

3
4 **SENATE BILL No. 13**

5
6 By Joint Committee on Pensions, Investments and Benefits

7
8 1-14

9
10 AN ACT concerning retirement and pensions; relating to the Kansas
11 public employees retirement system and systems thereunder; benefits;
12 purchase of service credit; amending K.S.A. 74-4902, 74-4918, 74-
13 4963, 74-4963a, 74-4964 and 74-4964a and K.S.A. 2002 Supp. 20-
14 2610a and repealing the existing sections.

15
16 *Be it enacted by the Legislature of the State of Kansas:*

17 Section 1. K.S.A. 2002 Supp. 20-2610a is hereby amended to read
18 as follows: 20-2610a. (a) A judge may elect to have such judge's retirement
19 annuity paid under one of the options provided in this section in lieu of
20 having it paid in the form stated in K.S.A. 20-2610 and amendments
21 thereto. Such election shall be made before the date of actual retirement.
22 A specific person shall be designated as joint annuitant at the time of
23 election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, joint and
24 survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option.
25 Under no circumstances may an option be changed or canceled nor the
26 named joint annuitant changed after the date of actual retirement of the
27 judge.

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

39 (c) The following retirement options, which are subject to the pro-
40 visions of K.S.A. 74-49,123 and amendments thereto, are available:

41 (1) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement
42 annuity payable to the judge during the judge'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. 20-2610 and amendments
2 thereto and (B) the percentage equal to 91% minus .4% for each year by
3 which the age of the judge's joint annuitant is less than the judge's age,
4 computed to the nearest whole year, or plus .4% for each year by which
5 the age of the judge's joint annuitant is more than the judge's age, com-
6 puted to the nearest whole year, with $\frac{1}{2}$ of that monthly amount contin-
7 ued to the judge's joint annuitant during such joint annuitant's remaining
8 lifetime, if any, after the death of the judge. In the event that the desig-
9 nated joint annuitant under this option predeceases the retired judge, the
10 amount of the retirement annuity otherwise payable to the judge under
11 this option shall be adjusted automatically to the retirement annuity which
12 the judge would have received if no option had been elected under this
13 section.

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

29 (3) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement
30 annuity payable to the judge during the judge's lifetime in a monthly
31 amount equal to the product of (A) the monthly payment of the retire-
32 ment annuity otherwise payable under K.S.A. 20-2610 and amendments
33 thereto and (B) the percentage equal to 87% minus .5% for each year by
34 which the age of the judge's joint annuitant is less than the judge's age,
35 computed to the nearest whole year, or plus .5% for each year by which
36 the age of the judge's joint annuitant is more than the judge's age, com-
37 puted to the nearest whole year, with $\frac{3}{4}$ of that monthly amount contin-
38 ued to the judge's joint annuitant during such joint annuitant's remaining
39 lifetime, if any, after the death of the judge. In the event that the desig-
40 nated joint annuitant under this option predeceases the retired judge, the
41 amount of the retirement annuity otherwise payable to the judge under
42 this option shall be adjusted automatically to the retirement annuity which
43 the judge would have received if no option had been elected under this

1 section.

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

10 (5) *Life with 10 years certain.* A reduced retirement annuity payable
11 to the judge during the judge's lifetime in a monthly amount equal to
12 95% of the monthly payment of the retirement annuity otherwise payable
13 under K.S.A. 20-2610 and amendments thereto and if the judge dies
14 within the ten-year certain period, measured from the commencement
15 of retirement annuity payments, such monthly payments shall be contin-
16 ued to such judge's beneficiary during the balance of the ten-year certain
17 period.

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

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

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

43 (C) In the event that the designated joint annuitant pursuant to sub-

1 section (c)(1), (c)(2) or (c)(3), under this option predeceases the retirant,
2 the amount of the retirement benefit otherwise payable to the retirant
3 under the option shall be adjusted automatically to the retirement benefit
4 which the retirant would have received if no option had been elected
5 under this section.

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

8 (d) If a judge, who is eligible to retire, dies without having actually
9 retired, the judge's spouse, if the spouse is the sole beneficiary for the
10 judge's accumulated contributions, may elect to receive benefits as a joint
11 annuitant under one of the options provided in this section in lieu of
12 receiving the judge's accumulated contributions, ~~except that such judge's~~
13 ~~spouse may not elect to receive benefits pursuant to subsection (c)(7) in~~
14 ~~lieu of 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 $\frac{1}{2}$ to joint annuitant survivor option, the joint and
26 survivor option and the joint and $\frac{3}{4}$ 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. 2. K.S.A. 74-4902 is hereby amended to read as follows: 74-
16 4902. As used in articles 49 and 49a of chapter 74 and amendments
17 thereto, unless otherwise provided or the context otherwise requires:

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

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

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

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

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

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

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

1 living spouse; (B) the member's dependent child or children; (C) the
2 member's dependent parent or parents; (D) the member's nondependent
3 child or children; (E) the member's nondependent parent or parents; (F)
4 the estate of the deceased member; in the order of preference as specified
5 in this subsection.

