shall accrue any additional service credit for such service as an  
5 elected local official or be entitled to any benefit provided in K.S.A. 74-  
6 4916 or 74-4927, and amendments thereto.

7 (c) The provisions of this section are intended to further the public  
8 policy of encouraging persons to serve in elective public office by per-  
9 mitting a member of the system, who is a member through employment  
10 with a participating employer in a nonelected position and who holds an  
11 elected office as an elected local official of a municipality and who is also  
12 a member of the system for such elected office, to retire under the system  
13 from such nonelected employment and to continue serving in such  
14 elected public office.

15 (d) The words and phrases used in this section have the meanings  
16 respectively ascribed thereto by K.S.A. 74-4902, and amendments  
17 thereto, unless a different meaning is plainly required by the context.

18 Sec. 16. K.S.A. 2000 Supp. 74-4916 is hereby amended to read as  
19 follows: 74-4916. (1) Upon the death of a member before retirement, the  
20 member's accumulated contributions shall be paid to the member's  
21 beneficiary.

22 (2) (a) In the event that a member dies before retirement as a result  
23 of an accident arising out of and in the course of the member's actual  
24 performance of duty in the employ of a participating employer inde-  
25 pendent of all other causes and not as a result of a willfully negligent or  
26 intentional act of the member, an accidental death benefit shall be pay-  
27 able if: (A) A report of the accident, in a form acceptable to the board, is  
28 filed in the office of the executive ~~secretary~~ *director* of the board within  
29 60 days after the date of the accident causing such death and an appli-  
30 cation for such benefit, in such form and manner as the board shall pre-  
31 scribe, is filed in the office of the executive ~~secretary~~ *director* of the board  
32 within two years of the date of the accident, but the board may waive  
33 such time limits for a reasonable period if in the judgment of the board  
34 the failure to meet these limits was due to lack of knowledge or incapacity;  
35 and (B) the board finds from such evidence as it may require, to be  
36 submitted in such form and manner as it shall prescribe, that the natural  
37 and proximate cause of death was the result of an accident arising out of  
38 and in the course of the member's employment with a participating em-  
39 ployer independent of all other causes at a definite time and place. Such  
40 accidental death benefit shall be a lump-sum amount of \$50,000 and an  
41 annual amount of  $\frac{1}{2}$  of the member's final average salary which shall  
42 accrue from the first day of the month following the date of death and  
43 which shall be payable in monthly installments or as the board may direct,

1 but, after June 30, 1982, in no case shall the accidental death benefit be  
2 less than \$100 per month. The accidental death benefit payments shall  
3 be paid to the surviving spouse of such deceased member, such payments  
4 to continue so long as such surviving spouse lives or if there is no surviving  
5 spouse, or in the case the spouse dies before the youngest child of such  
6 deceased member attains age 18 or before the youngest child of such  
7 deceased member attains age 23 years, if such child is a full-time student  
8 as provided in K.S.A. 74-49,117 and amendments thereto or if there are  
9 one or more children of the member who are totally disabled and de-  
10 pendent on the member or spouse, then to the child or children of such  
11 member under age 18 or under age 23, if such child or children are full-  
12 time students as provided in K.S.A. 74-49,117 and amendments thereto  
13 and to the child or children of the member who are totally disabled and  
14 dependent on the member or spouse, divided in such manner as the board  
15 in its discretion shall determine, to continue until the youngest surviving  
16 child dies or attains age 18 or attains age 23 if such child is a full-time  
17 student as provided in K.S.A. 79-49,117 and amendments thereto or, in  
18 the case of the child or children who are totally disabled and dependent  
19 on the member or spouse, until death or until no longer totally disabled,  
20 or if there is no surviving spouse or child eligible for accidental death  
21 benefits under this subsection (2) at the time of the member's death, then  
22 to the parent or parents of such member who are dependent on such  
23 member, to continue until the last such parent dies. All payments due  
24 under this subsection (2) to a minor shall be made to a legally appointed  
25 conservator of such minor or totally disabled child as provided in subsec-  
26 tion (7) of K.S.A. 74-4902 and amendments thereto. Commencing on the  
27 effective date of this act, any surviving spouse, who was receiving benefits  
28 pursuant to this section and who had such benefits terminated by reason  
29 of such spouse's remarriage, shall be entitled to once again receive ben-  
30 efits pursuant to this section, except that such surviving spouse shall not  
31 be entitled to recover any benefits not received after the termination of  
32 benefits by reason of such surviving spouse's remarriage but before the  
33 effective date of this act.

34 (b) In construction of this section of the act there shall be no pre-  
35 sumption that the death of the member was the result of an accident nor  
36 shall there be a liberal interpretation of the law or evidence in favor of  
37 the person claiming under this subsection (2). In the event of the death  
38 of a member resulting from a heart, circulatory or respiratory condition  
39 there must be clear and precise evidence that death was the result of an  
40 accident independent of all other causes which arose out of and in the  
41 course of the member's actual performance of duties in the employ of a  
42 participating employer.

43 (c) The annual benefit under this subsection (2) shall be reduced by

1 any workers compensation benefit payable. If the workers compensation  
2 benefit is paid in a lump-sum, the amount of such reduction shall be  
3 calculated on a monthly basis over the period of time for which workers  
4 compensation benefits would have been payable had such lump-sum not  
5 been paid. For any recipient already in receipt of such benefits on the  
6 effective date of this act, no change in the original reduction for workers  
7 compensation benefits shall be applicable to benefits paid prior to July 1,  
8 1994. In the event that a member should die as a result of an accident as  
9 described in this subsection (2), all elections or options previously made  
10 by the deceased member shall become void and of no effect whatsoever  
11 and the retirement system shall be liable only for the accidental death  
12 benefit, refund of accumulated contributions as described in subsection  
13 (1) and any insured death benefit that may be due. The benefit payable  
14 under this subsection (2) shall be known and referred to as the "accidental  
15 death benefit."

16 (3) (a) Upon the application of a member, or the member's appoint-  
17 ing authority acting for the member, a member who is in the employ of  
18 a participating employer and becomes totally and permanently disabled  
19 for duty in the employ of a participating employer, by reason of an acci-  
20 dent which occurred prior to July 1, 1975, may be retired by the board  
21 if, (A) the board finds the total and permanent disability to be the natural  
22 and proximate result of an accident causing personal injury or disease  
23 independent of all other causes and arising out of and in the course of  
24 the member's actual performance of duties as an employee of a partici-  
25 pating employer; and (B) a report of the accident, in a form acceptable  
26 to the board is filed in the office of the executive ~~secretary~~ *director* of  
27 the board within 200 days after the date of the accident causing such  
28 injury; and (C) such application for retirement under this provision, in  
29 such form and manner as shall be prescribed by the board, is filed in the  
30 office of the executive ~~secretary~~ *director* of the board within two years of  
31 the date of the accident; and (D) after a medical examination of the  
32 member has been made by or under the direction of a medical physician  
33 or physicians or any other practitioner holding a valid license to practice  
34 a branch of the healing arts issued by the state board of healing arts  
35 designated by the board and the medical physician or physicians or any  
36 other practitioner holding a valid license to practice a branch of the heal-  
37 ing arts issued by the state board of healing arts report in writing to the  
38 board that the member is physically or mentally totally disabled for duty  
39 in the employ of a participating employer and that such disability will  
40 probably be permanent; and (E) the board finds that the member became  
41 permanently and totally disabled on a date certain based on the evidence  
42 furnished and the professional guidance obtained and that such disability  
43 was not the result of a willfully negligent or intentional act of the member.

1 If the board shall so retire the applicant, the member shall receive an-  
2 nually an accidental total disability benefit equal to  $\frac{1}{2}$  of the member's  
3 final average salary which shall accrue from the first day of the month  
4 following the date of such accidental total and permanent disability as  
5 found by the board payable in monthly installments or as the board may  
6 direct.

7 (b) In construction of this subsection (3) there shall be no presump-  
8 tion that the disability of the member was the result of an accident nor  
9 shall there be a liberal interpretation of the law or evidence in favor of  
10 the member claiming under this subsection (3). In the event of the dis-  
11 ability of a member resulting from a heart, circulatory or respiratory con-  
12 dition there must be clear and precise evidence that disability was the  
13 result of an accident independent of all other causes which arose out of  
14 and in the course of the member's actual performance of duties in the  
15 employ of a participating employer.

16 (c) A member will continue to receive such accidental total disability  
17 benefit so long as the member is wholly and continuously disabled by  
18 such injury and prevented thereby from engaging in any gainful occu-  
19 pation or employment for which the member is reasonably qualified by  
20 reason of education, training or experience. The accidental loss of both  
21 hands by actual severance through or above the wrist joint, or the acci-  
22 dental loss of both feet by actual severance through or above the ankle  
23 joint or the entire and irrecoverable accidental loss of sight of both eyes,  
24 or such severance of one hand and one foot, and such severance of one  
25 hand or one foot and such loss of sight of one eye, shall be deemed  
26 accidental total and permanent disability and accidental total disability  
27 benefits shall be paid so long as the member lives.

28 (d) Any retiree retired by reason of such accidental total and per-  
29 manent disability who has been receiving benefits under the provisions  
30 of this subsection (3) for a period of five years shall be deemed finally  
31 retired and shall not be subject to further medical examinations, except  
32 that if the board of trustees has reasonable grounds to question whether  
33 the retiree remains totally and permanently disabled, a further medical  
34 examination or examinations may be required. Refusal or neglect to sub-  
35 mit to examination shall be sufficient cause for suspending or disconti-  
36 nuing the accidental total disability benefit. If the refusal or neglect con-  
37 tinues for a period of one year, all of the member's rights with respect to  
38 such accidental total disability benefit may be revoked by the board.

39 (e) In the event that a retiree who is receiving an accidental total  
40 disability benefit dies within five years after the date of the retiree's  
41 retirement, an accidental death benefit shall then be payable as provided  
42 in subsection (2) of this section.

43 (f) A member who retires under the provisions of this subsection (3)

1 shall receive such benefits as provided in this subsection (3) in lieu of all  
2 other retirement benefits provided under the retirement system except  
3 that no member shall be entitled to receive any payments under this  
4 subsection (3) for a period for which insured disability benefits are  
5 received.

6 (g) The value, as determined by the board upon recommendation of  
7 the actuary, of any workmen's compensation benefits paid or payable to  
8 the recipient of an accidental total disability benefit shall be deducted  
9 from the amount payable under this section.

10 (h) The benefit payable under subsection (3) of this section shall be  
11 known and referred to as "accidental total disability benefit."

12 (4) The payment of benefits as provided in this section is subject to  
13 the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto.

14 Sec. 17. K.S.A. 2000 Supp. 74-4918 is hereby amended to read as  
15 follows: 74-4918. (1) A member may elect to have such member's retire-  
16 ment benefit paid under one of the options provided in this section in  
17 lieu of having it paid in the form stated in K.S.A. 74-4915 and amend-  
18 ments thereto. Such election must be made before the date of actual  
19 retirement. A specific person must be designated as joint annuitant at the  
20 time of election of the joint and  $\frac{1}{2}$  to joint annuitant survivor option, the  
21 joint and survivor option and the joint and  $\frac{3}{4}$  to joint annuitant survivor  
22 option. Under no circumstances may an option be changed or canceled  
23 nor the named joint annuitant changed after the date of actual retirement  
24 of the member.

25 (2) The amount of retirement benefit payable under an option shall  
26 be based on the age of the member and, if applicable, the age of the joint  
27 annuitant, and shall be such amount as to be the actuarial equivalent of  
28 the retirement benefit otherwise payable under K.S.A. 74-4915 and  
29 amendments thereto, as prescribed in subsection (3). In no case shall the  
30 total amount of retirement benefit paid under any option provided in this  
31 section be more than 100% of the retirement benefit which would have  
32 been otherwise payable if no option had been elected under this section.

33 (3) The following retirement options, which are subject to the pro-  
34 visions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are  
35 available:

36 (A) *Joint and  $\frac{1}{2}$  to joint annuitant survivor.* A reduced retirement  
37 benefit is payable to the retirant during the retirant's lifetime in a monthly  
38 amount equal to the product of (i) the monthly payment of the retirement  
39 benefit otherwise payable under K.S.A. 74-4915 and amendments thereto  
40 and (ii) the percentage equal to 91% minus .4% for each year by which  
41 the age of the retirant's joint annuitant is less than the retirant's age,  
42 computed to the nearest whole year, or plus .4% for each year by which  
43 the age of the retirant's joint annuitant is more than the retirant's age,

1 computed to the nearest whole year, with  $\frac{1}{2}$  of that monthly amount  
2 continued to the retirant's joint annuitant during such joint annuitant's  
3 remaining lifetime, if any, after the death of the retirant. In the event that  
4 the designated joint annuitant under this option predeceases the retirant,  
5 the amount of the retirement benefit otherwise payable to the retirant  
6 under this option shall be adjusted automatically to the retirement benefit  
7 which the retirant would have received if no option had been elected  
8 under this section.

9 (B) *Joint and survivor.* A reduced retirement benefit is payable to  
10 the retirant during the retirant's lifetime in a monthly amount equal to  
11 the product of (i) the monthly payment of the retirement benefit other-  
12 wise payable under K.S.A. 74-4915 and amendments thereto and (ii) the  
13 percentage equal to 83% minus .6% for each year by which the age of  
14 the retirant's joint annuitant is less than the retirant's age, computed to  
15 the nearest whole year, or plus .6% for each year by which the age of the  
16 retirant's joint annuitant is more than the retirant's age, computed to the  
17 nearest whole year, with that amount continued to the joint annuitant  
18 during the joint annuitant's remaining lifetime, if any, after the death of  
19 the retirant. In the event that the designated joint annuitant under this  
20 option predeceases the retirant, the amount of the retirement benefit  
21 otherwise payable to the retirant under this option shall be adjusted au-  
22 tomatically to the retirement benefit which the retirant would have re-  
23 ceived if no option had been elected under this section.

24 (C) *Joint and  $\frac{3}{4}$  to joint annuitant survivor.* A reduced retirement  
25 benefit is payable to the retirant during the retirant's lifetime in a monthly  
26 amount equal to the product of (i) the monthly payment of the retirement  
27 benefit otherwise payable under K.S.A. 74-4915 and amendments thereto  
28 and (ii) the percentage equal to 87% minus .5% for each year by which  
29 the age of the retirant's joint annuitant is less than the retirant's age,  
30 computed to the nearest whole year, or plus .5% for each year by which  
31 the age of the retirant's joint annuitant is more than the retirant's age,  
32 computed to the nearest whole year, with  $\frac{3}{4}$  of that monthly amount  
33 continued to the retirant's joint annuitant during such joint annuitant's  
34 remaining lifetime, if any, after the death of the retirant. In the event that  
35 the designated joint annuitant under this option predeceases the retirant,  
36 the amount of the retirement benefit otherwise payable to the retirant  
37 under this option shall be adjusted automatically to the retirement benefit  
38 which the retirant would have received if no option had been elected  
39 under this section.

40 (D) *Life with 5 years certain.* A reduced retirement benefit is payable  
41 to the retirant during the retirant's lifetime in a monthly amount equal  
42 to 98% of the monthly payment of the retirement benefit otherwise pay-  
43 able under K.S.A. 74-4915 and amendments thereto and if the retirant

1 dies within the five-year certain period, measured from the commence-  
2 ment of retirement benefit payments, such payments shall be continued  
3 to the retirant's beneficiary during the balance of the five-year certain  
4 period.

5 (E) *Life with 10 years certain.* A reduced retirement benefit is pay-  
6 able to the retirant during the retirant's lifetime in a monthly amount  
7 equal to 95% of the monthly payment of the retirement benefit otherwise  
8 payable under K.S.A. 74-4915 and amendments thereto and if the retirant  
9 dies within the ten-year certain period, measured from the commence-  
10 ment of retirement benefit payments, such payments shall be continued  
11 to the retirant's beneficiary during the balance of the ten-year certain  
12 period.

13 (F) *Life with 15 years certain.* A reduced retirement benefit is pay-  
14 able to the retirant during the retirant's lifetime in a monthly amount  
15 equal to 88% of the monthly payment of the retirement benefit otherwise  
16 payable under K.S.A. 74-4915 and amendments thereto and if the retirant  
17 dies within the fifteen-year certain period, measured from the com-  
18 mencement of retirement benefit payments, such payments shall be con-  
19 tinued to the retirant's beneficiary during the balance of the fifteen-year  
20 certain period.

21 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the  
22 member must specify a lump sum amount to be paid to the member  
23 upon the member's retirement. The lump sum amount will be based on  
24 the actuarial present value of the benefit as provided in K.S.A. 74-4915,  
25 and amendments thereto. The lump sum amount designated by the mem-  
26 ber must be in 10% increments and shall not exceed  $\frac{1}{2}$  of the actuarial  
27 present value of the benefit provided in K.S.A. 74-4915, and amendments  
28 thereto.

29 (ii) Pursuant to this option, the member must elect to have the re-  
30 maining actuarial present value paid in a monthly amount under the pro-  
31 visions of K.S.A. 74-4915, and amendments thereto, or subsections (3)(A)  
32 through (3)(F) of this section.

33 ~~(iii) The amount of any retirement benefit payable pursuant to this~~  
34 ~~subsection shall remain as provided in this subsection even in the event~~  
35 ~~that the designated joint annuitant pursuant to subsection (3)(A), (3)(B)~~  
36 ~~or (3)(C) predeceases the retirant. In the event that the designated joint~~  
37 ~~annuitant pursuant to subsection (3)(A), (3)(B) or (3)(C) under this option~~  
38 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~  
39 ~~payable to the retirant under this option shall be adjusted automatically~~  
40 ~~to the retirement benefit which the retirant would have received if no~~  
41 ~~option had been elected under this section.~~

42 (iv) The provisions of this subsection shall be effective on and after  
43 July 1, 2001.

1 (4) If a member, who is eligible to retire in accordance with the pro-  
2 visions of K.S.A. 74-4914 and amendments thereto, dies without having  
3 actually retired, the member's spouse, if the spouse is the sole beneficiary  
4 for the member's accumulated contributions, may elect to receive ben-  
5 efits under one of the options provided in this section in lieu of receiving  
6 the member's accumulated contributions.

7 (5) The benefits of subsection (4) shall be available in the case of  
8 death within the first six months after the entry date of the member's  
9 participating employer.

10 (6) On and after January 1, 1991, if a member with 15 or more years  
11 of credited service dies before attaining retirement age, the member's  
12 spouse, if the spouse is the sole beneficiary for the member's accumulated  
13 contributions, may elect to receive benefits under one of the options  
14 provided in this section in lieu of receiving the member's accumulated  
15 contributions. Payments under one of the options provided in this section  
16 to the member's spouse if so elected, shall commence on the date that  
17 the member would have attained retirement age.

18 (7) Benefits payable to a joint annuitant shall accrue from the first  
19 day of the month following the death of a member or retirant and, in the  
20 case of the joint and  $\frac{1}{2}$  to joint annuitant survivor option, the joint and  
21 survivor option and the joint and  $\frac{3}{4}$  to joint annuitant survivor option,  
22 shall end on the last day of the month in which the joint annuitant dies.

23 (8) The provisions of the law in effect on the retirement date of a  
24 member under the system shall govern the retirement benefit payable to  
25 the retirant and any joint annuitant, except, for retirement benefits pay-  
26 able after July 1, 1993, for retirants who retired prior to July 1, 1982, in  
27 the event that the designated joint annuitant under the option provided  
28 in subsection (3)(A), (B) or (C), as applicable, predeceased the retirant,  
29 the amount of the retirement benefit otherwise payable to the retirant  
30 under the option provided in subsection (3)(A), (B) or (C), as applicable,  
31 shall be adjusted automatically to the retirement benefit which the retir-  
32 ant would have received if no option had been elected under this section.