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

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

1 purposes of applying limits under the federal internal revenue code “com-
2 pensation” shall have the meaning as provided in K.S.A. 74-49,123 and
3 amendments thereto;

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

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

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

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

21 (14) “employee” means any appointed or elective officer or employee
22 of a participating employer whose employment is not seasonal or tem-
23 porary and whose employment requires at least 1,000 hours of work per
24 year, and any such officer or employee who is concurrently employed
25 performing similar or related tasks by two or more participating employ-
26 ers, who each remit employer and employee contributions on behalf of
27 such officer or employee to the system, and whose combined employment
28 is not seasonal or temporary, and whose combined employment requires
29 at least 1,000 hours of work per year, but not including: (A) Any employee
30 who is a contributing member of the United States civil service retirement
31 system; (B) any employee who is a contributing member of the federal
32 employees retirement system; (C) any employee who is a leased employee
33 as provided in section 414 of the federal internal revenue code of a par-
34 ticipating employer; and (D) any employee or class of employees specif-
35 ically exempted by law. After June 30, 1975, no person who is otherwise
36 eligible for membership in the Kansas public employees retirement sys-
37 tem shall be barred from such membership by reason of coverage by,
38 eligibility for or future eligibility for a retirement annuity under the pro-
39 visions of K.S.A. 74-4925 and amendments thereto, except that no person
40 shall receive service credit under the Kansas public employees retirement
41 system for any period of service for which benefits accrue or are granted
42 under a retirement annuity plan under the provisions of K.S.A. 74-4925
43 and amendments thereto. After June 30, 1982, no person who is otherwise

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

18 (15) “entry date” means the date as of which an eligible employer
19 joins the system. The first entry date pursuant to this act is January 1,
20 1962;

21 (16) “executive director” means the managing officer of the system
22 employed by the board under this act;

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

1 the member had elected to receive 12 equal installments for any such
2 periods preceding retirement; in the case of a member who retires after
3 July 1, 1987, the average highest annual compensation paid to such mem-
4 ber for any four years of participating service preceding retirement or
5 termination of employment; in the case of a member who retires on or
6 after July 1, 1993, whose date of membership in the system is prior to
7 July 1, 1993, and any member who is in such member's membership
8 waiting period on July 1, 1993, and whose date of membership in the
9 system is on or after July 1, 1993, the average highest annual compen-
10 sation, as defined in subsection (9), paid to such member for any four
11 years of participating service preceding retirement or termination of em-
12 ployment or the average highest annual salary, as defined in subsection
13 (34), paid to such member for any three years of participating service
14 preceding retirement or termination of employment, whichever is
15 greater; and in the case of a member who retires on or after July 1, 1993,
16 and whose date of membership in the system is on or after July 1, 1993,
17 the average highest annual salary, as defined in subsection (34), paid to
18 such member for any three years of participating service preceding re-
19 tirement or termination of employment. Final average salary shall not
20 include any purchase of participating service credit by a member as pro-
21 vided in subsection (2) of K.S.A. 74-4919h and amendments thereto
22 which is completed within five years of retirement. For any application
23 to purchase or repurchase service credit for a certain period of service as
24 provided by law received by the system after May 17, 1994, for any mem-
25 ber who will have contributions deducted from such member's compen-
26 sation at a percentage rate equal to two or three times the employee's
27 rate of contribution or will begin paying to the system a lump-sum amount
28 for such member's purchase or repurchase and such deductions or lump-
29 sum payment commences after the commencement of the first payroll
30 period in the third quarter, "final average salary" shall not include any
31 amount of compensation or salary which is based on such member's pur-
32 chase or repurchase. Any application to purchase or repurchase multiple
33 periods of service shall be treated as multiple applications. For purposes
34 of this subsection, the date that such member is first hired as an employee
35 for members who are employees of employers that elected to participate
36 in the system on or after January 1, 1994, shall be the date that such
37 employee's employer elected to participate in the system. In the case of
38 any former member who was eligible for assistance pursuant to K.S.A.
39 74-4925 and amendments thereto prior to July 1, 1998, for the purpose
40 of calculating final average salary of such member, such member's final
41 average salary shall be based on such member's salary while a member
42 of the system or while eligible for assistance pursuant to K.S.A. 74-4925
43 and amendments thereto, whichever is greater;

1 (18) “fiscal year” means, for the Kansas public employees retirement
2 system, the period commencing July 1 of any year and ending June 30 of
3 the next;

4 (19) “Kansas public employees retirement fund” means the fund cre-
5 ated by this act for payment of expenses and benefits under the system
6 and referred to as the fund;

7 (20) “leave of absence” means a period of absence from employment
8 without pay, authorized and approved by the employer, and which after
9 the effective date does not exceed one year;

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

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

31 (23) “normal retirement date” means the date on or after which a
32 member may retire with full retirement benefits pursuant to K.S.A. 74-
33 4914 and amendments thereto;

34 (24) “participating employer” means an eligible employer who has
35 agreed to make contributions to the system on behalf of its employees;