33 (9) Upon the death of a joint annuitant who is receiving a retirement  
34 benefit under the provisions of this section, there shall be paid to such  
35 joint annuitant's beneficiary an amount equal to the excess, if any, of the  
36 accumulated contributions of the retirant over the sum of all retirement  
37 benefit payments made to such retirant and such joint annuitant. Such  
38 joint annuitant shall designate a beneficiary by filing in the office of the  
39 retirement system such designation at the time of death of the retirant.  
40 If there is no named beneficiary of such joint annuitant living at the time  
41 of death of such joint annuitant, any amount provided for by this section  
42 shall be paid to, in order of preference as follows:

43 (A) The joint annuitant's surviving spouse;



- 1 (B) the joint annuitant's dependent child or children;
- 2 (C) the joint annuitant's dependent parent or parents;
- 3 (D) the joint annuitant's nondependent child or children;
- 4 (E) the joint annuitant's nondependent parent or parents; or
- 5 (F) the estate of the deceased joint annuitant.

6 Sec. 18. K.S.A. 2000 Supp. 74-4918a is hereby amended to read as  
7 follows: 74-4918a. (a) If the member who is married at the time of re-  
8 tirement selects or will receive a retirement benefit or annuity which  
9 would provide to such member's spouse upon the member's death no  
10 monthly payments or payment which is less than the payment that the  
11 spouse would receive as a joint annuitant under the joint and  $\frac{1}{2}$  to joint  
12 annuitant survivor option, as provided in K.S.A. 20-2610a, 74-4918, 74-  
13 4964 or 74-4964a and amendments thereto, *or selects the lump sum pay-*  
14 *ment at retirement benefit option as provided in subsection (3)(G) of*  
15 *K.S.A. 74-4918, and amendments thereto*, at the time of such selection of  
16 a retirement benefit or annuity the member shall submit a notarized state-  
17 ment of the marital status of the member and, if the member is currently  
18 married, a statement of the spouse's consent or objection to the member's  
19 selected retirement benefit or annuity under the provisions of this section  
20 signed by the spouse and notarized in such form and manner as provided  
21 by the system.

22 (b) (i) If the spouse of the member does not consent to the member's  
23 selection of a retirement benefit or annuity under the provisions of this  
24 section before the date of actual retirement, the system shall:

25 (A) Notify the spouse that the spouse has 90 days to consent or have  
26 the member change such member's selected retirement benefit or an-  
27 nuity; and

28 (B) pay the retirement benefit or annuity at the amount as provided  
29 by the joint and  $\frac{1}{2}$  to joint annuitant survivor option until the spouse  
30 consents or for 90 days, whichever is less.

31 (ii) Upon consent of the spouse or at the end of 90 days, the retire-  
32 ment benefit or annuity must be recalculated and paid as provided by the  
33 terms of the member's original selected retirement benefit or annuity  
34 retroactively to the date on which the retirement became effective.

35 (iii) The system is not liable for any damages resulting from false  
36 designation of marital status by a member or retirant.

37 (c) For purposes of this section, "retirement system" or "system"  
38 means the Kansas public employees retirement system, the Kansas police  
39 and firemen's retirement system and the retirement system for judges.

40 (d) The provisions of this section shall take effect on and after July  
41 1, 1994.

42 Sec. 19. K.S.A. 2000 Supp. 74-4919 is hereby amended to read as  
43 follows: 74-4919. (1) Each participating employer, beginning with the first

1 payroll for services performed after the entry date, shall deduct from the  
2 compensation of each member 4% of such member's compensation as  
3 employee contributions. Such deductions shall be remitted quarterly, or  
4 as the board may otherwise provide, to the executive ~~secretary~~ *director*  
5 for deposit in the Kansas public employees retirement fund. Such de-  
6 ductions shall be credited to the members' individual accounts and in-  
7 terest shall be added annually to such accounts.

8 (2) (a) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and  
9 amendments thereto, each participating employer, pursuant to the pro-  
10 visions of section 414(h)(2) of the federal internal revenue code, shall  
11 pick up and pay the contributions which would otherwise be payable by  
12 members as prescribed in subsection (1) commencing with the third quar-  
13 ter of 1984. The contributions so picked up shall be treated as employer  
14 contributions for purposes of determining the amounts of federal income  
15 taxes to withhold from the member's compensation.

16 (b) Member contributions picked up by the employer shall be paid  
17 from the same source of funds used for the payment of compensation to  
18 a member. A deduction shall be made from each member's compensation  
19 equal to the amount of the member's contributions picked up by the  
20 employer, provided that such deduction shall not reduce the member's  
21 compensation for purposes of computing benefits under the system.

22 (c) Member contributions picked up by the employer shall be remit-  
23 ted quarterly, or as the board may otherwise provide, to the executive  
24 ~~secretary~~ *director* for credit to the Kansas public employees retirement  
25 fund. Such contributions shall be credited to a separate account within  
26 the member's individual account so that amounts contributed by the  
27 member commencing with the third quarter of 1984 may be distinguished  
28 from the member contributions picked up by the employer. Interest shall  
29 be added annually to members' individual accounts.

30 Sec. 20. K.S.A. 2000 Supp. 74-4919b is hereby amended to read as  
31 follows: 74-4919b. (a) Any employee of a participating employer who  
32 becomes a member of the system as provided in K.S.A. 74-4911 or 74-  
33 4935 and amendments thereto, who has previously been a member of the  
34 system and who has forfeited participating and prior service credit by  
35 reason of termination of employment with a participating employer and  
36 withdrawal of such member's accumulated contributions, may have all or  
37 a part of such forfeited service reinstated as provided in K.S.A. 74-4901  
38 through 74-4930 and amendments thereto.

39 (b) Any member, if not actively employed, who has previously been  
40 a member of the system and who has forfeited participating and prior  
41 service credit by reason of termination of employment with a participating  
42 employer and withdrawal of such member's accumulated contributions  
43 may have all or a part of such forfeited service reinstated as provided in

1 K.S.A. 74-4901 through 74-4930 and amendments thereto. Subject to the  
2 provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, such  
3 member may purchase such service credit by means of a single lump-  
4 sum payment. The lump-sum payment shall be an amount determined  
5 by the actuary using the member's annual rate of compensation when last  
6 participating, the actuarial assumptions and tables currently in use by the  
7 retirement system and the member's attained age. ~~The provisions of this~~  
8 ~~subsection shall not apply to repurchase of previously forfeited service~~  
9 ~~credit as provided in subsection (b) of K.S.A. 74-4911b and amendments~~  
10 ~~thereto.~~

11 Sec. 21. K.S.A. 2000 Supp. 74-4920 is hereby amended to read as  
12 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
13 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and  
14 amendments thereto, the board shall certify, on or before July 15 of each  
15 year, to the division of the budget in the case of the state and to the agent  
16 for each other participating employer an actuarially determined estimate  
17 of the rate of contribution which will be required, together with all ac-  
18 cumulated contributions and other assets of the system, to be paid by  
19 each such participating employer to pay all liabilities which shall exist or  
20 accrue under the system, including amortization of the actuarial accrued  
21 liability over a period of 40 years commencing on July 1, 1993, and the  
22 actuarial accrued liability for members of the faculty and other persons  
23 who are employed by the state board of regents or by educational insti-  
24 tutions under its management assisted by the state board of regents in  
25 the purchase of retirement annuities as provided in K.S.A. 74-4925 and  
26 amendments thereto, as provided in this section. The actuarial accrued  
27 liability for all participating employers other than the state board of re-  
28 gents relating to members of the faculty and other persons described in  
29 this section, shall be amortized by annual payments that increase 4% for  
30 each year remaining in the amortization period. For all participating em-  
31 ployers other than the state board of regents relating to members of the  
32 faculty and other persons described in this section, the projected unit  
33 credit actuarial cost method shall be used in annual actuarial valuations,  
34 commencing with the 1993 valuation, to determine the employer contri-  
35 bution rates that shall be certified by the board. The actuarial accrued  
36 liability for members of the faculty and other persons described in this  
37 subsection assisted by the state board of regents in the purchase of re-  
38 tirement annuities as provided in K.S.A. 74-4925 and amendments  
39 thereto shall be amortized by annual level payments over a period of 11  
40 years commencing July 1, 1993. Such certified rate of contribution shall  
41 be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908  
42 and amendments thereto and shall not be based on any other purpose  
43 outside of the needs of the system.

1 (b) (i) For employers affiliating on and after January 1, 1999, upon  
2 the basis of an annual actuarial valuation and appraisal of the system  
3 conducted in the manner provided for in K.S.A. 74-4908 and amend-  
4 ments thereto, the board shall certify, on or before July 15 of each year  
5 to each such employer an actuarially determined estimate of the rate of  
6 contribution which shall be required to be paid by each such employer  
7 to pay all of the liabilities which shall accrue under the system from and  
8 after the entry date as determined by the board, upon recommendation  
9 of the actuary. Such rate shall be termed the employer's participating  
10 service contribution and shall be uniform for all participating employers.  
11 Such additional liability shall be amortized over a period of 34 years com-  
12 mencing on July 1, 1999, by annual payments that increase 4% for each  
13 year remaining in the amortization period. For all participating employers  
14 described in this section, the projected unit credit actuarial cost method  
15 shall be used in annual actuarial valuations to determine the employer  
16 contribution rates that shall be certified by the board.

17 (ii) The board shall determine for each such employer separately an  
18 amount sufficient to amortize over a period of not to exceed 34 years  
19 commencing July 1, 1999, all liabilities for prior service costs which shall  
20 have accrued at the time of entry into the system. On the basis of such  
21 determination the board shall annually certify to each such employer sep-  
22 arately an actuarially determined estimate of the rate of contribution  
23 which shall be required to be paid by that employer to pay all of the  
24 liabilities for such prior service costs. Such rate shall be termed the em-  
25 ployer's prior service contribution.

26 (2) The division of the budget and the governor shall include in the  
27 budget and in the budget request for appropriations for personal services  
28 the sum required to satisfy the state's obligation under this act as certified  
29 by the board and shall present the same to the legislature for allowance  
30 and appropriation.

31 (3) Each other participating employer shall appropriate and pay to  
32 the system a sum sufficient to satisfy the obligation under this act as  
33 certified by the board.

34 (4) Each participating employer is hereby authorized to pay the em-  
35 ployer's contribution from the same fund that the compensation for which  
36 such contribution is made is paid from or from any other funds available  
37 to it for such purpose. Each political subdivision, other than an instru-  
38 mentality of the state, which is by law authorized to levy taxes for other  
39 purposes, may levy annually at the time of its levy of taxes, a tax which  
40 may be in addition to all other taxes authorized by law for the purpose of  
41 making its contributions under this act and, in the case of cities and coun-  
42 ties, to pay a portion of the principal and interest on bonds issued under  
43 the authority of K.S.A. 12-1774 and amendments thereto by cities located

1 in the county, which tax, together with any other fund available, shall be  
2 sufficient to enable it to make such contribution. In lieu of levying the  
3 tax authorized in this subsection, any taxing subdivision may pay such  
4 costs from any employee benefits contribution fund established pursuant  
5 to K.S.A. 12-16,102 and amendments thereto. Each participating em-  
6 ployer which is not by law authorized to levy taxes as described above,  
7 but which prepares a budget for its expenses for the ensuing year and  
8 presents the same to a governing body which is authorized by law to levy  
9 taxes as described above, may include in its budget an amount sufficient  
10 to make its contributions under this act which may be in addition to all  
11 other taxes authorized by law. Such governing body to which the budget  
12 is submitted for approval, may levy a tax sufficient to allow the partici-  
13 pating employer to make its contributions under this act, which tax, to-  
14 gether with any other fund available, shall be sufficient to enable the  
15 participating employer to make the contributions required by this act.

16 (5) The rate of contribution certified to a participating employer as  
17 provided in this section shall apply during the fiscal year of the partici-  
18 pating employer which begins in the second calendar year following the  
19 year of the actuarial valuation. For the fiscal year commencing in calendar  
20 year 1993, the employer rate of contribution for the state of Kansas and  
21 for participating employers under K.S.A. 74-4931 and amendments  
22 thereto shall be 3.1% of the amount of compensation upon which mem-  
23 bers contribute during the period. For the fiscal year commencing in  
24 calendar year 1994, the employer rate of contribution for the state of  
25 Kansas and for participating employers under K.S.A. 74-4931 and amend-  
26 ments thereto shall be 3.2% of the amount of compensation upon which  
27 members contribute during the period. For the fiscal year commencing  
28 in calendar year 1994, the employer rate of contribution for participating  
29 employers other than the state of Kansas shall be 2.2% of the amount of  
30 compensation upon which members contribute during the period. Except  
31 as specifically provided in this section, for the fiscal year commencing in  
32 calendar year 1995, the rate of contribution certified to a participating  
33 employer shall in no event exceed such participating employer's contri-  
34 bution rate for the immediately preceding fiscal year by more than 0.1%  
35 of the amount of compensation upon which members contribute during  
36 the period. Except as specifically provided in this section, for fiscal years  
37 commencing in calendar year 1996 and in each subsequent calendar year,  
38 the rate of contribution certified to the state of Kansas shall in no event  
39 exceed the state's contribution rate for the immediately preceding fiscal  
40 year by more than 0.2% of the amount of compensation upon which  
41 members contribute during the period. Except as specifically provided in  
42 this section, for fiscal years commencing in calendar year 1997 and in  
43 each subsequent calendar year, the rate of contribution certified to par-

1 participating employers other than the state of Kansas shall in no event ex-  
2 ceed such participating employer's contribution rate for the immediately  
3 preceding fiscal year by more than 0.15% of the amount of compensation  
4 upon which members contribute during the period. There shall be an  
5 employer rate of contribution certified to the state of Kansas and partic-  
6 ipating employers under K.S.A. 74-4931 and amendments thereto. There  
7 shall be a separate employer rate of contribution certified to all other  
8 participating employers other than the state of Kansas.

9 (6) The actuarial cost of any legislation enacted in the 1994 session  
10 of the Kansas legislature will be included in the June 30, 1994, actuarial  
11 valuation in determining contribution rates for participating employers.

12 (7) The actuarial cost of the provisions of K.S.A. 1998 Supp. 74-4950i  
13 will be included in the June 30, 1998, actuarial valuation in determining  
14 contribution rates for participating employers. The actuarial accrued lia-  
15 bility incurred for the provisions of K.S.A. 1998 Supp. 74-4950i shall be  
16 amortized over 15 years.

17 (8) Except as otherwise provided by law, the actuarial cost of any  
18 legislation enacted by the Kansas legislature, except the actuarial cost of  
19 K.S.A. 2000 Supp. 74-49,114a, shall be in addition to the employer con-  
20 tribution rates certified for the employer contribution rate in the fiscal  
21 year immediately following such enactment.

22 (9) The board with the advice of the actuary may fix the contribution  
23 rates for participating employers joining the system after one year from  
24 the first entry date or for employers who exercise the option contained  
25 in K.S.A. 74-4912 and amendments thereto at rates different from the  
26 rate fixed for employers joining within one year of the first entry date.

27 (10) For employers affiliating on and after January 1, 1999, the rates  
28 of contribution certified to the participating employer as provided in this  
29 section shall apply during the fiscal year immediately following such cer-  
30 tification, but the rate of contribution during the first year following the  
31 employer's entry date shall be equal to 7% of the amount of compensation  
32 on which members contribute during the year. Any amount of such first  
33 year's contribution which may be in excess of the necessary current serv-  
34 ice contribution shall be credited by the board to the respective em-  
35 ployer's prior service liability.

36 (11) Employer contributions shall in no way be limited by any other  
37 act which now or in the future establishes or limits the compensation of  
38 any member.

39 (12) Notwithstanding any provision of law to the contrary, each par-  
40 ticipating employer shall remit quarterly, or as the board may otherwise  
41 provide, all employee deductions and required employer contributions to  
42 the executive ~~secretary~~ *director* for credit to the Kansas public employees  
43 retirement fund within three days after the end of the period covered by

1 the remittance by electronic funds transfer. Remittances of such deduc-  
2 tions and contributions received after such date are delinquent. Delin-  
3 quent payments due under this subsection shall be subject to interest at  
4 the rate established for interest on judgments under subsection (a) of  
5 K.S.A. 16-204 and amendments thereto. At the request of the board,  
6 delinquent payments which are due or interest owed on such payments,  
7 or both, may be deducted from any other moneys payable to such em-  
8 ployer by any department or agency of the state.

9 Sec. 22. K.S.A. 2000 Supp. 74-4921 is hereby amended to read as  
10 follows: 74-4921. (1) There is hereby created in the state treasury the  
11 Kansas public employees retirement fund. All employee and employer  
12 contributions shall be deposited in the state treasury to be credited to the  
13 Kansas public employees retirement fund. The fund is a trust fund and  
14 shall be used solely for the exclusive purpose of providing benefits to  
15 members and member beneficiaries and defraying reasonable expenses  
16 of administering the fund. Investment income of the fund shall be added  
17 or credited to the fund as provided by law. All benefits payable under the  
18 system, refund of contributions and overpayments, purchases or invest-  
19 ments under the law and expenses in connection with the system unless  
20 otherwise provided by law shall be paid from the fund. The director of  
21 accounts and reports is authorized to draw warrants on the state treasurer  
22 and against such fund upon the filing in the director's office of proper  
23 vouchers executed by the chairperson or the executive ~~secretary~~ *director*  
24 of the board. As an alternative, payments from the fund may be made by  
25 credits to the accounts of recipients of payments in banks, savings and  
26 loan associations and credit unions. A payment shall be so made only upon  
27 the written authorization and direction of the recipient of payment and  
28 upon receipt of such authorization such payments shall be made in ac-  
29 cordance therewith. Orders for payment of such claims may be contained  
30 on (a) a letter, memorandum, telegram, computer printout or similar  
31 writing, or (b) any form of communication, other than voice, which is  
32 registered upon magnetic tape, disc or any other medium designed to  
33 capture and contain in durable form conventional signals used for the  
34 electronic communication of messages.

35 (2) The board shall have the responsibility for the management of  
36 the fund and shall discharge the board's duties with respect to the fund  
37 solely in the interests of the members and beneficiaries of the system for  
38 the exclusive purpose of providing benefits to members and such mem-  
39 ber's beneficiaries and defraying reasonable expenses of administering  
40 the fund and shall invest and reinvest moneys in the fund and acquire,  
41 retain, manage, including the exercise of any voting rights and disposal of  
42 investments of the fund within the limitations and according to the pow-  
43 ers, duties and purposes as prescribed by this section.

1 (3) Moneys in the fund shall be invested and reinvested to achieve  
2 the investment objective which is preservation of the fund to provide  
3 benefits to members and member beneficiaries, as provided by law and  
4 accordingly providing that the moneys are as productive as possible, sub-  
5 ject to the standards set forth in this act. No moneys in the fund shall be  
6 invested or reinvested if the sole or primary investment objective is for  
7 economic development or social purposes or objectives.

8 (4) In investing and reinvesting moneys in the fund and in acquiring,  
9 retaining, managing and disposing of investments of the fund, the board  
10 shall exercise the judgment, care, skill, prudence and diligence under the  
11 circumstances then prevailing, which persons of prudence, discretion and  
12 intelligence acting in a like capacity and familiar with such matters would  
13 use in the conduct of an enterprise of like character and with like aims  
14 by diversifying the investments of the fund so as to minimize the risk of  
15 large losses, unless under the circumstances it is clearly prudent not to  
16 do so, and not in regard to speculation but in regard to the permanent  
17 disposition of similar funds, considering the probable income as well as  
18 the probable safety of their capital.