36 (25) “participating service” means the period of employment after
37 the entry date for which credit is granted a member;

38 (26) “prior service” means the period of employment of a member
39 prior to the entry date for which credit is granted a member under this
40 act;

41 (27) “prior service annual salary” means the highest annual salary,
42 not including any amounts received as payment for overtime or as re-
43 imbursement for travel or moving expense, received for personal services

1 by the member from the current employer in any one of the three cal-
2 endar years immediately preceding January 1, 1962, or the entry date of
3 the employer, whichever is later, except that if a member entered the
4 employment of the state during the calendar year 1961, the prior service
5 annual salary shall be computed by multiplying such member's highest
6 monthly salary received in that year by 12;

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

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

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

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

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

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

1 full discharge and release to the system from any further claims;

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

31 (35) “federal internal revenue code” means the federal internal rev-
32 enue code of 1954 or 1986, as in effect on July 1, ~~1998~~ 2002, and as
33 applicable to a governmental plan; and

34 (36) “USERRA” means the federal uniformed services employment
35 and reemployment rights act of 1994 as in effect on July 1, 1998.

36 Sec. 3. K.S.A. 74-4918 is hereby amended to read as follows: 74-
37 4918. (1) A member may elect to have such member’s retirement benefit
38 paid under one of the options provided in this section in lieu of having it
39 paid in the form stated in K.S.A. 74-4915 and amendments thereto. Such
40 election must be made before the date of actual retirement. A specific
41 person must be designated as joint annuitant at the time of election of
42 the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor
43 option and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no

1 circumstances may an option be changed or canceled nor the named joint
2 annuitant changed after the date of actual retirement of the member.

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

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

13 (A) *Joint and ½ to joint annuitant survivor.* A reduced retirement
14 benefit is payable to the retirant during the retirant's lifetime in a monthly
15 amount equal to the product of (i) the monthly payment of the retirement
16 benefit otherwise payable under K.S.A. 74-4915 and amendments thereto
17 and (ii) the percentage equal to 91% minus .4% for each year by which
18 the age of the retirant's joint annuitant is less than the retirant's age,
19 computed to the nearest whole year, or plus .4% for each year by which
20 the age of the retirant's joint annuitant is more than the retirant's age,
21 computed to the nearest whole year, with ½ of that monthly amount
22 continued to the retirant's joint annuitant during such joint annuitant's
23 remaining lifetime, if any, after the death of the retirant. In the event that
24 the designated joint annuitant under this option predeceases the retirant,
25 the amount of the retirement benefit otherwise payable to the retirant
26 under this option shall be adjusted automatically to the retirement benefit
27 which the retirant would have received if no option had been elected
28 under this section.

29 (B) *Joint and survivor.* A reduced retirement benefit is payable to
30 the retirant during the retirant's lifetime in a monthly amount equal to
31 the product of (i) the monthly payment of the retirement benefit other-
32 wise payable under K.S.A. 74-4915 and amendments thereto and (ii) the
33 percentage equal to 83% minus .6% for each year by which the age of
34 the retirant's joint annuitant is less than the retirant's age, computed to
35 the nearest whole year, or plus .6% for each year by which the age of the
36 retirant's joint annuitant is more than the retirant's age, computed to the
37 nearest whole year, with that amount continued to the joint annuitant
38 during the joint annuitant's remaining lifetime, if any, after the death of
39 the retirant. In the event that the designated joint annuitant under this
40 option predeceases the retirant, the amount of the retirement benefit
41 otherwise payable to the retirant under this option shall be adjusted au-
42 tomatically to the retirement benefit which the retirant would have re-
43 ceived if no option had been elected under this section.

1 (C) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement
2 benefit is payable to the retirant during the retirant's lifetime in a monthly
3 amount equal to the product of (i) the monthly payment of the retirement
4 benefit otherwise payable under K.S.A. 74-4915 and amendments thereto
5 and (ii) the percentage equal to 87% minus .5% for each year by which
6 the age of the retirant's joint annuitant is less than the retirant's age,
7 computed to the nearest whole year, or plus .5% for each year by which
8 the age of the retirant's joint annuitant is more than the retirant's age,
9 computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount
10 continued to the retirant's joint annuitant during such joint annuitant's
11 remaining lifetime, if any, after the death of the retirant. In the event that
12 the designated joint annuitant under this option predeceases the retirant,
13 the amount of the retirement benefit otherwise payable to the retirant
14 under this option shall be adjusted automatically to the retirement benefit
15 which the retirant would have received if no option had been elected
16 under this section.

17 (D) *Life with 5 years certain.* A reduced retirement benefit is payable
18 to the retirant during the retirant's lifetime in a monthly amount equal
19 to 98% of the monthly payment of the retirement benefit otherwise pay-
20 able under K.S.A. 74-4915 and amendments thereto and if the retirant
21 dies within the five-year certain period, measured from the commence-
22 ment of retirement benefit payments, such payments shall be continued
23 to the retirant's beneficiary during the balance of the five-year certain
24 period.

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

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

41 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
42 member must specify a lump sum amount to be paid to the member
43 upon the member's retirement. The lump sum amount will be based on

1 the actuarial present value of the benefit as provided in K.S.A. 74-4915,
2 and amendments thereto. The lump sum amount designated by the mem-
3 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
4 present value of the benefit provided in K.S.A. 74-4915, and amendments
5 thereto. ***If the member's spouse elects a lump sum payment as pro-***
6 ***vided in this section pursuant to the provisions of subsection (4),***
7 ***the lump sum payment will be based on the present value of the***
8 ***retirement option selected by the spouse. The lump sum amount***
9 ***designated by the spouse must be in 10% increments and shall not***
10 ***exceed $\frac{1}{2}$ of the actuarial present value of the option selected in this***
11 ***section.***

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

16 (iii) In the event that the designated joint annuitant pursuant to sub-
17 section (3)(A), (3)(B) or (3)(C) 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 (iv) The provisions of this subsection shall be effective on and after
23 July 1, 2001.

24 (4) If a member, who is eligible to retire in accordance with the pro-
25 visions of K.S.A. 74-4914 and amendments thereto, dies without having
26 actually retired, the member's spouse, if the spouse is the sole beneficiary
27 for the member's accumulated contributions, may elect to receive ben-
28 efits under one of the options provided in this section in lieu of receiving
29 the member's accumulated contributions, ~~except that such member's~~
30 ~~spouse may not elect to receive benefits pursuant to subsection (3)(G) in~~
31 ~~lieu of receiving the member's accumulated contributions.~~

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

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

43 (7) Benefits payable to a joint annuitant shall accrue from the first

1 day of the month following the death of a member or retirant and, in the
2 case of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and
3 survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option,
4 shall end on the last day of the month in which the joint annuitant dies.

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

15 (9) Upon the death of a joint annuitant who is receiving a retirement
16 benefit under the provisions of this section, there shall be paid to such
17 joint annuitant's beneficiary an amount equal to the excess, if any, of the
18 accumulated contributions of the retirant over the sum of all retirement
19 benefit payments made to such retirant and such joint annuitant. Such
20 joint annuitant shall designate a beneficiary by filing in the office of the
21 retirement system such designation at the time of death of the retirant.
22 If there is no named beneficiary of such joint annuitant living at the time
23 of death of such joint annuitant, any amount provided for by this section
24 shall be paid to, in order of preference as follows:

- 25 (A) The joint annuitant's surviving spouse;
- 26 (B) the joint annuitant's dependent child or children;
- 27 (C) the joint annuitant's dependent parent or parents;
- 28 (D) the joint annuitant's nondependent child or children;
- 29 (E) the joint annuitant's nondependent parent or parents; or
- 30 (F) the estate of the deceased joint annuitant.

31 Sec. 4. K.S.A. 74-4963 is hereby amended to read as follows: 74-
32 4963. (1) Upon termination of employment prior to the completion of 20
33 years of credited service, after 30 days after such termination a member
34 may withdraw such member's accumulated contributions or elect to leave
35 such accumulated contributions on deposit with the system. If the mem-
36 ber elects to leave the accumulated contributions on deposit with the
37 system and if the member returns to employment with the same or an-
38 other participating employer within five years, such member shall receive
39 credit for such member's service prior to such termination. If the member
40 does not elect to leave the accumulated contributions on deposit or if the
41 member does not return to covered employment within five years, such
42 member shall no longer be a member of the system and the sum of such
43 member's accumulated contributions then on deposit with this system

1 shall be paid to such member after making application in a form pre-
2 scribed by the board and after the system has a reasonable time to process
3 the application for withdrawal. Upon proper notification by the system,
4 member contributions not on deposit with the system shall be paid to the
5 member by the participating employer.

6 (2) If, after termination and withdrawal of accumulated contribu-
7 tions, a former member returns to covered employment, except as oth-
8 erwise provided in subsection (1), the former member shall become a
9 member of the system as provided in subsection (2) of K.S.A. 74-4955
10 and amendments thereto. Any former member returning to covered em-
11 ployment may, at the former member's option, purchase service credit
12 for such previously forfeited service credit, subject to the provisions of
13 K.S.A. 74-49,123, and amendments thereto, at an additional rate of con-
14 tribution, in addition to the employee's rate of contribution as provided
15 in K.S.A. ~~74-4919~~ 74-4965, and amendments thereto, based upon the
16 member's attained age at the time of purchase and using actuarial as-
17 sumptions and tables in use by the retirement system at such time of
18 purchase for such periods of service. Such additional rate of contribution
19 shall commence at the beginning of the quarter following such election
20 and shall remain in effect until all quarters of such service have been
21 purchased. Subject to the provisions of K.S.A. 74-49,123, and amend-
22 ments thereto, such member may elect to effect such purchase by means
23 of a single lump-sum payment in lieu of the increased amount of the
24 employee's contribution rate otherwise provided for in this act in an
25 amount equal to the then present value of the benefits being purchased
26 determined by the actuary using the member's attained age, annual com-
27 pensation at the time of purchase and the actuarial assumptions and tables
28 then in use by the retirement system. The lump-sum payment shall be
29 made immediately upon being notified of the amount due. Upon receipt
30 of such payment by the system the member shall receive full credit for
31 the number of previously forfeited quarters of participating service which
32 the member has elected to repurchase. Any member who repurchases all
33 of the member's previously forfeited participating service credit shall also
34 receive all of the member's previously forfeited prior service credit.