19 (5) Notwithstanding subsection (4): (a) Total investments in common  
20 stock may be made in the amount of up to 60% of the total book value  
21 of the fund;

22 (b) the board may invest or reinvest moneys of the fund in alternative  
23 investments if the following conditions are satisfied:

24 (i) The total of such alternative investments does not exceed more  
25 than 5% of the total investment assets of the fund. If the total of such  
26 alternative investments exceeds more than 5% of the total investment  
27 assets of the fund on the effective date of this act, the board shall not  
28 invest or reinvest any moneys of the fund in alternative investments until  
29 the total of such alternative investments is less the 5% of the total in-  
30 vestment assets of the fund subject to the 5% limitation contained in this  
31 subsection. Nothing in this subsection requires the board to liquidate or  
32 sell the system's holdings in any alternative investment held by the system  
33 on the effective date of this act, unless such liquidation or sale would be  
34 in the best interest of the members and beneficiaries of the system and  
35 be prudent under the standards contained in this section. The 5% limi-  
36 tation contained in this section shall not have been violated if the total of  
37 such alternative investments exceeds 5% of the total investment assets of  
38 the fund as a result of market forces acting to increase the value of such  
39 alternative investments relative to the rest of the system's investments;  
40 however, the board shall not invest or reinvest any moneys of the fund  
41 in alternative investments until the total of such alternative investments  
42 is less than 5% of the total investment assets of the fund subject to the  
43 5% limitation contained in this subsection;



1 (ii) if in addition to the system, there are at least two other sophisti-  
2 cated investors, as defined by section 301 of the securities and exchange  
3 act of 1933;

4 (iii) the system's share in any individual alternative investment is lim-  
5 ited to an investment representing not more than 20% of any such indi-  
6 vidual alternative investment;

7 (iv) the system has received a favorable and appropriate recommen-  
8 dation from a qualified, independent expert in investment management  
9 or analysis in that particular type of alternative investment;

10 (v) the alternative investment is consistent with the system's invest-  
11 ment policies and objectives as provided in subsection (6);

12 (vi) the individual alternative investment does not exceed more than  
13 2.5% of the total alternative investments made under this subsection. If  
14 the alternative investment is made pursuant to participation by the system  
15 in a multi-investor pool, the 2.5% limitation contained in this subsection  
16 is applied to the underlying individual assets of such pool and not to  
17 investment in the pool itself. The total of such alternative investments  
18 made pursuant to participation by the system in any one individual multi-  
19 investor pool shall not exceed more than 20% of the total of alternative  
20 investments made by the system pursuant to this subsection. Nothing in  
21 this subsection requires the board to liquidate or sell the system's holdings  
22 in any alternative investments made pursuant to participation by the sys-  
23 tem in any one individual multi-investor pool held by the system on the  
24 effective date of this act, unless such liquidation or sale would be in the  
25 best interest of the members and beneficiaries of the system and be pru-  
26 dent under the standards contained in this section. The 20% limitation  
27 contained in this subsection shall not have been violated if the total of  
28 such investment in any one individual multi-investor pool exceeds 20%  
29 of the total alternative investments of the fund as a result of market forces  
30 acting to increase the value of such a multi-investor pool relative to the  
31 rest of the system's alternative investments; however, the board shall not  
32 invest or reinvest any moneys of the fund in any such individual multi-  
33 investor pool until the value of such individual multi-investor pool is less  
34 than 20% of the total alternative investments of the fund;

35 (vii) the board has received and considered the investment manager's  
36 due diligence findings submitted to the board as required by subsection  
37 (6)(c); and

38 (viii) prior to the time the alternative investment is made, the system  
39 has in place procedures and systems to ensure that the investment is  
40 properly monitored and investment performance is accurately measured.

41 For purposes of this act, "alternative investment" means nontraditional  
42 investments outside the established nationally recognized public stock  
43 exchanges and government securities market. Alternative investments

1 shall include, but not be limited to, private placements, venture capital,  
2 partnerships, limited partnerships and leveraged buyout partnerships;

3 (c) except as otherwise provided, the board may invest or reinvest  
4 moneys of the fund in real estate investments if the following conditions  
5 are satisfied:

6 (i) The system has received a favorable and appropriate recommen-  
7 dation from a qualified, independent expert in investment management  
8 or analysis in that particular type of real estate investment;

9 (ii) the real estate investment is consistent with the system's invest-  
10 ment policies and objectives as provided in subsection (6); ~~and~~

11 (iii) the board has received and considered the investment manager's  
12 due diligence findings submitted to the board as required by subsection  
13 (6)(c); and

14 (d) the board shall not invest or reinvest moneys of the fund in any  
15 banking institution, savings and loan association or credit union which  
16 positions the system as a shareholder or owner of such banking institution,  
17 savings and loan association or credit union.

18 (6) Subject to the objective set forth in subsection (3) and the stan-  
19 dards set forth in subsections (4) and (5) the board shall formulate policies  
20 and objectives for the investment and reinvestment of moneys in the fund  
21 and the acquisition, retention, management and disposition of invest-  
22 ments of the fund. Such policies and objectives shall include:

23 (a) Specific asset allocation standards and objectives;

24 (b) establishment of criteria for evaluating the risk versus the poten-  
25 tial return on a particular investment;

26 (c) a requirement that all investment managers submit such man-  
27 ager's due diligence findings on each investment to the board or invest-  
28 ment advisory committee for approval or rejection prior to making any  
29 alternative investment;

30 (d) a requirement that all investment managers shall immediately re-  
31 port all instances of default on investments to the board and provide the  
32 board with recommendations and options, including, but not limited to,  
33 curing the default or withdrawal from the investment; and

34 (e) establishment of criteria that would be used as a guideline for  
35 determining when no additional add-on investments or reinvestments  
36 would be made and when the investment would be liquidated.

37 The board shall review such policies and objectives, make changes con-  
38 sidered necessary or desirable and readopt such policies and objectives  
39 on an annual basis.

40 (7) The board may enter into contracts with one or more persons  
41 whom the board determines to be qualified, whereby the persons under-  
42 take to perform the functions specified in subsection (2) to the extent  
43 provided in the contract. Performance of functions under contract so

1 entered into shall be paid pursuant to rates fixed by the board subject to  
2 provisions of appropriation acts and shall be based on specific contractual  
3 fee arrangements. The system shall not pay or reimburse any expenses of  
4 persons contracted with pursuant to this subsection, except that after  
5 approval of the board, the system may pay approved investment related  
6 expenses subject to provisions of appropriation acts. The board shall re-  
7 quire that a person contracted with to obtain commercial insurance which  
8 provides for errors and omissions coverage for such person in an amount  
9 to be specified by the board, provided that such coverage shall be at least  
10 the greater of \$500,000 or 1% of the funds entrusted to such person up  
11 to a maximum of \$10,000,000. The board shall require a person con-  
12 tracted with to give a fidelity bond in a penal sum as may be fixed by law  
13 or, if not so fixed, as may be fixed by the board, with corporate surety  
14 authorized to do business in this state. Such persons contracted with the  
15 board pursuant to this subsection and any persons contracted with such  
16 persons to perform the functions specified in subsection (2) shall be  
17 deemed to be agents of the board and the system in the performance of  
18 contractual obligations.

19 (8) (a) In the acquisition or disposition of securities, the board may  
20 rely on the written legal opinion of a reputable bond attorney or attorneys,  
21 the written opinion of the attorney of the investment counselor or man-  
22 agers, or the written opinion of the attorney general certifying the legality  
23 of the securities.

24 (b) The board shall employ or retain qualified investment counsel or  
25 counselors or may negotiate with a trust company to assist and advise in  
26 the judicious investment of funds as herein provided.

27 (9) (a) Except as provided in subsection (7) and this subsection, the  
28 custody of money and securities of the fund shall remain in the custody  
29 of the state treasurer, except that the board may arrange for the custody  
30 of such money and securities as it considers advisable with one or more  
31 member banks or trust companies of the federal reserve system or with  
32 one or more banks in the state of Kansas, or both, to be held in safe-  
33 keeping by the banks or trust companies for the collection of the principal  
34 and interest or other income or of the proceeds of sale. The services  
35 provided by the banks or trust companies shall be paid pursuant to rates  
36 fixed by the board subject to provisions of appropriation acts.

37 (b) The state treasurer and the board shall collect the principal and  
38 interest or other income of investments or the proceeds of sale of secu-  
39 rities in the custody of the state treasurer and pay same when so collected  
40 into the fund.

41 (c) The principal and interest or other income or the proceeds of sale  
42 of securities as provided in clause (a) of this subsection (9) shall be re-  
43 ported to the state treasurer and the board and credited to the fund.

1 (10) The board shall with the advice of the director of accounts and  
2 reports establish the requirements and procedure for reporting any and  
3 all activity relating to investment functions provided for in this act in order  
4 to prepare a record monthly of the investment income and changes made  
5 during the preceding month. The record will reflect a detailed summary  
6 of investment, reinvestment, purchase, sale and exchange transactions  
7 and such other information as the board may consider advisable to reflect  
8 a true accounting of the investment activity of the fund.

9 (11) The board shall provide for an examination of the investment  
10 program annually. The examination shall include an evaluation of current  
11 investment policies and practices and of specific investments of the fund  
12 in relation to the objective set forth in subsection (3), the standard set  
13 forth in subsection (4) and other criteria as may be appropriate, and rec-  
14 ommendations relating to the fund investment policies and practices and  
15 to specific investments of the fund as are considered necessary or desir-  
16 able. The board shall include in its annual report to the governor as pro-  
17 vided in K.S.A. 74-4907, and amendments thereto, a report or a summary  
18 thereof covering the investments of the fund.

19 (12) (a) An annual financial-compliance audit of the system, includ-  
20 ing any performance audit subjects which are directed to be included in  
21 such annual audit by the legislative post audit committee, performance  
22 audits of the system as prescribed under the Kansas governmental op-  
23 erations law, and such other audits as are directed by the legislative post  
24 audit committee under the Kansas legislative post audit act shall be con-  
25 ducted. The annual financial-compliance audit shall include, but not be  
26 limited to, a review of alternative investments of the system with any  
27 estimates of permanent impairments to the value of such alternative in-  
28 vestments reported by the system pursuant to K.S.A. 74-4907, and  
29 amendments thereto.

30 (b) In accordance with this subsection (12), the annual financial-com-  
31 pliance audit may include one or more performance audit subjects as  
32 directed by the legislative post audit committee. In considering perform-  
33 ance audit subjects to be included in any financial-compliance audit con-  
34 ducted pursuant to this subsection (12), the legislative post audit com-  
35 mittee shall consider recommendations and requests for performance  
36 audits, relating to the system or the management thereof, by the joint  
37 committee on pensions, investments and benefits or by any other com-  
38 mittee or individual member of the legislature. Commencing with the  
39 financial-compliance audit for the fiscal year ending June 30, 1998, the  
40 legislative post audit committee shall specify if one or more performance  
41 audit subjects shall be included in the financial-compliance audit con-  
42 ducted pursuant to this subsection (12), in addition to such other subjects  
43 as may be directed to be included in the financial-compliance audit by

1 the legislative post audit committee. Except as otherwise determined by  
2 the legislative post audit committee pursuant to this subsection (12), com-  
3 mencing with the financial-compliance audit for the fiscal year ending  
4 June 30, 1998, one or more performance audit subjects specified by the  
5 legislative post audit committee shall be included at least once every two  
6 fiscal years in a financial-compliance audit conducted pursuant to this  
7 subsection (12). The legislative post audit committee may direct that one  
8 or more performance audit subjects are to be included in a financial-  
9 compliance audit conducted pursuant to this subsection (12) not more  
10 than once during a specific period of three fiscal years, in lieu of once  
11 every two fiscal years.

12 (c) The auditor to conduct the financial-compliance audit required  
13 pursuant to this subsection (12) shall be specified in accordance with  
14 K.S.A. 46-1122, and amendments thereto. If the legislative post audit  
15 committee specifies under such statute that a firm, as defined by K.S.A.  
16 46-1112, and amendments thereto, is to perform all or part of the audit  
17 work of such audit, such firm shall be selected and shall perform such  
18 audit work as provided in K.S.A. 46-1123, and amendments thereto, and  
19 K.S.A. 46-1125 through 46-1127, and amendments thereto. The audits  
20 required pursuant to this subsection (12) shall be conducted in accord-  
21 ance with generally accepted governmental auditing standards. The fi-  
22 nancial-compliance audit required pursuant to this subsection (12) shall  
23 be conducted as soon after the close of the fiscal year as practicable, but  
24 shall be completed no later than six months after the close of the fiscal  
25 year. The post auditor shall annually compute the reasonably anticipated  
26 cost of providing the financial-compliance audit pursuant to this subsec-  
27 tion (12), subject to review and approval by the contract audit committee  
28 established by K.S.A. 46-1120, and amendments thereto. Upon such ap-  
29 proval, the system shall reimburse the division of post audit for the  
30 amount approved by the contract audit committee. The furnishing of the  
31 financial-compliance audit pursuant to this subsection (12) shall be a  
32 transaction between the legislative post auditor and the system and shall  
33 be settled in accordance with the provisions of K.S.A. 75-5516, and  
34 amendments thereto.

35 (d) Any internal assessment or examination of alternative investments  
36 of the system performed by any person or entity employed or retained  
37 by the board which evaluates or monitors the performance of alternative  
38 investments shall be reported to the legislative post auditor so that such  
39 report may be reviewed in accordance with the annual financial-compli-  
40 ance audits conducted pursuant to this subsection (12).

41 Sec. 23. K.S.A. 2000 Supp. 74-4922 is hereby amended to read as  
42 follows: 74-4922. The executive ~~secretary~~ *director* shall maintain such  
43 records as are necessary to determine the following reserves.

1 (a) *Member's accumulated contribution reserve.* This reserve shall be  
2 maintained within the fund for each member and for each member having  
3 a vested benefit. Each such reserve account shall be credited with the  
4 employee's contributions upon receipt thereof and shall be credited on  
5 June 30 each year with interest: (1) At the actuarial assumption rate  
6 adopted by the board on the balance in the employee's account as of the  
7 preceding December 31 for those who first became members prior to  
8 July 1, 1993; and (2) 4% for those who first became members on and  
9 after July 1, 1993. For the purposes of crediting interest upon accumu-  
10 lated contributions, the term member shall include the beneficiary of a  
11 member during the twelve-month period following the death of a mem-  
12 ber and the beneficiary of a member pursuant to subsection (6) of K.S.A.  
13 74-4918 and amendments thereto during any period commencing on the  
14 date of death of such member and ending on the date that the member  
15 would have attained retirement age. Refunds of employee's accumulated  
16 contributions prior to retirement shall be made from this reserve. Upon  
17 commencement of payments of the retirement benefit, the amount in  
18 this reserve account for the retiring member or members, shall be trans-  
19 ferred to the retirement benefit payment reserve.

20 (b) *Retirement benefit accumulation reserve.* This reserve within the  
21 fund shall be credited with the portion of employer contributions for  
22 retirement benefits both for prior service and for participating service  
23 and with income of the fund not otherwise directed by law to a different  
24 reserve. The board shall credit interest to all other reserves and reserve  
25 accounts as provided by law at rates determined by the board. Interest  
26 so credited shall be transferred from the retirement benefit accumulation  
27 reserve. Separate reserve accounts shall not be maintained for each par-  
28 ticipating employer joining the system on the first entry date. The board  
29 shall determine whether or not separate reserve accounts shall be main-  
30 tained for each participating employer joining the system after the first  
31 entry date.

32 (c) *Retirement benefit payment reserve.* (i) This reserve within the  
33 fund will be credited with the amount transferred from the member's  
34 accumulated contributions reserve and from the retirement benefit ac-  
35 cumulation reserve and with interest allocated to this reserve at the rate  
36 determined each year by the board. This reserve shall be charged with  
37 payments of retirement benefits including payments upon death of the  
38 excess of member's accumulated contributions over retirement benefit  
39 payments paid to date of death. Annually, upon receipt of the actuarial  
40 valuation as of the end of the previous fiscal year the board shall cause  
41 certain adjustments to be made which shall be made prior to the end of  
42 the fiscal year immediately following the fiscal year for which the actuarial  
43 valuation is applicable.

1 (ii) The amount of these adjustments shall be the difference between  
2 the amount required by the current actuarial valuation and the amount  
3 required by the previous year's actuarial valuation plus amounts trans-  
4 ferred to this reserve less amounts paid out of this reserve during the  
5 fiscal year to be adjusted. Such adjustments required to maintain this  
6 reserve on an actuarial reserve basis as of June 30 of the previous fiscal  
7 year shall be accomplished by transfers to or from, as applicable, the  
8 retirement benefit accumulation reserve.

9 (d) *Expense reserve.* This reserve within the fund shall be credited  
10 with interest allocated to this reserve at the rate determined each year by  
11 the board. It shall be charged with payments of all expenses incurred in  
12 connection with the administration of the system.

13 Sec. 24. K.S.A. 2000 Supp. 74-4927h is hereby amended to read as  
14 follows: 74-4927h. (1) The provisions of this section shall apply to em-  
15 ployees of the state board of regents and institutions under its manage-  
16 ment covered by the provisions of K.S.A. 74-4925 and 74-4927a and  
17 amendments thereto. This section shall be administered by the board of  
18 trustees of the Kansas public employees retirement system.

19 (2) (a) In the event that a member dies before retirement as a result  
20 of an accident arising out of and in the course of the member's actual  
21 performance of duty in the employ of a participating employer inde-  
22 pendent of all other causes and not as a result of a willfully negligent or  
23 intentional act of the member, an accidental death benefit shall be pay-  
24 able if: (A) A report of the accident, in a form acceptable to the board, is  
25 filed in the office of the executive ~~secretary~~ *director* of the board within  
26 60 days of the date of the accident causing such death, and an application  
27 for such benefit, in such form and manner as the board shall prescribe,  
28 is filed in the office of the executive ~~secretary~~ *director* of the board within  
29 two years of the date of the accident, but the board may waive such time  
30 limits for a reasonable period if in the judgment of the board the failure  
31 to meet these limits was due to lack of knowledge or incapacity; and (B)  
32 the board finds from such evidence as it may require, to be submitted in  
33 such form and manner as it shall prescribe, that the natural and proximate  
34 cause of death was the result of an accident arising out of and in the  
35 course of the member's employment with a participating employer in-  
36 dependent of all other causes at a definite time and place. Such accidental  
37 death benefit shall be a lump-sum amount of \$50,000 and an annual  
38 amount of  $\frac{1}{2}$  of the member's final average salary which shall accrue from  
39 the first day of the month following the date of death and which shall be  
40 payable in monthly installments or as the board may direct, but in no case  
41 shall the accidental death benefit be less than \$100 per month. The ac-  
42 cidental death benefit payments shall be paid to the surviving spouse of  
43 such deceased member, such payments to continue so long as such sur-

1 living spouse lives or until such surviving spouse remarries. If there is no  
2 surviving spouse, or in the case the spouse dies or remarries before the  
3 youngest child of such deceased member attains age 18 years or before  
4 the youngest child of such deceased member attains age 23, if such child  
5 is a full-time student as provided in K.S.A. 74-49,117, or if there are one  
6 or more children of the member who are totally disabled and dependent  
7 on the member or spouse, the accidental death benefit payments shall be  
8 paid to the child or children of such member under age 18 years or under  
9 age 23 years, if such child or children are full-time students as provided  
10 in K.S.A. 74-49,117 and to the child or children of the member who are  
11 totally disabled and dependent on the member or spouse, such payments  
12 to be divided in such manner as the board in its discretion shall determine  
13 and to continue until the youngest surviving child dies or attains age 18  
14 years or attains age 23 years, if such child is a full-time student as provided  
15 in K.S.A. 74-49,117, in the case of the child or children who are totally  
16 disabled and dependent on the member or spouse, until death or until  
17 no longer totally disabled. If there is no surviving spouse or child eligible  
18 for accidental death benefits under this subsection (2) at the time of the  
19 member's death, the accidental death benefit payments shall be paid to  
20 the parent or parents of such member who are dependent on such mem-  
21 ber, such payments to continue until the last such parent dies. All pay-  
22 ments due under this subsection (2) to a minor shall be made to a legally  
23 appointed conservator of such minor or totally disabled child as provided  
24 in subsection (7) of K.S.A. 74-4902 and amendments thereto.

25 (b) In construction of this section, there shall be no presumption that  
26 the death of the member was the result of an accident nor shall there be  
27 a liberal interpretation of the law or evidence in favor of the person claim-  
28 ing under this subsection (2). In the event of the death of a member  
29 resulting from a heart, circulatory or respiratory condition, there must be  
30 clear and precise evidence that death was the result of an accident in-  
31 dependent of all other causes which arose out of and in the course of the  
32 member's actual performance of duties in the employ of a participating  
33 employer.

34 (c) The value, as determined by the board upon recommendation of  
35 the actuary, of any worker's compensation benefits paid or payable to the  
36 recipient or recipients of an annual benefit under this subsection (2) shall  
37 be deducted from the amounts which become payable under this section.  
38 In the event that a member should die as a result of an accident as de-  
39 scribed in this subsection (2), all elections or options previously made by  
40 the deceased member shall become void and of no effect whatsoever and  
41 the retirement system shall be liable only for the accidental death benefit  
42 and any insured death benefit that may be due. The benefit payable under  
43 this subsection (2) shall be known and referred to as the "accidental death



1 benefit.”

2 (3) Any costs to the board from the claims arising under this section  
3 shall be included in the rate certified by the board to finance the costs of  
4 members under subsection (3) of K.S.A. 74-4925 and amendments  
5 thereto.

6 (4) The payment of benefits as provided in this section is subject to  
7 the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto.

8 Sec. 25. K.S.A. 2000 Supp. 74-4932 is hereby amended to read as  
9 follows: 74-4932. As used in this act, unless the context otherwise  
10 requires:

11 (1) “Accumulated contributions” means the sum of all contributions  
12 by a member to the system which shall be credited to such member’s  
13 account, with interest allowed thereon, plus such member’s contributions  
14 transferred from the school employees savings fund of the state school  
15 retirement system;

16 (2) “compensation” means the same as defined in subsection (9) of  
17 K.S.A. 74-4902 and amendments thereto;

18 (3) “school year” means the twelve-month period beginning Septem-  
19 ber 1 and ending August 31;

20 (4) “employee” means any employee of a participating employer  
21 which is an eligible employer, as specified in K.S.A. 74-4931 and amend-  
22 ments thereto, whose employment is not seasonal or temporary and  
23 whose employment requires at least 630 hours of work per year or 3.5  
24 hours of work per day for at least 180 days or any employee who is con-  
25 currently employed by two or more eligible employers, as specified in  
26 K.S.A. 74-4931 and amendments thereto, whose combined employment  
27 is not seasonal or temporary and whose combined employment requires  
28 at least 630 hours of work per year or 3.5 hours of work per day for at  
29 least 180 days. Employee shall not include:

30 (a) Any employee who is covered by or eligible for or who will be-  
31 come eligible for retirement benefits under any retirement plan or system  
32 provided by K.S.A. 74-4925 and amendments thereto;

33 (b) any employee who is a contributing member of the United States  
34 civil service retirement system;

35 (c) any employee or class of employees specifically exempt by law,  
36 except those persons who were formerly employees of one or more of  
37 the participating employers which are eligible employers as specified in  
38 K.S.A. 74-4931 and amendments thereto, who are covered by and have  
39 contributions on deposit with the state school retirement system and who  
40 have not retired under that system on the day next preceding entry date;

41 (d) any employee who on entry date is covered by or eligible for or  
42 will become eligible for retirement benefits under a separate retirement  
43 system authorized or established under K.S.A. 72-1758 to 72-1769, inclu-

1 sive, and amendments thereto, or K.S.A. 72-6780 and amendments  
2 thereto, except that this paragraph (d) shall not include any employee,  
3 who before September 1, 1974, elects to become a member of the Kansas  
4 public employees retirement system as provided in K.S.A. 74-4935a and  
5 amendments thereto; or

6 (e) on and after July 1, 1975, no person who is otherwise eligible for  
7 membership in the Kansas public employees retirement system shall be  
8 barred from such membership by reason of coverage by, eligibility for or  
9 future eligibility for a retirement annuity under the provisions of K.S.A.  
10 74-4925 and amendments thereto. However, no person shall receive serv-  
11 ice credit under the Kansas public employees retirement system for any  
12 period of service for which benefits accrue or are granted under a retire-  
13 ment annuity plan under the provisions of K.S.A. 74-4925 and amend-  
14 ments thereto;

15 (5) “executive ~~secretary~~ *director*” means the managing officer of the  
16 system as defined in subsection (16) of K.S.A. 74-4902 and amendments  
17 thereto;

18 (6) “military service” means the same as defined in subsection (22)  
19 of K.S.A. 74-4902 and amendments thereto, and includes such service  
20 when followed by return to employment with the same or another par-  
21 ticipating employer on or before the beginning of the next school year  
22 following discharge or separation from such military service;

23 (7) “normal retirement date” means the same as defined in subsec-  
24 tion (23) of K.S.A. 74-4902 and amendments thereto, as modified by  
25 subsection (1) of K.S.A. 74-4937 and amendments thereto;

26 (8) “school employment” means the employment of a member when  
27 employed by an eligible employer as specified in any of ~~subsections~~ *sub-*  
28 *section* (1), (2) or (3) of K.S.A. 74-4931 and amendments thereto; and

29 (9) “USERRA” means the same as defined in subsection (35) of  
30 K.S.A. 74-4902 and amendments thereto.

31 Sec. 26. K.S.A. 74-4934 is hereby amended to read as follows: 74-  
32 4934. (1) On and after July 1, 1970, the state school retirement board is  
33 abolished and such board shall have no further legal authority or powers.  
34 On such date all of the powers provided in K.S.A. 72-5501 to 72-5534  
35 and amendments thereto shall devolve upon and be performed by the  
36 board of trustees of the Kansas public employees retirement system, and  
37 all powers heretofore exercised by the state school retirement board, in-  
38 cluding management and control of the assets and funds of the state  
39 school retirement system, shall be and become vested in the board of  
40 trustees of the Kansas public employees retirement system. Whenever in  
41 the statutes of this state the words “state school retirement board” or  
42 words of like effect are used, the same shall be deemed to mean the  
43 board of trustees of the Kansas public employees retirement system. The

1 board of trustees of the Kansas public employees retirement system is  
2 authorized to execute transfer endorsements for any stock or security of  
3 the state school retirement system and such endorsements may be in the  
4 name of the state school retirement board.

5 (2) On January 1, 1971, there shall be transferred from the school  
6 employees savings fund of the state school retirement system such mon-  
7 eys and securities, and accumulated earnings thereon, as are equal to the  
8 accumulated contributions (savings annuity deductions or accumulated  
9 deductions) of the members of the state school retirement system on  
10 deposit with the state school retirement system who become members of  
11 this system on January 1, 1971, as provided in K.S.A. 74-4935. Such trans-  
12 fer of securities in the school employees savings fund shall be on the basis  
13 of the book value of such securities. The member's account in this system  
14 shall be credited with the amount in his savings annuity account (savings  
15 annuity deductions or accumulated deductions) so transferred.

16 (3) "Executive ~~secretary~~ *director*" as used in K.S.A. 72-5501 to 72-  
17 5534, inclusive, and amendments thereto means the same as is provided  
18 in subsection (5) of K.S.A. 74-4932. The duties provided in such statutes  
19 to be performed by the executive ~~secretary~~ *director* shall be performed  
20 by the person holding the office defined in subsection (5) of K.S.A. 74-  
21 4932. Employees of the state school retirement board shall continue in  
22 state service and retain all their rights under the Kansas civil service act.

23 Sec. 27. K.S.A. 2000 Supp. 74-4940 is hereby amended to read as  
24 follows: 74-4940. (a) Subject to the provisions of subsection (b), all mem-  
25 bers in school employment who are subject to the continuing contract  
26 law shall be paid their contractual compensation in not less than 12 sub-  
27 stantially equal installments, paid once, or more often, each month com-  
28 mencing in September of each school year.

29 (b) Upon written authorization from any member in school employ-  
30 ment who is subject to the continuing contract law, an employer shall pay  
31 the balance of such member's contractual compensation for the school  
32 year in one payment upon completion of all contractual obligations of the  
33 member. The authorization shall be filed with the employer not later than  
34 April 1 of the school year in and for which the balance payment is first  
35 authorized. A written authorization under this subsection shall remain in  
36 effect until revoked in writing by the member filing the authorization. So  
37 long as the authorization of such member remains in effect, the balance  
38 of the member's contractual compensation shall be paid each school year  
39 in accordance with the provisions of this subsection. Such payment shall  
40 be made no later than June 30 of the school year. For the purposes of  
41 the Kansas public employees retirement system, the employer shall make  
42 the appropriate employee contribution deduction from the payment and  
43 shall report and remit the amount so deducted to the executive ~~secretary~~

1 *director* at the time monthly deductions and quarterly reports would nor-  
2 mally be made under K.S.A. 74-4919, and amendments thereto, if the  
3 authorization for one payment was not in effect.

4 (c) Notwithstanding the provisions of subsections (a) and (b), each  
5 member in school employment who is subject to the continuing contract  
6 law, who has completed the balance of such member's contractual obli-  
7 gations and retires prior to the end of a school year under K.S.A. 74-4937,  
8 and amendments thereto, shall be paid the balance of the member's con-  
9 tractual compensation in one payment during the calendar month im-  
10 mediately preceding the date of retirement. For the purposes of the Kan-  
11 sas public employees retirement system, the employer shall make the  
12 appropriate employee contribution deduction from the payment and shall  
13 report and remit the amount so deducted to the executive ~~secretary~~ *di-*  
14 *rector* at the time monthly deductions and reports are made under K.S.A.  
15 74-4919, and amendments thereto, for the period in which the payment  
16 is made except that such report and remittance shall not include any  
17 amount which would have been reported normally in the next ensuing  
18 period under subsection (b). No employee contribution deduction shall  
19 be made from such amount and such amount shall not be included as  
20 compensation in determining the member's final average salary.

21 (d) An employer of members in school employment who are not sub-  
22 ject to the continuing contract law may adopt a policy providing that any  
23 or all such members shall be paid their contractual compensation each  
24 school year in not less than 12 substantially equal installments, paid once,  
25 or more often, each month commencing in the first month of any such  
26 member's school employment. A copy of any such policy shall be provided  
27 to each such member in school employment.

28 (e) As used in this section, the term "school employment" means the  
29 employment of a member when employed by an eligible employer as  
30 specified in any of subsections (1), (2) or (3) of K.S.A. 74-4931, and  
31 amendments thereto.

32 Sec. 28. K.S.A. 2000 Supp. 74-4957 is hereby amended to read as  
33 follows: 74-4957. (1) The normal retirement date for a member of the  
34 system who is appointed or employed prior to July 1, 1989, and who does  
35 not make an election pursuant to K.S.A. 74-4955a and amendments  
36 thereto shall be the first day of the month coinciding with or following  
37 termination of employment not followed by employment with any partic-  
38 ipating employer within 30 days and the attainment of age 55 and the  
39 completion of 20 years of credited service. Any member may retire on  
40 such member's normal retirement date or on the first day of any month  
41 thereafter.

42 (2) *Early retirement.* Any member who is appointed or employed  
43 prior to July 1, 1989, and who does not make an election pursuant to

1 K.S.A. 74-4955a and amendments thereto may retire before such mem-  
2 ber's normal retirement date on the first day of any month coinciding  
3 with or following termination of employment not followed by employ-  
4 ment with any participating employer within 30 days and the attainment  
5 of age 50 and the completion of 20 years of credited service.

6 (3) Notwithstanding the provisions of subsections (1) and (2) of this  
7 section and K.S.A. 74-4955a, 74-4957a, 74-4958a, 74-4960a, 74-4963a and  
8 74-4964a and amendments thereto, the normal retirement date for any  
9 member who was, up to the entry date of such member's employer, cov-  
10 ered by a pension system under the provisions of K.S.A. 13-14a01 to 13-  
11 14a14, inclusive, or 14-10a01 to 14-10a15, inclusive, and amendments  
12 thereto, shall be the first day of the month coinciding with or following  
13 the attainment of age 50 and the completion of 25 years of credited  
14 service.

15 (4) In no event shall a member be eligible to retire until such member  
16 has been a contributing member of the system for 12 months of partici-  
17 pating service, and shall have given such member's employer prior notice  
18 of retirement.

19 (5) If a retirant who retired on or after July 1, 1994, is employed,  
20 elected or appointed in or to any position or office for which compensa-  
21 tion for service is paid in an amount equal to \$15,000 or more in any one  
22 such calendar year, by the same state agency or the same police or fire  
23 department of any county, city, township or special district or the same  
24 sheriff's office of a county during the final two years of such retirant's  
25 participation, such retirant shall not receive any retirement benefit for  
26 any month for which such retirant serves in such position or office. The  
27 participating employer shall report to the system within 30 days of when  
28 the compensation paid to the retirant is equal to or exceeds any limitation  
29 provided by this section. Any retirant employed by a participating em-  
30 ployer in the Kansas police and firemen's retirement system shall not  
31 make contributions nor receive additional credit under such system for  
32 such service except as provided by this section. Upon request of the ex-  
33 ecutive ~~secretary~~ *director* of the system, the secretary of revenue shall  
34 provide such information as may be needed by the executive ~~secretary~~  
35 *director* to carry out the provisions of this act.

36 Sec. 29. K.S.A. 2000 Supp. 74-4957a is hereby amended to read as  
37 follows: 74-4957a. (1) The normal retirement date for a member of the  
38 system who is appointed or employed on or after July 1, 1989, or who  
39 makes an election pursuant to K.S.A. 74-4955a and amendments thereto  
40 to be covered by the provisions of this act shall be the first day of the  
41 month coinciding with or following termination of employment not fol-  
42 lowed by employment with any participating employer within 30 days and  
43 the attainment of age 55 and the completion of 20 years of credited serv-

1 ice, age 50 and the completion of 25 years of credited service or age 60  
2 with the completion of 15 years of credited service. Any such member  
3 may retire on such member's normal retirement date or on the first day  
4 of any month thereafter.

5 (2) Any member may retire before such member's normal retirement  
6 date on the first day of any month coinciding with or following termination  
7 of employment not followed by employment with any participating em-  
8 ployer within 30 days and the attainment of age 50 and the completion  
9 of 20 years of credited service.

10 (3) In no event shall a member be eligible to retire until such member  
11 has been a contributing member of the system for 12 months of partici-  
12 pating service, and shall have given such member's employer prior notice  
13 of retirement.

14 (4) If a retirant who retired on or after July 1, 1996, is employed,  
15 elected or appointed in or to any position or office for which compensa-  
16 tion for service is paid in an amount equal to \$15,000 or more in any one  
17 such calendar year, by the same state agency or the same police or fire  
18 department of any county, city, township or special district or the same  
19 sheriff's office of a county during the final two years of such retirant's  
20 participation, such retirant shall not receive any retirement benefit for  
21 any month for which such retirant serves in such position or office. The  
22 participating employer shall report to the system within 30 days of when  
23 the compensation paid to the retirant is equal to or exceeds any limitation  
24 provided by this section. Any retirant employed by a participating em-  
25 ployer in the Kansas police and firemen's retirement system shall not  
26 make contributions nor receive additional credit under such system for  
27 such service except as provided by this section. Upon request of the ex-  
28 ecutive ~~secretary~~ *director* of the system, the secretary of revenue shall  
29 provide such information as may be needed by the executive ~~secretary~~  
30 *director* to carry out the provisions of this act.

31 (5) The provisions of this section shall be effective on and after July  
32 1, 1989, and shall apply only to members who were appointed or em-  
33 ployed prior to July 1, 1989, and who made an election pursuant to K.S.A.  
34 74-4955a and amendments thereto; and persons appointed or employed  
35 on or after July 1, 1989.

36 Sec. 30. K.S.A. 2000 Supp. 74-4958 is hereby amended to read as  
37 follows: 74-4958. (1) Any member who retires on or after July 1, 1993,  
38 shall be entitled to receive an age and service retirement benefit equal  
39 to 2.5% of such member's final average salary multiplied by the number  
40 of years of credited service except that in no case shall such retirement  
41 benefit exceed 80% of such member's final average salary.

42 (2) Any member who is appointed or employed prior to July 1, 1989,  
43 who does not make an election pursuant to K.S.A. 74-4955a and amend-

1 ments thereto and who retires before such member's normal retirement  
2 date shall receive an early retirement benefit equal to the annual retire-  
3 ment benefit payable had the member retired on the normal retirement  
4 date reduced by an amount equal to the product of (A) such annual re-  
5 tirement benefit payable had the member retired on the normal retire-  
6 ment date, multiplied by (B) the product of .4% multiplied by the number  
7 of months difference, to the nearest whole month, between the member's  
8 attained age at the time of retirement and age 55.

9 ~~(3) Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~  
10 ~~amendments thereto,~~ Upon the death after retirement of a member who  
11 was covered, up to the entry date of the member's employer, by a pension  
12 system under the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and  
13 amendments thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and  
14 amendments thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and  
15 amendments thereto, and who had not elected to retire under one of the  
16 options provided under K.S.A. 74-4964 and amendments thereto, the  
17 member's spouse, if such spouse was the member's lawfully wedded  
18 spouse for a period of not less than one year at the time of the member's  
19 retirement or if such spouse had been the member's lawfully wedded  
20 spouse for at least three years after the time of the member's retirement,  
21 shall receive: (A) Pursuant to the provisions of K.S.A. 2000 Supp. 74-  
22 49,128, and amendments thereto, a lump-sum benefit equal to  $\frac{1}{2}$  the  
23 member's final average salary at the time of the member's retirement;  
24 and shall receive (B) an annual spouse's benefit equal to 75% of the  
25 member's retirement benefit payable in monthly installments, to accrue  
26 from the last day of the month following the member's date of death and  
27 ending on the last day of the month in which the spouse dies. Com-  
28 mencing on the effective date of this act, any surviving spouse, who was  
29 receiving benefits pursuant to this section and who had such benefits  
30 terminated by reason of such spouse's remarriage, shall be entitled to  
31 once again receive benefits pursuant to this section, except that such  
32 surviving spouse shall not be entitled to recover any benefits not received  
33 after the termination of benefits by reason of such surviving spouse's  
34 remarriage but before the effective date of this act. If there is no surviving  
35 spouse, or if after the death of the spouse there remain one or more  
36 children under the age of 18 years or one or more children under the age  
37 of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and  
38 amendments thereto, the annual spouse's benefit shall be payable, subject  
39 to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments  
40 thereto, in equal shares to such children and each child's share shall end  
41 on the last day of the month in which such child attains the age of 18  
42 years or dies, whichever occurs earlier or in which such child attains the  
43 age of 23 years if such child is a full-time student as provided in K.S.A.