35 (3) Upon termination and withdrawal of accumulated contributions,
36 any member whose employment was, up to the member's employer's
37 entry date, covered by a pension system established under the provisions
38 of K.S.A. 13-14a01 through 13-14a14, and amendments thereto, or K.S.A.
39 14-10a01 through 14-10a15, and amendments thereto, shall be entitled
40 to receive from the member's employer the sum of the member's accu-
41 mulated contributions to the previous pension system.

42 (4) If a member has completed 20 years of credited service at date
43 of termination, the member shall be granted automatically a vested re-

1 tirement benefit in the system, but any time prior to the commencement
2 of retirement benefit payments and before attaining age 55 the member
3 may withdraw the member's accumulated contributions, whereupon the
4 member's membership in this system ceases and no other amounts shall
5 be payable for the member's prior and participating service credit. Eli-
6 gibility of such member, who has not withdrawn the member's accumu-
7 lated contributions, for retirement benefits and procedures for making
8 application for retirement benefits shall be in accordance with K.S.A. 74-
9 4957 and amendments thereto, except that in lieu of the three-month
10 notice of intention to retire being made to the employer, such member
11 shall make application for retirement in a form prescribed by the board
12 and retirement benefits shall accrue from the first day of the month fol-
13 lowing receipt of such application. The amount of the retirement benefit
14 shall be determined as provided in K.S.A. 74-4958 and amendments
15 thereto.

16 (5) If a member, who has a vested retirement benefit, again becomes
17 an employee of a participating employer, the amount of the member's
18 vested retirement benefit shall remain in effect, and any retirement ben-
19 efit such member subsequently accrues shall be calculated separately
20 based on credited service after again becoming an employee and shall be
21 added to that which had been vested by virtue of previous service. Eli-
22 gibility of such member for retirement benefits and procedures for mak-
23 ing application for retirement benefits shall be in accordance with K.S.A.
24 74-4957 and amendments thereto.

25 (6) Any member of this system who was previously a member of the
26 Kansas public employees retirement system or the retirement system for
27 judges and who forfeited service credit under either of those systems by
28 reason of termination of employment and withdrawal of their contribu-
29 tions to that system, may elect, subject to the provisions of K.S.A. 74-
30 49,123 and amendments thereto, to purchase service credit for the pre-
31 viously forfeited service credit by means of a single lump-sum payment
32 and such service shall be recredited to that system. The amount of the
33 lump-sum payment shall be determined by the actuary using the mem-
34 ber's then current annual rate of compensation and the actuarial assump-
35 tions and tables then currently in use by that retirement system.

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

39 Sec. 5. K.S.A. 74-4963a is hereby amended to read as follows: 74-
40 4963a. (1) Upon termination of employment prior to the completion of
41 15 years of credited service, after 30 days after such termination a mem-
42 ber may withdraw such member's accumulated contributions or elect to
43 leave such accumulated contributions on deposit with the system. If the

1 member elects to leave the accumulated contributions on deposit with
2 the system and if the member returns to employment with the same or
3 another participating employer within five years, such member shall re-
4 ceive credit for such member's service prior to such termination. If the
5 member does not elect to leave the accumulated contributions on deposit
6 or if the member does not return to covered employment within five
7 years, such member shall no longer be a member of the system and the
8 sum of such member's accumulated contributions then on deposit with
9 this system shall be paid to such member after making application in a
10 form prescribed by the board and after the system has a reasonable time
11 to process the application for withdrawal. Upon proper notification by
12 the system, member contributions not on deposit with the system shall
13 be paid to the member by the participating employer.

14 (2) If, after termination and withdrawal of accumulated contribu-
15 tions, a former member returns to covered employment, except as oth-
16 erwise provided in subsection (1), the former member shall become a
17 member of the system as provided in subsection (2) of K.S.A. 74-4955
18 and amendments thereto. Any former member returning to covered em-
19 ployment may, at the former member's option, purchase service credit
20 for such previously forfeited service credit, subject to the provisions of
21 K.S.A. 74-49,123, and amendments thereto, at an additional rate of con-
22 tribution, in addition to the employee's rate of contribution as provided
23 in K.S.A. ~~74-4919~~ 74-4965, and amendments thereto, based upon the
24 member's attained age at the time of purchase and using actuarial as-
25 sumptions and tables in use by the retirement system at such time of
26 purchase for such periods of service. Such additional rate of contribution
27 shall commence at the beginning of the quarter following such election
28 and shall remain in effect until all quarters of such service have been
29 purchased. Subject to the provisions of K.S.A. 74-49,123, and amend-
30 ments thereto, such member may elect to effect such purchase by means
31 of a single lump-sum payment in lieu of the increased amount of the
32 employee's contribution rate otherwise provided for in this act in an
33 amount equal to the then present value of the benefits being purchased
34 determined by the actuary using the member's attained age, annual com-
35 pensation at the time of purchase and the actuarial assumptions and tables
36 then in use by the retirement system. The lump-sum payment shall be
37 made immediately upon being notified of the amount due. Upon receipt
38 of such payment by the system the member shall receive full credit for
39 the number of previously forfeited quarters of participating service which
40 the member has elected to repurchase. Any member who repurchases all
41 of the member's previously forfeited participating service credit shall also
42 receive all of the member's previously forfeited prior service credit.