1 74-49,117 and amendments thereto. Commencing on the effective date  
2 of this act, any child who was receiving benefits pursuant to this section  
3 and who had such benefits terminated by reason of such child's marriage,  
4 shall be entitled to once again receive benefits pursuant to this section  
5 subject to the limitations contained in this section, except that such child  
6 shall not be entitled to recover any benefits not received after the ter-  
7 mination of benefits by reason of such child's marriage but before the  
8 effective date of this act. All payments due under this section to a minor  
9 shall be made to a legally appointed conservator of such minor as provided  
10 in subsection (7) of K.S.A. 74-4902 and amendments thereto. No person  
11 shall be entitled to receive more than one benefit under the provisions  
12 of this subsection. Any person who otherwise meets the qualifications to  
13 receive more than one benefit under this subsection shall elect the benefit  
14 such person shall receive.

15 (4) Upon the death after retirement of a member who had not elected  
16 to retire under one of the options provided under K.S.A. 74-4964 and  
17 amendments thereto, such member's beneficiary shall receive an amount  
18 equal to the excess, if any, of such member's accumulated contributions  
19 over the sum of all retirement benefit payments made.

20 (5) The provisions of law in effect on the retirement date of a member  
21 under the system shall govern the retirement benefit payable to the re-  
22 tirant, any joint annuitant and any beneficiary.

23 Sec. 31. K.S.A. 2000 Supp. 74-4958a is hereby amended to read as  
24 follows: 74-4958a. (1) Any member who retires on or after July 1, 1993,  
25 shall be entitled to receive an age and service retirement benefit equal  
26 to 2.5% of such member's final average salary multiplied by the number  
27 of years of credited service except that in no case shall such retirement  
28 benefit exceed 80% of such member's final average salary.

29 (2) Any member who retires before such member's normal retire-  
30 ment date shall receive an early retirement benefit equal to the annual  
31 retirement benefit payable had the member retired on the normal retire-  
32 ment date reduced by an amount equal to the product of (A) such annual  
33 retirement benefit payable had the member retired on the normal retire-  
34 ment date, multiplied by (B) the product of .4% multiplied by the number  
35 of months difference, to the nearest whole month, between the member's  
36 attained age at the time of retirement and age 55.

37 (3) Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and  
38 amendments thereto, upon the death after retirement of a member who  
39 was covered, up to the entry date of the member's employer, by a pension  
40 system under the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and  
41 amendments thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and  
42 amendments thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and  
43 amendments thereto, and who had not elected to retire under one of the



1 options provided under K.S.A. 74-4964 and amendments thereto, the  
2 member's spouse, if such spouse was the member's lawfully wedded  
3 spouse for a period of not less than one year at the time of the member's  
4 retirement or if such spouse had been the member's lawfully wedded  
5 spouse for at least three years after the time of the member's retirement,  
6 shall receive: (A) Pursuant to the provisions of K.S.A. 2000 Supp. 74-  
7 49,128, and amendments thereto, a lump-sum benefit equal to  $\frac{1}{2}$  the  
8 member's final average salary at the time of the member's retirement;  
9 and ~~shall receive~~ (B) an annual spouse's benefit equal to 75% of the  
10 member's retirement benefit payable in monthly installments, to accrue  
11 from the first day of the month following the member's date of death and  
12 ending on the last day of the month in which the spouse dies. Com-  
13 mencing on the effective date of this act, any surviving spouse, who was  
14 receiving benefits pursuant to this section and who had such benefits  
15 terminated by reason of such spouse's remarriage, shall be entitled to  
16 once again receive benefits pursuant to this section, except that such  
17 surviving spouse shall not be entitled to recover any benefits not received  
18 after the termination of benefits by reason of such surviving spouse's  
19 remarriage but before the effective date of this act. If there is no surviving  
20 spouse, or if after the death of the spouse there remain one or more  
21 children under the age of 18 years or one or more children under the age  
22 of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and  
23 amendments thereto, the ~~annual~~ spouse's benefit shall be payable, subject  
24 to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments  
25 thereto, in equal shares to such children and each child's share shall end  
26 on the last day of the month in which such child attains the age of 18  
27 years or dies, whichever occurs earlier or in which such child attains the  
28 age of 23 years, if such child is a full-time student as provided in K.S.A.  
29 74-49,117 and amendments thereto. Commencing on the effective date  
30 of this act, any child who was receiving benefits pursuant to this section  
31 and who had such benefits terminated by reason of such child's marriage,  
32 shall be entitled to once again receive benefits pursuant to this section  
33 subject to the limitations contained in this section, except that such child  
34 shall not be entitled to recover any benefits not received after the ter-  
35 mination of benefits by reason of such child's marriage but before the  
36 effective date of this act. All payments due under this section to a minor  
37 shall be made to a legally appointed conservator of such minor as provided  
38 in subsection (7) of K.S.A. 74-4902 and amendments thereto. No person  
39 shall be entitled to receive more than one benefit under the provisions  
40 of this subsection. Any person who otherwise meets the qualifications to  
41 receive more than one benefit under this subsection shall elect the benefit  
42 such person shall receive.

43 (4) Upon the death after retirement of a member who had not elected

1 to retire under one of the options provided under K.S.A. 74-4964 and  
2 amendments thereto, such member's beneficiary shall receive an amount  
3 equal to the excess, if any, of such member's accumulated contributions  
4 over the sum of all retirement benefit payments made.

5 (5) The provisions of this section shall be effective on and after July  
6 1, 1989 and shall apply only to members who were appointed or employed  
7 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-  
8 4955a and amendments thereto; and persons appointed or employed on  
9 or after July 1, 1989.

10 (6) The provisions of law in effect on the retirement date of a member  
11 under the system shall govern the retirement benefit payable to the re-  
12 tirant, any joint annuitant and any beneficiary.

13 Sec. 32. K.S.A. 2000 Supp. 74-4959 is hereby amended to read as  
14 follows: 74-4959. (1) Upon the death from service-connected causes as  
15 defined in this act, of an active contributing member prior to retirement,  
16 the following benefits shall be payable if a report of the event, in a form  
17 acceptable to the board, is filed in the office of the executive ~~secretary~~  
18 *director* of the board within 200 days after the date of the act of duty  
19 causing such death and an application for such benefits, in such form and  
20 manner as prescribed by the board, is filed in the office of the executive  
21 ~~secretary~~ *director* of the board within two years of the date of death, but  
22 the board may waive such time limits for a reasonable period if in the  
23 judgment of the board the failure to meet these limits was due to lack of  
24 knowledge or incapacity:

25 (a) To the member's spouse, if lawfully wedded to the member at the  
26 time of the member's death, an annual spouse's benefit equal to 50% of  
27 the member's final average salary, which shall accrue from the first day  
28 of the month coinciding with or following the member's death and shall  
29 end on the first day of the month in which the spouse's death occurs.  
30 Commencing on the effective date of this act, any surviving spouse, who  
31 was receiving benefits pursuant to this section and who had such benefits  
32 terminated by reason of such spouse's remarriage, shall be entitled to  
33 once again receive benefits pursuant to this section, except that such  
34 surviving spouse shall not be entitled to recover any benefits not received  
35 after the termination of benefits by reason of such surviving spouse's  
36 remarriage but before the effective date of this act.

37 (b) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and  
38 amendments thereto, to the member's children under the age of 18 years  
39 or under the age of 23 years, if such children are full-time students as  
40 provided in K.S.A. 74-49,117 and amendments thereto an annual chil-  
41 dren's benefit equal to 10% of the member's final average salary for each  
42 such child, which shall accrue from the first day of the month coinciding  
43 with or following the member's death and shall end on the last day of the

1 month in which such child attains the age of 18 years or dies, whichever  
2 occurs earlier or in which such child attains the age of 23 years, if such  
3 child is a full-time student as provided in K.S.A. 74-49,117 and amend-  
4 ments thereto, except that if there is no eligible spouse, or if upon the  
5 death of the spouse there remain one or more children under the age of  
6 18 years or under the age of 23 years, if such children are full-time stu-  
7 dents as provided in K.S.A. 74-49,117 and amendments thereto, the an-  
8 nual spouse's benefit shall be paid in equal shares to such children and  
9 each child's share shall end on the last day of the month in which such  
10 child attains the age of 18 years or dies, whichever occurs earlier or in  
11 which such child attains the age of 23 years, if such child is a full-time  
12 student as provided in K.S.A. 74-49,117 and amendments thereto. Com-  
13 mencing on the effective date of this act, any child who was receiving  
14 benefits pursuant to this section and who had such benefits terminated  
15 by reason of such child's marriage, shall be entitled to once again receive  
16 benefits pursuant to this section subject to the limitations contained in  
17 this section, except that such child shall not be entitled to recover any  
18 benefits not received after the termination of benefits by reason of such  
19 child's marriage but before the effective date of this act.

20 (c) In no case shall benefits payable under the provisions of para-  
21 graphs (a) and (b) of this subsection (1) exceed 75% of the member's  
22 final average salary.

23 (2) Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and  
24 amendments thereto, upon the death from causes not service-connected  
25 of an active contributing member prior to retirement, the member's  
26 spouse, if lawfully wedded to the member at the time of the member's  
27 death, shall receive immediately a lump-sum benefit equal to 100% of  
28 the member's final average salary and shall be entitled to receive an an-  
29 nual death benefit equal to the member's retirement benefit calculated  
30 as if the member had retired on the member's normal retirement date,  
31 but based upon the member's final average salary and years of credited  
32 service on the date of death but not to exceed the amount of the annual  
33 spouse's benefit provided in paragraph (a) of subsection (1). An applica-  
34 tion for such benefits in such form and manner as prescribed by the board  
35 must be filed in the office of the executive ~~secretary~~ *director* of the board  
36 within two years of the date of death, but the board may waive such time  
37 limit for a reasonable period if in the judgment of the board the failure  
38 to meet this limit was due to the lack of knowledge or incapacity. On and  
39 after July 1, 1993, the annual spouse's benefit under this subsection (2)  
40 shall accrue from the first day of the month coinciding with or following  
41 the member's death and shall continue until the spouse's death. Com-  
42 mencing on the effective date of this act, any surviving spouse, who was  
43 receiving benefits pursuant to this section and who had such benefits

1 terminated by reason of such spouse's remarriage, shall be entitled to  
2 once again receive benefits pursuant to this section, except that such  
3 surviving spouse shall not be entitled to recover any benefits not received  
4 after the termination of benefits by reason of such surviving spouse's  
5 remarriage but before the effective date of this act. If there is no eligible  
6 spouse or if after the death of the spouse there remain one or more  
7 children of the member under the age of 18 years or one or more children  
8 of the member under the age of 23 years, if such children are full-time  
9 students as provided in K.S.A. 74-49,117 and amendments thereto, the  
10 spouse's benefit shall be payable, subject to the provisions of K.S.A. 2000  
11 Supp. 74-49,123 and amendments thereto, in equal shares to such chil-  
12 dren and each child's share shall end on the last day of the month in  
13 which such child attains the age of 18 years or dies, whichever occurs  
14 earlier or in which such child attains the age of 23 years, if such child is  
15 a full-time student as provided in K.S.A. 74-49,117 and amendments  
16 thereto. Commencing on the effective date of this act, any child who was  
17 receiving benefits pursuant to this section and who had such benefits  
18 terminated by reason of such child's marriage, shall be entitled to once  
19 again receive benefits pursuant to this section subject to the limitations  
20 contained in this section, except that such child shall not be entitled to  
21 recover any benefits not received after the termination of benefits by  
22 reason of such child's marriage but before the effective date of this act.

23 (3) Upon the death of a member prior to retirement, if no benefits  
24 are payable under the provisions of subsection (1) or (2), the sum of the  
25 following shall be paid to the member's beneficiary: (a) The member's  
26 accumulated contributions; and (b) a lump sum death benefit equal to  
27 100% of the member's current annual salary reduced by the sum of the  
28 member's accumulated contributions paid as provided by this section.

29 (4) All payments due under this section to a minor shall be made to  
30 a legally appointed conservator of such minor as provided in subsection  
31 (7) of K.S.A. 74-4902 and amendments thereto.

32 Sec. 33. K.S.A. 2000 Supp. 74-4960 is hereby amended to read as  
33 follows: 74-4960. (1) If any active contributing member becomes totally  
34 and permanently disabled due to service-connected causes as defined in  
35 subsection (10) of K.S.A. 74-4952 and amendments thereto, such mem-  
36 ber shall be retired and the following benefits shall become payable and  
37 shall continue until the member's death or until the member recovers  
38 from the disability if: A report of the event in a form acceptable to the  
39 board is filed in the office of the executive ~~secretary~~ *director* of the board  
40 within 220 days after the date of the event or act of duty causing such  
41 disability; and an application for such benefit, in such form and manner  
42 as the board prescribes, is filed by the member or the member's author-  
43 ized representative in the office of the executive ~~secretary~~ *director* of the

1 board within two years of the date of disability, *except the board may*  
2 *waive such two-year requirement if the board is presented with evidence*  
3 *that clearly warrants such a waiver:*

4 (a) On and after July 1, 1993, the member shall receive a retirement  
5 benefit equal to 50% of the member's final average salary or, if the mem-  
6 ber has no dependents, as defined in subsection (1)(b), the retirement  
7 benefit the member would have been entitled to as provided under K.S.A.  
8 74-4958 and amendments thereto had the member retired, whichever is  
9 greater. Such benefit shall accrue from the day upon which the member  
10 ceases to draw compensation.

11 (b) *Except as otherwise provided by this subsection*, each of the mem-  
12 ber's children under the age of 18 years or each of the member's children  
13 under the age of 23 years who is a full-time student as provided in K.S.A.  
14 74-49,117 and amendments thereto shall receive an annual benefit equal  
15 to 10% of the member's final average salary. Such benefit shall accrue  
16 from the day upon which the member ceases to draw compensation and  
17 shall end on the last day of the month in which each such child or children  
18 shall attain the age of 18 years or die, whichever occurs earlier or in which  
19 such children attain the age of 23 years, if such child is a full-time student  
20 as provided in K.S.A. 74-49,117 and amendments thereto. Commencing  
21 on the effective date of this act, any child who was receiving benefits  
22 pursuant to this section and who had such benefits terminated by reason  
23 of such child's marriage, shall be entitled to once again receive benefits  
24 pursuant to this section subject to the limitations contained in this section,  
25 except that such child shall not be entitled to recover any benefits not  
26 received after the termination of benefits by reason of such child's mar-  
27 riage but before the effective date of this act. *For a member who becomes*  
28 *totally and permanently disabled as provided in this section on and after*  
29 *July 1, 2001, only the member's children who were born, conceived or*  
30 *adopted prior to the commencement of the member's disability are entitled*  
31 *to the annual benefit as provided in this subsection.*

32 (c) In no case shall the total of the benefits payable under paragraphs  
33 (a) and (b) of this subsection (1) be in excess of 75% of the member's  
34 final average salary.

35 (d) In the event a member who is retired under subsection (1) dies  
36 within two years after the date of such retirement and no benefits are  
37 payable under subsection (3) of K.S.A. 74-4958 and amendments thereto,  
38 then benefits may be payable under subsection (1) of K.S.A. 74-4959 and  
39 amendments thereto.

40 (e) In the event a member who is retired under subsection (1) dies  
41 more than two years after the date of such retirement, and the proximate  
42 cause of such death is the service-connected cause from which the disa-  
43 bility resulted and no benefits are payable under subsection (3) of K.S.A.

1 74-4958 and amendments thereto, then benefits may be payable under  
2 subsection (1) of K.S.A. 74-4959 and amendments thereto. The provisions  
3 of this paragraph (e) of this subsection (1) shall apply in all cases of such  
4 members who die after June 30, 1978.

5 (f) In the event a member who is retired under subsection (1) dies  
6 after the date of such retirement, and no benefits are payable under  
7 paragraphs (d) and (e) of subsection (1), nor under subsection (3) of  
8 K.S.A. 74-4958 and amendments thereto, the following benefits shall be  
9 payable:

10 (i) To the member's spouse, if lawfully wedded to the member at the  
11 time of the member's death, a lump-sum benefit equal to 50% of the  
12 member's final average salary at the time of the member's retirement.

13 (ii) To the member's spouse, if lawfully wedded to the member at  
14 the time of the member's death, an annual benefit equal to 50% of the  
15 member's retirement benefit payable in monthly installments, to accrue  
16 from the first day of the month following the member's date of death and  
17 ending on the last day of the month in which the spouse dies. Com-  
18 mencing on the effective date of this act, any surviving spouse, who was  
19 receiving benefits pursuant to this section and who had such benefits  
20 terminated by reason of such spouse's remarriage, shall be entitled to  
21 once again receive benefits pursuant to this section, except that such  
22 surviving spouse shall not be entitled to recover any benefits not received  
23 after the termination of benefits by reason of such surviving spouse's  
24 remarriage but before the effective date of this act. If there is no surviving  
25 spouse, or if after the death of the spouse there remain one or more  
26 children under the age of 18 years or one or more children under the age  
27 of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and  
28 amendments thereto, the annual spouse's benefit shall be payable, subject  
29 to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments  
30 thereto, in equal shares to such children and each child's share shall end  
31 on the last day of the month in which such child attains the age of 18  
32 years or dies, whichever occurs earlier or in which such child attains the  
33 age of 23 years, if such child is a full-time student as provided in K.S.A.  
34 74-49,117 and amendments thereto. Commencing on the effective date  
35 of this act, any child who was receiving benefits pursuant to this section  
36 and who had such benefits terminated by reason of such child's marriage,  
37 shall be entitled to once again receive benefits pursuant to this section  
38 subject to the limitations contained in this section, except that such child  
39 shall not be entitled to recover any benefits not received after the ter-  
40 mination of benefits by reason of such child's marriage but before the  
41 effective date of this act.

42 The provisions of paragraph (f) of subsection (1) shall apply in all cases  
43 of such members who die after December 1, 1984.

1 (2) (a) If any active contributing member, prior to such member's  
2 normal retirement, becomes totally and permanently disabled for a period  
3 of 180 days from causes not service-connected, and not as the result of a  
4 willfully negligent or intentional act of the member, such member shall  
5 be retired and the following benefit shall become payable and shall con-  
6 tinue until the member's death or until the member recovers from such  
7 disability, whichever occurs first, if a report of the disability in a form  
8 acceptable to the board is filed in the office of the executive ~~secretary~~  
9 ~~director~~ of the board within 220 days after the date of the commencement  
10 of such disability and if an application for such benefit in such form and  
11 manner as the board shall prescribe is filed in the office of the executive  
12 ~~secretary~~ ~~director~~ of the board within two years of the date of disability,  
13 *except that the board may waive such two-year requirement, if the board*  
14 *is presented with evidence that clearly warrants such a waiver.*

15 A retirement benefit equal to 2.5% of the member's final average salary  
16 multiplied by the number of years of credited service or the retirement  
17 benefit the member would have been entitled to as provided under K.S.A.  
18 74-4958 and amendments thereto had the member retired, whichever is  
19 greater, multiplied by the number of years of credited service except that  
20 such retirement benefit shall be at least equal to 25% of the member's  
21 final average salary but shall not exceed the amount of the retirement  
22 benefit provided in paragraph (a) of subsection (1). Such benefit shall not  
23 become payable until satisfactory evidence shall be presented to the board  
24 that the member is and has been totally and permanently disabled for a  
25 period of 180 days, but benefits shall accrue from the day upon which  
26 the member ceases to draw compensation.

27 ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~  
28 ~~amendments thereto,~~ In the event a member who is retired under subsec-  
29 tion (2) dies after the date of such retirement, ~~and no benefits are payable~~  
30 ~~under subsection (3) of K.S.A. 74-4958 and amendments thereto,~~ the  
31 following benefits shall be payable:

32 (i) ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~  
33 ~~amendments thereto,~~ to the member's spouse, if lawfully wedded to the  
34 member at the time of the member's death *and if no benefits are payable*  
35 *under subsection (3) of K.S.A. 74-4958, and amendments thereto,* a lump-  
36 sum benefit equal to 50% of the member's final average salary at the time  
37 of the member's retirement.

38 (ii) To the member's spouse, if lawfully wedded to the member at  
39 the time of the member's death, an annual benefit equal to 50% of the  
40 member's retirement benefit payable in monthly installments, to accrue  
41 from the first day of the month following the member's date of death and  
42 ending on the last day of the month in which the spouse dies. Com-  
43 mencing on the effective date of this act, any surviving spouse, who was

1 receiving benefits pursuant to this section and who had such benefits  
2 terminated by reason of such spouse's remarriage, shall be entitled to  
3 once again receive benefits pursuant to this section, except that such  
4 surviving spouse shall not be entitled to recover any benefits not received  
5 after the termination of benefits by reason of such surviving spouse's  
6 remarriage but before the effective date of this act. If there is no surviving  
7 spouse, or if after the death of the spouse there remain one or more  
8 children under the age of 18 years or one or more children under the age  
9 of 23 years who are full-time students as provided in K.S.A. 74-49,117  
10 and amendments thereto, the ~~annual~~ spouse's benefit shall be payable,  
11 subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments  
12 thereto, in equal shares to such children and each child's share shall end  
13 on the last day of the month in which such child attains the age of 18  
14 years or dies, whichever occurs earlier or in which such child attains the  
15 age of 23 years, if such child is a full-time student as provided in K.S.A.  
16 74-49,117 and amendments thereto. Commencing on the effective date  
17 of this act, any child who was receiving benefits pursuant to this section  
18 and who had such benefits terminated by reason of such child's marriage,  
19 shall be entitled to once again receive benefits pursuant to this section  
20 subject to the limitations contained in this section, except that such child  
21 shall not be entitled to recover any benefits not received after the ter-  
22 mination of benefits by reason of such child's marriage but before the  
23 effective date of this act.

24 The provisions of paragraph (b) of subsection (2) shall apply in all cases  
25 of such members who die after July 1, 1989.

26 (3) Any member who was employed for compensation by an em-  
27 ployer other than the member's participating employer and whose disa-  
28 bility was incurred in the course of such other employment shall not be  
29 eligible for any of the benefits provided in subsection (2).

30 (4) If a member becomes totally and permanently disabled and no  
31 benefits are payable under subsection (1) or (2), the sum of the member's  
32 accumulated contributions shall be paid to the member.

33 (5) Any member receiving benefits under this section shall submit to  
34 medical examination, not more frequent than annually, by one or more  
35 physicians or any other practitioners of the healing arts holding a valid  
36 license issued by Kansas state board of healing arts, as the board of trus-  
37 tees may direct. If upon such medical examination, the examiner's report  
38 to the board states that the retirant is physically able and capable of re-  
39 suming employment with the same or a different participating employer,  
40 the disability benefits shall terminate. A retirant who has been receiving  
41 benefits under the provisions of this section and who returns to employ-  
42 ment, as defined in subsection (4) of K.S.A. 74-4952 and amendments  
43 thereto, of a participating employer shall immediately commence accru-



1 ing service credit which shall be added to that which has been accrued  
2 by virtue of previous service.

3 (6) Any retirant who has been receiving benefits under the provisions  
4 of this section for a period of five years shall be deemed finally retired  
5 and shall not be subject to further medical examinations, except that if  
6 the board of trustees shall have reasonable grounds to question whether  
7 the retirant remains totally and permanently disabled, a further medical  
8 examination or examinations may be required.

9 (7) Refusal or neglect to submit to examination as provided in sub-  
10 section (5) shall be sufficient cause for suspending or discontinuing ben-  
11 efit payments under this section and if such refusal or neglect shall con-  
12 tinue for a period of one year, the member's rights in and to all benefits  
13 under this system may be revoked by the board.

14 (8) Any retirement benefits payable under the provisions of this sec-  
15 tion shall be in lieu of normal retirement benefits as provided in subsec-  
16 tions (1) and (2) of K.S.A. 74-4958 and amendments thereto.

17 (9) Each member shall report to such member's participating em-  
18 ployer any event or act of duty causing disability within 200 days after  
19 such event or act of duty. The member's participating employer shall file  
20 in the office of the executive ~~secretary~~ *director* of the board, in a form  
21 acceptable to the board, a report of the event or act of duty causing  
22 disability within 220 days after the event or act of duty.

23 (10) In any case of any event occurring prior to July 1, 1979, and after  
24 June 30, 1998, for which a report of the event was made by the partici-  
25 pating employer to the director of ~~workers'~~ *workers* compensation in ac-  
26 cordance with K.S.A. 44-557 and amendments thereto, such report to the  
27 director of ~~workers'~~ *workers* compensation shall satisfy the requirement  
28 under subsection (1) of this section to file a report of such event, in a  
29 form acceptable to the board within 220 days. No such report to the  
30 director of workers' compensation shall be deemed to satisfy such re-  
31 quirement with respect to events occurring on or after July 1, 1979, and  
32 prior to July 1, 1998.

33 (11) All payments due under this section to a minor shall be made to  
34 a legally appointed conservator of such minor.

35 (12) The provisions of this section shall apply only to members who  
36 were appointed or employed prior to July 1, 1989, and who did not make  
37 an election pursuant to K.S.A. 74-4955a and amendments thereto.

38 (13) Any retirant who has been receiving benefits under the provi-  
39 sions of this section and who returns to employment with the same or  
40 different participating employer in the system shall be deemed no longer  
41 retired.

42 (14) *Upon the death of a member after retirement, if no benefits are*  
43 *payable under the provisions of this section, the excess, if any, of the*

1 *retirant's accumulated contributions over the sum of all benefits paid shall*  
2 *be paid to the member's beneficiary.*

3 Sec. 34. K.S.A. 2000 Supp. 74-4960a is hereby amended to read as  
4 follows: 74-4960a. (1) If any active contributing member who is appointed  
5 or employed on or after July 1, 1989, or who makes an election pursuant  
6 to K.S.A. 74-4955a and amendments thereto to be covered by the pro-  
7 visions of this act becomes disabled as defined in subsection (2), such  
8 member shall receive a monthly benefit equal to 50% of the member's  
9 final average salary at the time such member was disabled payable in  
10 monthly installments, accruing from the first day upon which the member  
11 ceases to draw compensation, if a report of the disability in such form  
12 and manner as the board shall prescribe is filed in the office of the ex-  
13 ecutive ~~secretary~~ *director* of the board within 220 days after the date of  
14 the commencement of such disability and if an application for such ben-  
15 efit in such form and manner as the board shall prescribe is filed in the  
16 office of the executive ~~secretary~~ *director* of the board within two years of  
17 the date of the commencement of such disability, *except that the board*  
18 *may waive such two-year requirement, if the board is presented with*  
19 *evidence that clearly warrants such a waiver.*

20 (2) For the purposes of this section, "disabled" means total inability  
21 to perform permanently the duties of the position of policeman or  
22 fireman.

23 ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~  
24 ~~amendments thereto,~~ In the event a member who is disabled and entitled  
25 to such benefits as provided in subsection (1) dies after the date of such  
26 disability, ~~and no benefits are payable under subsection (3) of K.S.A. 74-~~  
27 ~~4958 and amendments thereto,~~ the following benefits shall be payable:

28 (i) ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~  
29 ~~amendments thereto,~~ to the member's spouse, if lawfully wedded to the  
30 member at the time of the member's death, ~~and if no benefits are payable~~  
31 ~~under subsection (3) of K.S.A. 74-4958a, and amendments thereto,~~ a  
32 lump-sum benefit equal to 50% of the member's final average salary at  
33 the time such member was disabled.

34 (ii) To the member's spouse, if lawfully wedded to the member at  
35 the time of the member's death, an annual benefit equal to 50% of the  
36 member's benefit payable in monthly installments, to accrue from the  
37 first day of the month following the member's date of death and ending  
38 on the last day of the month in which the spouse dies. Commencing on  
39 the effective date of this act, any surviving spouse, who was receiving  
40 benefits pursuant to this section and who had such benefits terminated  
41 by reason of such spouse's remarriage, shall be entitled to once again  
42 receive benefits pursuant to this section, except that such surviving spouse  
43 shall not be entitled to recover any benefits not received after the ter-

1 mination of benefits by reason of such surviving spouse's remarriage but  
2 before the effective date of this act. If there is no surviving spouse, or if  
3 after the death of the spouse there remain one or more children under  
4 the age of 18 years or one or more children under the age of 23 years  
5 who is a full-time student as provided in K.S.A. 74-49,117 and amend-  
6 ments thereto, the ~~annual~~ spouse's benefit shall be payable, subject to  
7 the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto,  
8 in equal shares to such children and each child's share shall end on the  
9 last day of the month in which such child attains the age of 18 years or  
10 dies, whichever occurs earlier or in which such child attains the age of 23  
11 years, if such child is a full-time student as provided in K.S.A. 74-49,117  
12 and amendments thereto. Commencing on the effective date of this act,  
13 any child who was receiving benefits pursuant to this section and who  
14 had such benefits terminated by reason of such child's marriage, shall be  
15 entitled to once again receive benefits pursuant to this section subject to  
16 the limitations contained in this section, except that such child shall not  
17 be entitled to recover any benefits not received after the termination of  
18 benefits by reason of such child's marriage but before the effective date  
19 of this act.

20 (4) Any member who was employed for compensation by an em-  
21 ployer other than the member's participating employer and whose disa-  
22 bility was incurred in the course of such other employment shall not be  
23 eligible for any of the benefits provided in subsection (1) or (3).

24 (5) If a member becomes totally and permanently disabled and no  
25 benefits are payable under subsection (1), the sum of the member's ac-  
26 cumulated contributions shall be paid to the member.

27 (6) Any member receiving benefits under this section shall submit to  
28 medical examination, not more frequent than annually, by one or more  
29 physicians or any other practitioners of the healing arts holding a valid  
30 license issued by the state board of healing arts to practice a branch of  
31 the healing arts, as the board of trustees may direct. If upon such medical  
32 examination, the examiner's report to the board states that the member  
33 is physically able and capable of resuming employment with the same or  
34 a different participating employer, the disability benefits shall terminate.  
35 A member who has been receiving benefits under the provisions of this  
36 section and who returns to employment, as defined in subsection (4) of  
37 K.S.A. 74-4952 and amendments thereto, of a participating employer shall  
38 immediately commence accruing service credit which shall be added to  
39 that which has been accrued by virtue of previous service.

40 (7) Any member who has been receiving benefits under the provi-  
41 sions of this section for a period of five years shall be deemed permanent  
42 and shall not be subject to further medical examinations, except that if  
43 the board of trustees shall have reasonable grounds to question whether

1 the member remains totally and permanently disabled, a further medical  
2 examination or examinations may be required.

3 (8) Refusal or neglect to submit to examination as provided in sub-  
4 section (6) shall be sufficient cause for suspending or discontinuing ben-  
5 efit payments under this section and if such refusal or neglect shall con-  
6 tinue for a period of one year, the member's rights in and to all benefits  
7 under this system may be revoked by the board.

8 (9) In the event that a member becomes disabled and is eligible for  
9 benefits provided in this section, such member shall be given participating  
10 service credit for the entire period of such disability.

11 (10) Any member who is receiving benefits pursuant to this section  
12 shall file annually a statement of earnings for the previous year in such  
13 form and manner as the board shall prescribe. Any disability benefit paid  
14 to a member entitled to such benefit pursuant to this section shall be  
15 reduced by the board in an amount equal to a \$1 reduction in such benefit  
16 for every \$2 of earnings of such member which were earned during the  
17 previous year while such member was disabled. Such reduction shall ap-  
18 ply only to a member's earnings which exceed \$10,000.

19 (11) Any benefits provided pursuant to this section and any partici-  
20 pating service credit given pursuant to subsection (9) shall terminate upon  
21 the earliest date such member is eligible for retirement upon attainment  
22 of the normal retirement date as provided in K.S.A. 74-4964a and amend-  
23 ments thereto.

24 (12) Any member who has received benefits under the provisions of  
25 this section for a period of five years or more immediately preceding  
26 retirement shall have such member's final average salary adjusted upon  
27 retirement by the actuarial salary assumption rates in existence during  
28 such period. Effective July 1, 1993, each member's current annual rate  
29 shall be adjusted upon retirement by 5% for each year of disability after  
30 July 1, 1993, but before July 1, 1998. Effective July 1, 1998, such mem-  
31 ber's current annual rate shall be adjusted upon retirement by an amount  
32 equal to the lesser of: (1) The percentage increase in the consumer price  
33 index for all urban consumers as published by the bureau of labor statistics  
34 of the United States department of labor minus one percent; or (2) four  
35 percent per annum, measured from the member's last day on the payroll  
36 to the month that is two months prior to the month of retirement, for  
37 each year of disability after July 1, 1998.

38 (13) All payments due under this section to a minor shall be made to  
39 a legally appointed conservator of such minor.

40 (14) The provisions of this section shall be effective on and after July  
41 1, 1989 and shall apply only to members who were appointed or employed  
42 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-  
43 4955a and amendments thereto; and persons appointed or employed on

1 or after July 1, 1989.

2 (15) Any retirant who has been receiving benefits under the provi-  
3 sions of this section and who returns to employment with the same or  
4 different participating employer in the system shall be deemed no longer  
5 retired.

6 (16) *Upon the death of a member after retirement, if no benefits are*  
7 *payable under the provisions of this section, the excess, if any, of the*  
8 *retirant's accumulated contributions over the sum of all benefits paid shall*  
9 *be paid to the member's beneficiary.*

10 Sec. 35. K.S.A. 2000 Supp. 74-4964 is hereby amended to read as  
11 follows: 74-4964. (1) A member may elect to have such member's retire-  
12 ment benefit paid under one of the options provided in this section in  
13 lieu of having it paid in the form stated in subsections (1) and (2) of K.S.A.  
14 74-4958 and amendments thereto. Such election must be made before  
15 the date of actual retirement. Only a specific individual person may be  
16 designated as a joint annuitant at the time of election of the joint and  $\frac{1}{2}$   
17 to joint annuitant survivor option, the joint and survivor option and the  
18 joint and  $\frac{3}{4}$  to joint annuitant survivor option. Under no circumstances  
19 may an option be changed or canceled nor the named joint annuitant  
20 changed after the date of actual retirement of the member.

21 (2) The amount of a retirement benefit payable under an option shall  
22 be based on the age of the member and, if applicable, the age of the joint  
23 annuitant, and shall be such amount as to be the actuarial equivalent of  
24 the retirement benefit otherwise payable under subsections (1) or (2) of  
25 K.S.A. 74-4958 and amendments thereto as prescribed under subsection  
26 (5). In no case shall the total amount of retirement benefit paid under  
27 any option provided in this section be more than 100% of the retirement  
28 benefit which would have been otherwise payable if no option had been  
29 elected under this section.

30 (3) If a member who was, up to the entry date of such member's  
31 employer, covered by a pension system under the provisions of K.S.A.  
32 13-14a01 to 13-14a14, inclusive or 14-10a01 through 14-10a15, inclusive,  
33 and amendments thereto so elects one of the options under this section,  
34 payment of such option shall be in lieu of any payments provided in  
35 subsection (3) of K.S.A. 74-4958 and amendments thereto.

36 (4) Such election of an option shall become null and void upon the  
37 death of a member prior to such member's retirement, except that if a  
38 member, who is eligible to retire in accordance with the provisions of  
39 subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies  
40 without having actually retired the member's spouse, if the spouse is  
41 beneficiary for the member's accumulated contributions, and no benefits  
42 are payable under subsections (1) and (2) of K.S.A. 74-4959 and amend-  
43 ments thereto, may elect to receive benefits under one of the options

1 provided in this section, in lieu of receiving the member's accumulated  
2 contributions.

3 (5) The following retirement options which are subject to the provi-  
4 sions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are  
5 available:

6 (A) *Joint and 1/2 to joint annuitant survivor.* A reduced retirement  
7 benefit is payable to the retirant during the retirant's lifetime in a monthly  
8 amount equal to the product of (A) the monthly payment of the retire-  
9 ment annuity otherwise payable under K.S.A. 74-4958 and amendments  
10 thereto and (B) the percentage equal to 94.5% minus .2% for each year  
11 by which the age of the retirant's joint annuitant is less than the retirant's  
12 age, computed to the nearest whole year, or plus .2% for each year by  
13 which the age of the retirant's joint annuitant is more than the retirant's  
14 age, computed to the nearest whole year, with 1/2 of that monthly amount  
15 continued to the retirant's joint annuitant during such joint annuitant's  
16 remaining lifetime, if any, after the death of the retirant. In the event that  
17 the designated joint annuitant under this option predeceases the retirant,  
18 the amount of the retirement benefit otherwise payable to the retirant  
19 under this option shall be adjusted automatically to the retirement benefit  
20 which the retirant would have received if no option had been elected  
21 under this section.

22 (B) *Joint and survivor.* A reduced retirement benefit is payable to  
23 the retirant during the retirant's lifetime in a monthly amount equal to  
24 the product of (A) the monthly payment of the retirement annuity oth-  
25 erwise payable under K.S.A. 74-4958 and amendments thereto and (B)  
26 the percentage equal to 88% minus .4% for each year by which the age  
27 of the retirant's joint annuitant is less than the retirant's age, computed  
28 to the nearest whole year, or plus .4% for each year by which the age of  
29 the retirant's joint annuitant is more than the retirant's age, computed to  
30 the nearest whole year, with that monthly amount continued to the joint  
31 annuitant during the joint annuitant's remaining lifetime, if any, after the  
32 death of retirant. In the event that the designated joint annuitant under  
33 this option predeceases the retirant, the amount of the retirement benefit  
34 otherwise payable to the retirant under this option shall be adjusted au-  
35 tomatically to the retirement benefit which the retirant would have re-  
36 ceived if no option had been elected under this section.

37 (C) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement  
38 benefit is payable to the retirant during the retirant's lifetime in a monthly  
39 amount equal to the product of (A) the monthly payment of the retire-  
40 ment annuity otherwise payable under K.S.A. 74-4958 and amendments  
41 thereto and (B) the percentage equal to 91% minus .3% for each year by  
42 which the age of the retirant's joint annuitant is less than the retirant's  
43 age, computed to the nearest whole year, or plus .3% for each year by

1 which the age of the retirant's joint annuitant is more than the retirant's  
2 age, computed to the nearest whole year, with  $\frac{3}{4}$  of that monthly amount  
3 continued to the retirant's joint annuitant during such joint annuitant's  
4 remaining lifetime, if any, after the death of the retirant. In the event that  
5 the designated joint annuitant under this option predeceases the retirant,  
6 the amount of the retirement benefit otherwise payable to the retirant  
7 under this option shall be adjusted automatically to the retirement benefit  
8 which the retirant would have received if no option had been elected  
9 under this section.

10 (D) *Life with 5 years certain.* A reduced retirement benefit is payable  
11 to the retirant during the retirant's lifetime in a monthly amount equal  
12 to 99% of the monthly payment of the retirement benefit otherwise pay-  
13 able under K.S.A. 74-4958 and amendments thereto, and if the retirant  
14 dies within the five-year certain period, measured from the commence-  
15 ment of retirement benefit payments, such payments will be continued  
16 to the retirant's beneficiary during the balance of the five-year certain  
17 period.

18 (E) *Life with 10 years certain.* A reduced retirement benefit is pay-  
19 able to the retirant during the retirant's lifetime in a monthly amount  
20 equal to 98% of the monthly payment of the retirement benefit otherwise  
21 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-  
22 ant dies within the ten-year certain period, measured from the com-  
23 mencement of retirement benefit payments, such payments will be con-  
24 tinued to the retirant's beneficiary during the balance of the ten-year  
25 certain period.