43 (3) Upon termination and withdrawal of accumulated contributions,

1 any member whose employment was, up to the member's employer's
2 entry date, covered by a pension system established under the provisions
3 of K.S.A. 13-14a01 through 13-14a14, and amendments thereto, or K.S.A.
4 14-10a01 through 14-10a15, and amendments thereto, shall be entitled
5 to receive from the member's employer the sum of the member's accu-
6 mulated contributions to the previous pension system.

7 (4) If a member has completed 15 years of credited service at date
8 of termination, the member shall be granted automatically a vested re-
9 tirement benefit in the system, but any time prior to the commencement
10 of retirement benefit payments and before attaining age 55 the member
11 may withdraw the member's accumulated contributions, whereupon the
12 member's membership in this system ceases and no other amounts shall
13 be payable for the member's prior and participating service credit. Eli-
14 gibility of such member, who has not withdrawn the member's accumu-
15 lated contributions, for retirement benefits and procedures for making
16 application for retirement benefits shall be in accordance with K.S.A. 74-
17 4957 and amendments thereto, except that in lieu of the three-month
18 notice of intention to retire being made to the employer, such member
19 shall make application for retirement in a form prescribed by the board
20 and retirement benefits shall accrue from the first day of the month fol-
21 lowing receipt of such application. The amount of the retirement benefit
22 shall be determined as provided in K.S.A. 74-4958 and amendments
23 thereto.

24 (5) If a member, who has a vested retirement benefit, again becomes
25 an employee of a participating employer, the amount of the member's
26 vested retirement benefit shall remain in effect, and any retirement ben-
27 efit such member subsequently accrues shall be calculated separately
28 based on credited service after again becoming an employee and shall be
29 added to that which had been vested by virtue of previous service. Eli-
30 gibility of such member for retirement benefits and procedures for mak-
31 ing application for retirement benefits shall be in accordance with K.S.A.
32 74-4957 and amendments thereto.

33 (6) Any member of this system who was previously a member of the
34 Kansas public employees retirement system or the retirement system for
35 judges and who forfeited service credit under either of those systems by
36 reason of termination of employment and withdrawal of their contribu-
37 tions to that system, may elect, subject to the provisions of K.S.A. 74-
38 49,123 and amendments thereto, to purchase service credit for the pre-
39 viously forfeited service credit by means of a single lump-sum payment
40 and such service shall be recredited to that system. The amount of the
41 lump-sum payment shall be determined by the actuary using the mem-
42 ber's then current annual rate of compensation and the actuarial assump-
43 tions and tables then currently in use by that retirement system.

1 (7) The provisions of this section shall be effective on and after July
2 1, 1989 and shall apply only to members who were appointed or employed
3 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-
4 4955a and amendments thereto; and persons appointed or employed on
5 or after July 1, 1989.

6 Sec. 6. K.S.A. 74-4964 is hereby amended to read as follows: 74-
7 4964. (1) A member may elect to have such member's retirement benefit
8 paid under one of the options provided in this section in lieu of having it
9 paid in the form stated in subsections (1) and (2) of K.S.A. 74-4958 and
10 amendments thereto. Such election must be made before the date of
11 actual retirement. Only a specific individual person may be designated as
12 a joint annuitant at the time of election of the joint and $\frac{1}{2}$ to joint an-
13 nuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$
14 to joint annuitant survivor option. Under no circumstances may an option
15 be changed or canceled nor the named joint annuitant changed after the
16 date of actual retirement of the member.

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

26 (3) If a member who was, up to the entry date of such member's
27 employer, covered by a pension system under the provisions of K.S.A.
28 13-14a01 to 13-14a14, inclusive or 14-10a01 through 14-10a15, inclusive,
29 and amendments thereto so elects one of the options under this section,
30 payment of such option shall be in lieu of any payments provided in
31 subsection (3) of K.S.A. 74-4958 and amendments thereto.