26 (F) *Life with 15 years certain.* A reduced retirement benefit is pay-  
27 able to the retirant during the retirant's lifetime in a monthly amount  
28 equal to 92% of the monthly payment of the retirement benefit otherwise  
29 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-  
30 ant dies within the fifteen-year certain period, measured from the com-  
31 mencement of retirement benefit payments, such payments will be con-  
32 tinued to the retirant's beneficiary during the balance of the fifteen-year  
33 certain period.

34 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the  
35 member must specify a lump sum amount to be paid to the member  
36 upon the member's retirement. The lump sum amount will be based on  
37 the actuarial present value of the benefit as provided in K.S.A. 74-4958,  
38 and amendments thereto. The lump sum amount designated by the mem-  
39 ber must be in 10% increments and shall not exceed  $\frac{1}{2}$  of the actuarial  
40 present value of the benefit provided in K.S.A. 74-4958, and amendments  
41 thereto.

42 (ii) Pursuant to this option, the member must elect to have the re-  
43 maining actuarial present value paid in a monthly amount under the pro-

1 visions of K.S.A. 74-4958, and amendments thereto, or subsections (5)(A)  
2 through (5)(F) of this section.

3 ~~(iii) The amount of any retirement benefit payable pursuant to this~~  
4 ~~subsection shall remain as provided in this subsection even in the event~~  
5 ~~that the designated joint annuitant pursuant to subsections (5)(A), (5)(B)~~  
6 ~~or (5)(C) predeceases the retirant. In the event that the designated joint~~  
7 ~~annuitant pursuant to subsection (5)(A), (5)(B) or (5)(C) under this option~~  
8 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~  
9 ~~payable to the retirant under this option shall be adjusted automatically~~  
10 ~~to the retirement benefit which the retirant would have received if no~~  
11 ~~option had been elected under this section.~~

12 (iv) The provisions of this subsection shall be effective on and after  
13 July 1, 2001.

14 (6) On and after July 1, 1996, if a member with 20 or more years of  
15 credited service dies before attaining retirement age, the member's  
16 spouse, if the spouse is the sole beneficiary for the member's accumulated  
17 contributions, may elect to receive benefits under one of the options  
18 provided in this section in lieu of receiving the member's accumulated  
19 contributions or in lieu of receiving benefits as provided in K.S.A. 74-  
20 4959 and amendments thereto. Payments under one of the options pro-  
21 vided in this section to the member's spouse if so elected, shall commence  
22 on the date that the member would have attained retirement age.

23 (7) Benefits payable to a joint annuitant shall accrue from the first  
24 day of the month following the death of a member or retirant and, in the  
25 case of the joint and 1/2 to joint annuitant survivor option, the joint and  
26 survivor option and the joint and 3/4 to joint annuitant survivor option,  
27 shall end on the last day of the month in which the joint annuitant dies.

28 (8) The provisions of the law in effect on the retirement date of a  
29 member under the system shall govern the retirement benefit payable to  
30 the retirant and any joint annuitant, except, for retirement benefits pay-  
31 able after July 1, 1993, for retirants who retired prior to July 1, 1982, in  
32 the event that the designated joint annuitant under the option provided  
33 in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant,  
34 the amount of the retirement benefit otherwise payable to the retirant  
35 under the option provided in subsection (5)(A), (B) or (C), as applicable,  
36 shall be adjusted automatically to the retirement benefit which the retir-  
37 ant would have received if no option had been elected under this section.

38 (9) Upon the death of a joint annuitant who is receiving a retirement  
39 benefit under the provisions of this section, there shall be paid to such  
40 joint annuitant's beneficiary an amount equal to the excess, if any, of the  
41 accumulated contributions of the retirant over the sum of all retirement  
42 benefit payments made to such retirant and such joint annuitant. Such  
43 joint annuitant shall designate a beneficiary by filing in the office of the



1 retirement system such designation at the time of death of the retirant.  
2 If there is no named beneficiary of such joint annuitant living at the time  
3 of death of such joint annuitant, any amount provided for by this section  
4 shall be paid to, in order of preference as follows:

- 5 (A) The joint annuitant's surviving spouse;
- 6 (B) the joint annuitant's dependent child or children;
- 7 (C) the joint annuitant's dependent parent or parents;
- 8 (D) the joint annuitant's nondependent child or children;
- 9 (E) the joint annuitant's nondependent parent or parents; or
- 10 (F) the estate of the deceased joint annuitant.

11 (10) The provisions of this section shall apply only to members who  
12 were appointed or employed prior to July 1, 1989, and who did not make  
13 an election pursuant to K.S.A. 74-4955a and amendments thereto.

14 Sec. 36. K.S.A. 2000 Supp. 74-4964a is hereby amended to read as  
15 follows: 74-4964a. (1) A member may elect to have such member's re-  
16 tirement benefit paid under one of the options provided in this section  
17 in lieu of having it paid in the form stated in subsections (1) and (2) of  
18 K.S.A. 74-4958 and amendments thereto. Such election must be made  
19 before the date of actual retirement. Only a specific individual person  
20 may be designated as a joint annuitant at the time of election of the joint  
21 and  $\frac{1}{2}$  to joint annuitant survivor option, the joint and survivor option  
22 and the joint and  $\frac{3}{4}$  to joint annuitant survivor option. Under no circum-  
23 stances may an option be changed or canceled nor the named joint an-  
24 nuitant changed after the date of actual retirement of the member.

25 (2) The amount of a retirement benefit payable under an option shall  
26 be based on the age of the member and, if applicable, the age of the joint  
27 annuitant, and shall be such amount as to be the actuarial equivalent of  
28 the retirement benefit otherwise payable under subsections (1) or (2) of  
29 K.S.A. 74-4958 and amendments thereto as prescribed under subsection  
30 (5). In no case shall the total amount of retirement benefit paid under  
31 any option provided in this section be more than 100% of the retirement  
32 benefit which would have been otherwise payable if no option had been  
33 elected under this section.

34 (3) If a member who was, up to the entry date of such member's  
35 employer, covered by a pension system under the provisions of K.S.A.  
36 13-14a01 through 13-14a14, inclusive or 14-10a01 through 14-10a15, in-  
37 clusive, and amendments thereto so elects one of the options under this  
38 section, payment of such option shall be in lieu of any payments provided  
39 in subsection (3) of K.S.A. 74-4958 and amendments thereto.

40 (4) Such election of an option shall become null and void upon the  
41 death of a member prior to such member's retirement, except that if a  
42 member, who is eligible to retire in accordance with the provisions of  
43 subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies

1 without having actually retired the member's spouse, if the spouse is  
2 beneficiary for the member's accumulated contributions, and no benefits  
3 are payable under subsections (1) and (2) of K.S.A. 74-4959 and amend-  
4 ments thereto, may elect to receive benefits under one of the options  
5 provided in this section, in lieu of receiving the member's accumulated  
6 contributions.

7 (5) The following retirement options which are subject to the provi-  
8 sions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are  
9 available:

10 (A) *Joint and 1/2 to joint annuitant survivor.* A reduced retirement  
11 benefit is payable to the retirant during the retirant's lifetime in a monthly  
12 amount equal to the product of (A) the monthly payment of the retire-  
13 ment annuity otherwise payable under K.S.A. 74-4958 and amendments  
14 thereto and (B) the percentage equal to 94.5% minus .2% for each year  
15 by which the age of the retirant's joint annuitant is less than the retirant's  
16 age, computed to the nearest whole year, or plus .2% for each year by  
17 which the age of the retirant's joint annuitant is more than the retirant's  
18 age, computed to the nearest whole year, with 1/2 of that monthly amount  
19 continued to the retirant's joint annuitant during such joint annuitant's  
20 remaining lifetime, if any, after the death of the retirant. In the event that  
21 the designated joint annuitant under this option predeceases the retirant,  
22 the amount of the retirement benefit otherwise payable to the retirant  
23 under this option shall be adjusted automatically to the retirement benefit  
24 which the retirant would have received if no option had been elected  
25 under this section.

26 (B) *Joint and survivor.* A reduced retirement benefit is payable to  
27 the retirant during the retirant's lifetime in a monthly amount equal to  
28 the product of (A) the monthly payment of the retirement annuity oth-  
29 erwise payable under K.S.A. 74-4958 and amendments thereto and (B)  
30 the percentage equal to 88% minus .4% for each year by which the age  
31 of the retirant's joint annuitant is less than the retirant's age, computed  
32 to the nearest whole year, or plus .4% for each year by which the age of  
33 the retirant's joint annuitant is more than the retirant's age, computed to  
34 the nearest whole year, with that monthly amount continued to the joint  
35 annuitant during the joint annuitant's remaining lifetime, if any, after the  
36 death of retirant. In the event that the designated joint annuitant under  
37 this option predeceases the retirant, the amount of the retirement benefit  
38 otherwise payable to the retirant under this option shall be adjusted au-  
39 tomatically to the retirement benefit which the retirant would have re-  
40 ceived if no option had been elected under this section.

41 (C) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement  
42 benefit is payable to the retirant during the retirant's lifetime in a monthly  
43 amount equal to the product of (A) the monthly payment of the retire-

1 ment annuity otherwise payable under K.S.A. 74-4958 and amendments  
2 thereto and (B) the percentage equal to 91% minus .3% for each year by  
3 which the age of the retirant's joint annuitant is less than the retirant's  
4 age, computed to the nearest whole year, or plus .3% for each year by  
5 which the age of the retirant's joint annuitant is more than the retirant's  
6 age, computed to the nearest whole year, with  $\frac{3}{4}$  of that monthly amount  
7 continued to the retirant's joint annuitant during such joint annuitant's  
8 remaining lifetime, if any, after the death of the retirant. In the event that  
9 the designated joint annuitant under this option predeceases the retirant,  
10 the amount of the retirement benefit otherwise payable to the retirant  
11 under this option shall be adjusted automatically to the retirement benefit  
12 which the retirant would have received if no option had been elected  
13 under this section.

14 (D) *Life with 5 years certain.* A reduced retirement benefit is payable  
15 to the retirant during the retirant's lifetime in a monthly amount equal  
16 to 99% of the monthly payment of the retirement benefit otherwise pay-  
17 able under K.S.A. 74-4958 and amendments thereto, and if the retirant  
18 dies within the five-year certain period, measured from the commence-  
19 ment of retirement benefit payments, such payments will be continued  
20 to the retirant's beneficiary during the balance of the five-year certain  
21 period.

22 (E) *Life with 10 years certain.* A reduced retirement benefit is pay-  
23 able to the retirant during the retirant's lifetime in a monthly amount  
24 equal to 98% of the monthly payment of the retirement benefit otherwise  
25 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-  
26 ant dies within the ten-year certain period, measured from the com-  
27 mencement of retirement benefit payments, such payments will be con-  
28 tinued to the retirant's beneficiary during the balance of the ten-year  
29 certain period.

30 (F) *Life with 15 years certain.* A reduced retirement benefit is pay-  
31 able to the retirant during the retirant's lifetime in a monthly amount  
32 equal to 92% of the monthly payment of the retirement benefit otherwise  
33 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-  
34 ant dies within the fifteen-year certain period, measured from the com-  
35 mencement of retirement benefit payments, such payments will be con-  
36 tinued to the retirant's beneficiary during the balance of the fifteen-year  
37 certain period.

38 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the  
39 member must specify a lump sum amount to be paid to the member  
40 upon the member's retirement. The lump sum amount will be based on  
41 the actuarial present value of the benefit as provided in K.S.A. 74-4958a,  
42 and amendments thereto. The lump sum amount designated by the mem-  
43 ber must be in 10% increments and shall not exceed  $\frac{1}{2}$  of the actuarial

1 present value of the benefit provided in K.S.A. 74-4958a, and amend-  
2 ments thereto.

3 (ii) Pursuant to this option, the member must elect to have the re-  
4 maining actuarial present value paid in a monthly amount under the pro-  
5 visions of K.S.A. 74-4958a, and amendments thereto, or subsections  
6 (5)(A) through (5)(F) of this section.

7 ~~(iii) The amount of any retirement benefit payable pursuant to this~~  
8 ~~subsection shall remain as provided in this subsection even in the event~~  
9 ~~that the designated joint annuitant pursuant to subsections (5)(A), (5)(B)~~  
10 ~~or (5)(C) predeceases the retirant. In the event that the designated joint~~  
11 ~~annuitant pursuant to subsection (5)(A), (5)(B) or (5)(C) under this option~~  
12 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~  
13 ~~payable to the retirant under this option shall be adjusted automatically~~  
14 ~~to the retirement benefit which the retirant would have received if no~~  
15 ~~option had been elected under this section.~~

16 (iv) The provisions of this subsection shall be effective on and after  
17 July 1, 2001.

18 (6) On and after July 1, 1996, if a member with 20 or more years of  
19 credited service dies before attaining retirement age, the member's  
20 spouse, if the spouse is the sole beneficiary for the member's accumulated  
21 contributions, may elect to receive benefits under one of the options  
22 provided in this section in lieu of receiving the member's accumulated  
23 contributions or in lieu of receiving benefits as provided in K.S.A. 74-  
24 4959 and amendments thereto. Payments under one of the options pro-  
25 vided in this section to the member's spouse if so elected, shall commence  
26 on the date that the member would have attained retirement age.

27 (7) Benefits payable to a joint annuitant shall accrue from the first  
28 day of the month following the death of a member or retirant and, in the  
29 case of the joint and  $\frac{1}{2}$  to joint annuitant survivor option, the joint and  
30 survivor option and the joint and  $\frac{3}{4}$  to joint annuitant survivor option,  
31 shall end on the last day of the month in which the joint annuitant dies.

32 (8) The provisions of the law in effect on the retirement date of a  
33 member under the system shall govern the retirement benefit payable to  
34 the retirant and any joint annuitant, except, for retirement benefits pay-  
35 able after July 1, 1993, for retirants who retired prior to July 1, 1982, in  
36 the event that the designated joint annuitant under the option provided  
37 in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant,  
38 the amount of the retirement benefit otherwise payable to the retirant  
39 under the option provided in subsection (5)(A), (B) or (C), as applicable,  
40 shall be adjusted automatically to the retirement benefit which the retir-  
41 ant would have received if no option had been elected under this section.

42 (9) Upon the death of a joint annuitant who is receiving a retirement  
43 benefit under the provisions of this section, there shall be paid to such

1 joint annuitant's beneficiary an amount equal to the excess, if any, of the  
2 accumulated contributions of the retirant over the sum of all retirement  
3 benefit payments made to such retirant and such joint annuitant. Such  
4 joint annuitant shall designate a beneficiary by filing in the office of the  
5 retirement system such designation at the time of death of the retirant.  
6 If there is no named beneficiary of such joint annuitant living at the time  
7 of death of such joint annuitant, any amount provided for by this section  
8 shall be paid to, in order of preference as follows:

- 9 (A) The joint annuitant's surviving spouse;
- 10 (B) the joint annuitant's dependent child or children;
- 11 (C) the joint annuitant's dependent parent or parents;
- 12 (D) the joint annuitant's nondependent child or children;
- 13 (E) the joint annuitant's nondependent parent or parents; or
- 14 (F) the estate of the deceased joint annuitant.

15 (10) The provisions of this section shall be effective on and after July  
16 1, 1989, and shall apply only to members who were appointed or em-  
17 ployed prior to July 1, 1989, and who made an election pursuant to K.S.A.  
18 74-4955a and amendments thereto; and persons appointed or employed  
19 on or after July 1, 1989.

20 Sec. 37. K.S.A. 2000 Supp. 74-4965 is hereby amended to read as  
21 follows: 74-4965. (1) Except as otherwise provided in this section, each  
22 participating employer shall, beginning with the first payroll period for  
23 services performed after the entry date, deduct from the compensation  
24 of each member 7% of such member's compensation as employee con-  
25 tributions, except that in the case of a member whose employment is  
26 covered by social security and the member is a member of the class cer-  
27 tified in the case of *Brazelton v. Kansas public employees retirement*  
28 *system*, 227 K. 443, 607 P.2d 510 (1980), the deduction from such mem-  
29 ber's compensation shall be reduced by the amount of such member's  
30 contributions to social security.

31 (2) For any member other than a member who is a member of the  
32 class certified in the case of *Brazelton v. Kansas public employees retire-*  
33 *ment system*, 227 K. 443, 607 P.2d 510 (1980), no employee contributions  
34 shall be reduced because of contributions to social security.

35 (3) All such deductions shall be remitted quarterly, or as the board  
36 may otherwise provide, to the executive ~~secretary~~ *director* for credit to  
37 the Kansas public employees retirement fund and shall be credited to the  
38 members' individual accounts. Interest on each member's accumulated  
39 contributions at the rate determined under subsection (a) of K.S.A. 74-  
40 4922 and amendments thereto shall be added annually to the member's  
41 individual account.

42 (4) For all payroll periods commencing on or after the effective date  
43 of this act, each participating employer shall deduct from the compen-

1 sation of each member who has received 32 years of credited service, 2%  
2 of such member's compensation as employee contributions.

3 (5) (a) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and  
4 amendments thereto, each participating employer, pursuant to the pro-  
5 visions of section 414(h)(2) of the federal internal revenue code, shall  
6 pick up and pay the contributions which would otherwise be payable by  
7 members as prescribed in subsection (1) commencing with the third quar-  
8 ter of 1984. The contributions so picked up shall be treated as employer  
9 contributions for purposes of determining the amounts of federal income  
10 taxes to withhold from the member's compensation.

11 (b) Member contributions picked up by the employer shall be paid  
12 from the same source of funds used for the payment of compensation to  
13 a member. A deduction shall be made from each member's compensation  
14 equal to the amount of the member's contributions picked up by the  
15 employer, provided that such deduction shall not reduce the member's  
16 compensation for purposes of computing benefits under the system.

17 (c) Member contributions picked up by the employer shall be remit-  
18 ted quarterly, or as the board may otherwise provide, to the executive  
19 ~~secretary~~ *director* for credit to the Kansas public employees retirement  
20 fund. Such contributions shall be credited to a separate account within  
21 the member's individual account so that amounts contributed by the  
22 member commencing with the third quarter of 1984 may be distinguished  
23 from the member contributions picked up by the employer. Interest shall  
24 be added annually to members' individual accounts.

25 Sec. 38. K.S.A. 2000 Supp. 74-4967 is hereby amended to read as  
26 follows: 74-4967. (1) Upon the basis of an annual actuarial valuation and  
27 appraisal of the system conducted in the manner provided for in K.S.A.  
28 74-4908 and amendments thereto, the board shall certify, on or before  
29 July 15 of each year to each participating employer an actuarially deter-  
30 mined estimate of the rate of contribution which shall be required to be  
31 paid by each such participating employer to pay all of the liabilities which  
32 shall accrue under the system from and after the entry date as determined  
33 by the board, upon recommendation of the actuary. Such rate shall be  
34 uniform for all participating employers, and shall be comprised of a rate  
35 for benefits accruing after June 30, 1993, and a rate for amortization of  
36 the additional liability for benefits provided by this act which is attribut-  
37 able to service rendered before July 1, 1993. Such additional liability shall  
38 be amortized over a period of 40 years commencing on July 1, 1993, by  
39 annual payments that increase 4% for each year remaining in the amor-  
40 tization period. The employer's rate of contribution determined under  
41 this section shall not include the costs of administration of the system.

42 (2) The board shall determine for each employer separately an  
43 amount sufficient to amortize over a period of not to exceed 40 years all

1 liabilities for past service costs which shall have accrued at the time of  
2 entry into the system. On the basis of such determination the board shall  
3 annually certify to each participating employer separately an actuarially  
4 determined estimate of the rate of contribution which shall be required  
5 to be paid by that participating employer to pay all of the liabilities for  
6 such past service costs. Such rate shall be termed the employer's prior  
7 service contribution. The board may enter into agreements with any par-  
8 ticipating employer which has employees or retirants under the special  
9 pension systems established under K.S.A. 13-14a01 to 13-14a14, inclu-  
10 sive, and amendments thereto or K.S.A. 14-10a01 to 14-10a15, inclusive,  
11 and amendments thereto, for the purpose of scheduling the payment of  
12 such past service costs in an orderly manner which will tend to stabilize  
13 the annual total financial burden on such employers in meeting their  
14 present and future obligations under this system and such special systems,  
15 but in no event shall the annual prior service contribution be less than  
16 the interest cost on the total of such past service liability.

17 (3) Each participating employer shall appropriate and pay to the sys-  
18 tem a sum sufficient to satisfy the obligations under this act as certified  
19 by the board.

20 (4) Each participating employer is hereby authorized to pay the em-  
21 ployer's contribution from the same fund that the compensation for which  
22 such contribution is made is paid from or from any other funds available  
23 to it for such purpose. Each employer may levy annually at the time of  
24 its levy of taxes, a tax which may be in addition to all other taxes authorized  
25 by law for the purpose of making its contributions under this act, and, in  
26 the case of cities and counties, to pay a portion of the principal and in-  
27 terest on bonds issued by cities under the authority of K.S.A. 12-1774,  
28 and amendments thereto, for the financing of redevelopment projects  
29 upon property located in such county which tax, together with any other  
30 fund available, shall be sufficient to enable it to make such contribution.  
31 In lieu of levying the tax authorized in this subsection, any taxing subdivi-  
32 sion may pay such costs from any employee benefits contribution fund  
33 established pursuant to K.S.A. 12-16,102 and amendments thereto.

34 (5) Employer contributions shall in no way be limited by any other  
35 act which now or in the future establishes or limits the compensation of  
36 any member.

37 (6) The rate of contribution certified to each participating employer  
38 as provided in this section shall apply during the fiscal year of such par-  
39 ticipating employer which begins in the second calendar year following  
40 the year of the actuarial valuation, but the rate of contribution during the  
41 first year following the employer's entry date shall be equal to 16% of the  
42 amount of compensation on which members contribute during the year.

43 (7) Each participating employer shall remit quarterly, or as the board

1 may otherwise provide, all employee deductions and required employer  
2 contributions to the executive ~~secretary~~ *director* for credit to the Kansas  
3 public employees retirement fund within 20 days after the end of the  
4 period covered by the remittance or within 25 days after forms or written  
5 instructions from the system were mailed by the system to such employer,  
6 whichever is later. Remittances of such deductions and contributions re-  
7 ceived after such date are delinquent. Delinquent payments due under  
8 this subsection (7) shall be subject to interest at the rate established for  
9 interest on judgments under subsection (a) of K.S.A. 16-204 and amend-  
10 ments thereto. At the request of the board, delinquent payments which  
11 are due or interest owed on such payments, or both, may be deducted  
12 from any other moneys payable to such employer by any department or  
13 agency of the state.

14 (8) Except as otherwise provided by law, the actuarial cost of any  
15 legislation enacted by the Kansas legislature, except the actuarial cost of  
16 K.S.A. 2000 Supp. 74-49,114a, shall be reflected in the employer contri-  
17 bution rate in the fiscal year immediately following such enactment.

18 Sec. 39. K.S.A. 74-4978h is hereby amended to read as follows: 74-  
19 4978h. Beginning with the first payment of compensation for services of  
20 a patrolman after becoming a special member of the Kansas police and  
21 firemen's retirement system, the employer shall deduct from the com-  
22 pensation of such special member 8% as employee contribution. Such  
23 deductions shall be remitted, as the board may provide, to the executive  
24 ~~secretary~~ *director* for credit to the Kansas public employees retirement  
25 fund, and such deduction shall be credited to the member's individual  
26 account.

27 Sec. 40. K.S.A. 2000 Supp. 74-4989 is hereby amended to read as  
28 follows: 74-4989. (1) (a) Except as provided in (b), pursuant to the pro-  
29 visions of K.S.A. 2000 Supp. 74-49,128, and amendments thereto, upon  
30 the death of a retirant, the board of trustees of the Kansas public em-  
31 ployees retirement system shall pay a lump-sum death benefit to: The  
32 retirant's beneficiary which shall not exceed \$4,000 for such retirant, less  
33 any amount payable for funeral benefits under the applicable provisions  
34 of any local police or fire pension plan, as defined by subsection (c) of  
35 K.S.A. 12-5001 and amendments thereto; *or to a funeral establishment*  
36 *as directed by the retirant and filed in the office of the system prior to*  
37 *such retirant's death.*

38 (b) Notwithstanding the provisions of K.S.A. 74-4923 and amend-  
39 ments thereto, any amounts owed the system shall be deducted from such  
40 lump-sum death benefit.

41 (2) As used in this section, "retirant" means any person who is a  
42 member or special member of the Kansas public employees retirement  
43 system, the Kansas police and firemen's retirement system, the state



1 school retirement system or the retirement system for judges and who  
2 has retired.

3 Sec. 41. K.S.A. 2000 Supp. 74-4998c is hereby amended to read as  
4 follows: 74-4998c. (a) Except as otherwise provided in this section, for all  
5 payroll periods commencing on or after July 1, 1988, but prior to the end  
6 of the term of office in which such elected official is serving on the ef-  
7 fective date of this act, each elected state official shall contribute 5% of  
8 the elected state official's salary for each payroll period to the fund. For  
9 all payroll periods commencing on or after July 1, 1988, but prior to the  
10 end of the term of office in which such elected official is serving on the  
11 effective date of this act, the employer shall deduct from the compen-  
12 sation of each member who has received 30 years of credited service 2%  
13 of such member's compensation as employee contributions. Each elected  
14 state official shall make contributions as provided in K.S.A. 74-4919 and  
15 amendments thereto in lieu of contributions as provided in this section,  
16 for all payroll periods during any term of office of such elected state  
17 official which commences after the effective date of this act. The provi-  
18 sions of K.S.A. 74-4919c, 74-4919d, 74-4919e, 74-4919h or 74-4919j and  
19 amendments thereto shall apply to elected state officials, except that,  
20 subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments  
21 thereto, such elected state officials shall purchase prior and participating  
22 service credit at the rate of 10% or 15% for the payroll periods com-  
23 mencing on or after July 1, 1988, but prior to the end of the term of  
24 office in which such elected official is serving on the effective date of this  
25 act.

26 (b) The director of accounts and reports shall deduct the amount  
27 each elected state official is to contribute to the fund on the payroll of  
28 each elected state official for each payroll period showing the amount  
29 deducted and its credit to the fund. Such deductions shall be remitted as  
30 the board may provide, to the executive ~~secretary~~ *director* of the Kansas  
31 public employees retirement system for credit to the fund to the credit  
32 of the elected state official's individual account therein.

33 (c) For purposes of contributions to and benefits under the Kansas  
34 public employees retirement system of such elected state officials who  
35 are members of the legislature, the salary or compensation of such elected  
36 state official shall be as provided in K.S.A. 74-4995 and amendments  
37 thereto.

38 (d) (1) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and  
39 amendments thereto, the state of Kansas pursuant to the provisions of  
40 section 414(h)(2) of the federal internal revenue code of 1986, as in effect  
41 on July 1, 1998, shall pick up and pay the contributions which would  
42 otherwise be payable by elected state officials as prescribed in subsection  
43 (a) commencing with the effective date of this act. Contributions so

1 picked up shall be treated as employer contributions for purposes of de-  
2 termining the amounts of federal income taxes to withhold from the  
3 elected state official's compensation.

4 (2) Member contributions picked up by the state shall be paid from  
5 the same source of funds used for the payment of compensation to an  
6 elected state official. A deduction shall be made from each elected state  
7 official's compensation equal to the amount of the elected state official's  
8 contributions picked up by the state, provided that such deduction shall  
9 not reduce the elected state official's compensation for purposes of com-  
10 puting benefits under the retirement system.

11 (3) Member contributions picked up by the state shall be remitted as  
12 the board may provide, to the executive ~~secretary~~ *director* for credit to  
13 the Kansas public employees retirement fund.

14 (e) No former member of the legislature shall be required to make  
15 contributions as otherwise required by this section.

16 Sec. 42. K.S.A. 74-49,102 is hereby amended to read as follows: 74-  
17 49,102. Beginning with the first payroll for services performed after July  
18 1, 1975, of each person who is a member of the Kansas public employees  
19 retirement system pursuant to subsection (b) of K.S.A. 74-4999 and  
20 amendments thereto, the employer shall deduct from the compensation  
21 of such person 4% of such person's compensation as employee contri-  
22 butions. Such deductions shall be remitted quarterly, or as the board of  
23 trustees of the Kansas public employees retirement system may otherwise  
24 provide, to the executive ~~secretary~~ *director* of the system for credit to the  
25 Kansas public employees retirement fund. Such deductions shall be cred-  
26 ited to the members' individual accounts and interest shall be added an-  
27 nually to such accounts beginning as provided in subsection (d) of K.S.A.  
28 74-49,103 and amendments thereto.

29 Sec. 43. K.S.A. 2000 Supp. 74-49,128 is hereby amended to read as  
30 follows: 74-49,128. The lump sum death benefits, survivor benefits and  
31 funeral expenses that are provided to surviving spouses, minor children  
32 and other beneficiaries as a result of a ~~non-duty related death or retiree~~  
33 death pursuant to K.S.A. ~~13-14a07~~, 13-14a11, ~~14-10a07~~, 14-10a11, 74-  
34 4958, 74-4958a, 74-4959, 74-4960, 74-4960a and 74-4989, and amend-  
35 ments thereto, are in the nature of life insurance; are provided by the  
36 participating employers for the protection of members' spouses, survivors  
37 or beneficiaries as provided in those sections; and are not subject to reg-  
38 ulation of the state of Kansas department of insurance. The provisions of  
39 this section shall be effective on and after July 1, 2000.

40 Sec. 44. K.S.A. 2000 Supp. 79-32,117 is hereby amended to read as  
41 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual  
42 means such individual's federal adjusted gross income for the taxable year,  
43 with the modifications specified in this section.

1 (b) There shall be added to federal adjusted gross income:

2 (i) Interest income less any related expenses directly incurred in the  
3 purchase of state or political subdivision obligations, to the extent that  
4 the same is not included in federal adjusted gross income, on obligations  
5 of any state or political subdivision thereof, but to the extent that interest  
6 income on obligations of this state or a political subdivision thereof issued  
7 prior to January 1, 1988, is specifically exempt from income tax under the  
8 laws of this state authorizing the issuance of such obligations, it shall be  
9 excluded from computation of Kansas adjusted gross income whether or  
10 not included in federal adjusted gross income. Interest income on obli-  
11 gations of this state or a political subdivision thereof issued after Decem-  
12 ber 31, 1987, shall be excluded from computation of Kansas adjusted  
13 gross income whether or not included in federal adjusted gross income.

14 (ii) Taxes on or measured by income or fees or payments in lieu of  
15 income taxes imposed by this state or any other taxing jurisdiction to the  
16 extent deductible in determining federal adjusted gross income and not  
17 credited against federal income tax. This paragraph shall not apply to taxes  
18 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amend-  
19 ments thereto, for privilege tax year 1995, and all such years thereafter.

20 (iii) The federal net operating loss deduction.

21 (iv) Federal income tax refunds received by the taxpayer if the de-  
22 duction of the taxes being refunded resulted in a tax benefit for Kansas  
23 income tax purposes during a prior taxable year. Such refunds shall be  
24 included in income in the year actually received regardless of the method  
25 of accounting used by the taxpayer. For purposes hereof, a tax benefit  
26 shall be deemed to have resulted if the amount of the tax had been de-  
27 ducted in determining income subject to a Kansas income tax for a prior  
28 year regardless of the rate of taxation applied in such prior year to the  
29 Kansas taxable income, but only that portion of the refund shall be in-  
30 cluded as bears the same proportion to the total refund received as the  
31 federal taxes deducted in the year to which such refund is attributable  
32 bears to the total federal income taxes paid for such year. For purposes  
33 of the foregoing sentence, federal taxes shall be considered to have been  
34 deducted only to the extent such deduction does not reduce Kansas tax-  
35 able income below zero.

36 (v) The amount of any depreciation deduction or business expense  
37 deduction claimed on the taxpayer's federal income tax return for any  
38 capital expenditure in making any building or facility accessible to the  
39 handicapped, for which expenditure the taxpayer claimed the credit al-  
40 lowed by K.S.A. 79-32,177, and amendments thereto.

41 (vi) Any amount of designated employee contributions picked up by  
42 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,  
43 and amendments to such sections.

1 (vii) The amount of any charitable contribution made to the extent  
2 the same is claimed as the basis for the credit allowed pursuant to K.S.A.  
3 79-32,196, and amendments thereto.

4 (viii) The amount of any costs incurred for improvements to a swine  
5 facility, claimed for deduction in determining federal adjusted gross in-  
6 come, to the extent the same is claimed as the basis for any credit allowed  
7 pursuant to K.S.A. 2000 Supp. 79-32,204 and amendments thereto.

8 (ix) The amount of any ad valorem taxes and assessments paid and  
9 the amount of any costs incurred for habitat management or construction  
10 and maintenance of improvements on real property, claimed for deduc-  
11 tion in determining federal adjusted gross income, to the extent the same  
12 is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203  
13 and amendments thereto.

14 (x) Amounts received as nonqualified withdrawals, as defined by  
15 K.S.A. 2000 Supp. 75-643, and amendments thereto, if, at the time of  
16 contribution to a family postsecondary education savings account, such  
17 amounts were subtracted from the federal adjusted gross income pur-  
18 suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-  
19 ments thereto, or if such amounts are not already included in the federal  
20 adjusted gross income.

21 (c) There shall be subtracted from federal adjusted gross income:

22 (i) Interest or dividend income on obligations or securities of any  
23 authority, commission or instrumentality of the United States and its pos-  
24 sessions less any related expenses directly incurred in the purchase of  
25 such obligations or securities, to the extent included in federal adjusted  
26 gross income but exempt from state income taxes under the laws of the  
27 United States.

28 (ii) Any amounts received which are included in federal adjusted  
29 gross income but which are specifically exempt from Kansas income tax-  
30 ation under the laws of the state of Kansas.

31 (iii) The portion of any gain or loss from the sale or other disposition  
32 of property having a higher adjusted basis for Kansas income tax purposes  
33 than for federal income tax purposes on the date such property was sold  
34 or disposed of in a transaction in which gain or loss was recognized for  
35 purposes of federal income tax that does not exceed such difference in  
36 basis, but if a gain is considered a long-term capital gain for federal in-  
37 come tax purposes, the modification shall be limited to that portion of  
38 such gain which is included in federal adjusted gross income.

39 (iv) The amount necessary to prevent the taxation under this act of  
40 any annuity or other amount of income or gain which was properly in-  
41 cluded in income or gain and was taxed under the laws of this state for a  
42 taxable year prior to the effective date of this act, as amended, to the  
43 taxpayer, or to a decedent by reason of whose death the taxpayer acquired

1 the right to receive the income or gain, or to a trust or estate from which  
2 the taxpayer received the income or gain.

3 (v) The amount of any refund or credit for overpayment of taxes on  
4 or measured by income or fees or payments in lieu of income taxes im-  
5 posed by this state, or any taxing jurisdiction, to the extent included in  
6 gross income for federal income tax purposes.

7 (vi) Accumulation distributions received by a taxpayer as a beneficiary  
8 of a trust to the extent that the same are included in federal adjusted  
9 gross income.

10 (vii) Amounts received as annuities under the federal civil service  
11 retirement system from the civil service retirement and disability fund  
12 and other amounts received as retirement benefits in whatever form  
13 which were earned for being employed by the federal government or for  
14 service in the armed forces of the United States.

15 (viii) Amounts received by retired railroad employees as a supple-  
16 mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)  
17 *et seq.*

18 (ix) Amounts received by retired employees of a city and by retired  
19 employees of any board of such city as retirement allowances pursuant to  
20 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter  
21 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and  
22 amendments thereto.

23 (x) For taxable years beginning after December 31, 1976, the amount  
24 of the federal tentative jobs tax credit disallowance under the provisions  
25 of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,  
26 the amount of the targeted jobs tax credit and work incentive credit dis-  
27 allowances under 26 U.S.C. 280 C.

28 (xi) For taxable years beginning after December 31, 1986, dividend  
29 income on stock issued by Kansas Venture Capital, Inc.

30 (xii) For taxable years beginning after December 31, 1989, amounts  
31 received by retired employees of a board of public utilities as pension and  
32 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249  
33 and amendments thereto.

34 (xiii) For taxable years beginning after December 31, 1993, the  
35 amount of income earned on contributions deposited to an individual  
36 development account under K.S.A. 79-32,117h, and amendments thereto.

37 (xiv) For all taxable years commencing after December 31, 1996, that  
38 portion of any income of a bank organized under the laws of this state or  
39 any other state, a national banking association organized under the laws  
40 of the United States, an association organized under the savings and loan  
41 code of this state or any other state, or a federal savings association or-  
42 ganized under the laws of the United States, for which an election as an  
43 S corporation under subchapter S of the federal internal revenue code is

1 in effect, which accrues to the taxpayer who is a stockholder of such  
2 corporation and which is not distributed to the stockholders as dividends  
3 of the corporation.

4 (xv) For all taxable years beginning after December 31, 1999,  
5 amounts not exceeding \$2,000, or \$4,000 for a married couple filing a  
6 joint return, for each designated beneficiary which are contributed to a  
7 family postsecondary education savings account established under the  
8 Kansas postsecondary education savings program for the purpose of pay-  
9 ing the qualified higher education expenses of a designated beneficiary  
10 at an institution of postsecondary education. The terms and phrases used  
11 in this paragraph shall have the meaning respectively ascribed thereto by  
12 the provisions of K.S.A. 2000 Supp. 75-643, and amendments thereto,  
13 and the provisions of such section are hereby incorporated by reference  
14 for all purposes thereof.

15 (xvi) *For taxable years beginning after December 31, 2002, amounts*  
16 *received by retired employees of Washburn university as pension and*  
17 *retirement benefits under the university's retirement plan.*

18 (d) There shall be added to or subtracted from federal adjusted gross  
19 income the taxpayer's share, as beneficiary of an estate or trust, of the  
20 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and  
21 amendments thereto.

22 (e) The amount of modifications required to be made under this sec-  
23 tion by a partner which relates to items of income, gain, loss, deduction  
24 or credit of a partnership shall be determined under K.S.A. 79-32,131,  
25 and amendments thereto, to the extent that such items affect federal  
26 adjusted gross income of the partner.

27 Sec. 45. K.S.A. 20-2608, 74-4934, 74-4978h and 74-49,102 and  
28 K.S.A. 2000 Supp. 12-5002, 13-14a07, 14-10a07, 20-2603, 20-2610a, 74-  
29 4902, 74-4904, 74-4908, 74-4911e, 74-4914, 74-4914e, 74-4915, 74-  
30 4915b, 74-4915c, 74-4916, 74-4918, 74-4918a, 74-4919, 74-4919b, 74-  
31 4920, 74-4921, 74-4922, 74-4927h, 74-4932, 74-4940, 74-4957, 74-4957a,  
32 74-4958, 74-4958a, 74-4959, 74-4960, 74-4960a, 74-4964, 74-4964a, 74-  
33 4965, 74-4967, 74-4989, 74-4998c, 74-49,128 and 79-32,117 are hereby  
34 repealed.

35 Sec. 46. This act shall take effect and be in force from and after its  
36 publication in the statute book.

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