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

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

1 (A) *Joint and ½ to joint annuitant survivor.* A reduced retirement
2 benefit is payable to the retirant during the retirant's lifetime in a monthly
3 amount equal to the product of (A) the monthly payment of the retire-
4 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
5 thereto and (B) the percentage equal to 94.5% minus .2% for each year
6 by which the age of the retirant's joint annuitant is less than the retirant's
7 age, computed to the nearest whole year, or plus .2% for each year by
8 which the age of the retirant's joint annuitant is more than the retirant's
9 age, computed to the nearest whole year, with ½ of that monthly amount
10 continued to the retirant's joint annuitant during such joint annuitant's
11 remaining lifetime, if any, after the death of the retirant. In the event that
12 the designated joint annuitant under this option predeceases the retirant,
13 the amount of the retirement benefit otherwise payable to the retirant
14 under this option shall be adjusted automatically to the retirement benefit
15 which the retirant would have received if no option had been elected
16 under this section.

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

32 (C) *Joint and ¾ to joint annuitant survivor.* A reduced retirement
33 benefit is payable to the retirant during the retirant's lifetime in a monthly
34 amount equal to the product of (A) the monthly payment of the retire-
35 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
36 thereto and (B) the percentage equal to 91% minus .3% for each year by
37 which the age of the retirant's joint annuitant is less than the retirant's
38 age, computed to the nearest whole year, or plus .3% for each year by
39 which the age of the retirant's joint annuitant is more than the retirant's
40 age, computed to the nearest whole year, with ¾ of that monthly amount
41 continued to the retirant's joint annuitant during such joint annuitant's
42 remaining lifetime, if any, after the death of the retirant. In the event that
43 the designated joint annuitant under this option predeceases the retirant,

1 the amount of the retirement benefit otherwise payable to the retirant
2 under this option shall be adjusted automatically to the retirement benefit
3 which the retirant would have received if no option had been elected
4 under this section.

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

13 (E) *Life with 10 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 98% of the monthly payment of the retirement benefit otherwise
16 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-
17 ant dies within the ten-year certain period, measured from the com-
18 mencement of retirement benefit payments, such payments will be con-
19 tinued to the retirant's beneficiary during the balance of the ten-year
20 certain period.

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

29 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
30 member must specify a lump sum amount to be paid to the member
31 upon the member's retirement. The lump sum amount will be based on
32 the actuarial present value of the benefit as provided in K.S.A. 74-4958,
33 and amendments thereto. The lump sum amount designated by the mem-
34 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
35 present value of the benefit provided in K.S.A. 74-4958, and amendments
36 thereto. ***If the member's spouse elects a lump sum payment as pro-
37 vided in this section pursuant to the provisions of subsection (6),
38 the lump sum payment will be based on the present value of the
39 retirement option selected by the spouse. The lump sum amount
40 designated by the spouse must be in 10% increments and shall not
41 exceed $\frac{1}{2}$ of the actuarial present value of the option selected in this
42 section.***

43 (ii) Pursuant to this option, the member must elect to have the re-

1 maining actuarial present value paid in a monthly amount under the pro-
2 visions of K.S.A. 74-4958, and amendments thereto, or subsections (5)(A)
3 through (5)(F) of this section.

4 (iii) In the event that the designated joint annuitant pursuant to sub-
5 section (5)(A), (5)(B) or (5)(C) 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 (iv) The provisions of this subsection shall be effective on and after
11 July 1, 2001.

12 (6) On and after July 1, 1996, if a member with 20 or more years of
13 credited service dies before attaining retirement age, the member's
14 spouse, if the spouse is the sole beneficiary for the member's accumulated
15 contributions, may elect to receive benefits under one of the options
16 provided in this section in lieu of receiving the member's accumulated
17 contributions or in lieu of receiving benefits as provided in K.S.A. 74-
18 4959 and amendments thereto, ~~except that such member's spouse may~~
19 ~~not elect to receive benefits pursuant to subsection (5)(G) in lieu of re-~~
20 ~~ceiving the member's accumulated contributions or in lieu of receiving~~
21 ~~benefits as provided in K.S.A. 74-4959 and amendments thereto.~~ Pay-
22 ments under one of the options provided in this section to the member's
23 spouse if so elected, shall commence on the date that the member would
24 have attained retirement age.

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

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

40 (9) Upon the death of a joint annuitant who is receiving a retirement
41 benefit under the provisions of this section, there shall be paid to such
42 joint annuitant's beneficiary an amount equal to the excess, if any, of the
43 accumulated contributions of the retirant over the sum of all retirement

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

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

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

16 Sec. 7. K.S.A. 74-4964a is hereby amended to read as follows: 74-
17 4964a. (1) A member may elect to have such member's retirement benefit
18 paid under one of the options provided in this section in lieu of having it
19 paid in the form stated in subsections (1) and (2) of K.S.A. 74-4958 and
20 amendments thereto. Such election must be made before the date of
21 actual retirement. Only a specific individual person may be designated as
22 a joint annuitant at the time of election of the joint and $\frac{1}{2}$ to joint an-
23 nuitant survivor option, the joint and survivor option and the joint and $\frac{3}{4}$
24 to joint annuitant survivor option. Under no circumstances may an option
25 be changed or canceled nor the named joint annuitant changed after the
26 date of actual retirement of the member.

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

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

42 (4) Such election of an option shall become null and void upon the
43 death of a member prior to such member's retirement, except that if a

1 member, who is eligible to retire in accordance with the provisions of
2 subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies
3 without having actually retired the member's spouse, if the spouse is
4 beneficiary for the member's accumulated contributions, and no benefits
5 are payable under subsections (1) and (2) of K.S.A. 74-4959 and amend-
6 ments thereto, may elect to receive benefits under one of the options
7 provided in this section, in lieu of receiving the member's accumulated
8 contributions.

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

11 (A) *Joint and ½ to joint annuitant survivor.* A reduced retirement
12 benefit is payable to the retirant during the retirant's lifetime in a monthly
13 amount equal to the product of (A) the monthly payment of the retire-
14 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
15 thereto and (B) the percentage equal to 94.5% minus .2% for each year
16 by which the age of the retirant's joint annuitant is less than the retirant's
17 age, computed to the nearest whole year, or plus .2% for each year by
18 which the age of the retirant's joint annuitant is more than the retirant's
19 age, computed to the nearest whole year, with ½ of that monthly amount
20 continued to the retirant's joint annuitant during such joint annuitant's
21 remaining lifetime, if any, after the death of the retirant. In the event that
22 the designated joint annuitant under this option predeceases the retirant,
23 the amount of the retirement benefit otherwise payable to the retirant
24 under this option shall be adjusted automatically to the retirement benefit
25 which the retirant would have received if no option had been elected
26 under this section.

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

42 (C) *Joint and ¾ to joint annuitant survivor.* A reduced retirement
43 benefit is payable to the retirant during the retirant's lifetime in a monthly

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

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

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

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

39 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
40 member must specify a lump sum amount to be paid to the member
41 upon the member's retirement. The lump sum amount will be based on
42 the actuarial present value of the benefit as provided in K.S.A. 74-4958a,
43 and amendments thereto. The lump sum amount designated by the mem-

1 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
2 present value of the benefit provided in K.S.A. 74-4958a, and amend-
3 ments thereto. ***If the member's spouse elects a lump sum payment as***
4 ***provided in this section pursuant to the provisions of subsection (6),***
5 ***the lump sum payment will be based on the present value of the***
6 ***retirement option selected by the spouse. The lump sum amount***
7 ***designated by the spouse must be in 10% increments and shall not***
8 ***exceed $\frac{1}{2}$ of the actuarial present value of the option selected in this***
9 ***section.***

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

14 (iii) In the event that the designated joint annuitant pursuant to sub-
15 section (5)(A), (5)(B) or (5)(C) under this option predeceases the retirant,
16 the amount of the retirement benefit otherwise payable to the retirant
17 under this option shall be adjusted automatically to the retirement benefit
18 which the retirant would have received if no option had been elected
19 under this section.

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

22 (6) On and after July 1, 1996, if a member with 20 or more years of
23 credited service dies before attaining retirement age, the member's
24 spouse, if the spouse is the sole beneficiary for the member's accumulated
25 contributions, may elect to receive benefits under one of the options
26 provided in this section in lieu of receiving the member's accumulated
27 contributions or in lieu of receiving benefits as provided in K.S.A. 74-
28 4959 and amendments thereto, ~~except that such member's spouse may~~
29 ~~not elect to receive benefits pursuant to subsection (5)(G) in lieu of re-~~
30 ~~ceiving the member's accumulated contributions or in lieu of receiving~~
31 ~~benefits as provided in K.S.A. 74-4959 and amendments thereto.~~ Pay-
32 ments under one of the options provided in this section to the member's
33 spouse if so elected, shall commence on the date that the member would
34 have attained retirement age.

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

40 (8) The provisions of the law in effect on the retirement date of a
41 member under the system shall govern the retirement benefit payable to
42 the retirant and any joint annuitant, except, for retirement benefits pay-
43 able after July 1, 1993, for retirants who retired prior to July 1, 1982, in

1 the event that the designated joint annuitant under the option provided
2 in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant,
3 the amount of the retirement benefit otherwise payable to the retirant
4 under the option provided in subsection (5)(A), (B) or (C), as applicable,
5 shall be adjusted automatically to the retirement benefit which the retir-
6 ant would have received if no option had been elected under this section.

7 (9) Upon the death of a joint annuitant who is receiving a retirement
8 benefit under the provisions of this section, there shall be paid to such
9 joint annuitant's beneficiary an amount equal to the excess, if any, of the
10 accumulated contributions of the retirant over the sum of all retirement
11 benefit payments made to such retirant and such joint annuitant. Such
12 joint annuitant shall designate a beneficiary by filing in the office of the
13 retirement system such designation at the time of death of the retirant.
14 If there is no named beneficiary of such joint annuitant living at the time
15 of death of such joint annuitant, any amount provided for by this section
16 shall be paid to, in order of preference as follows:

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

18 (B) the joint annuitant's dependent child or children;

19 (C) the joint annuitant's dependent parent or parents;

20 (D) the joint annuitant's nondependent child or children;

21 (E) the joint annuitant's nondependent parent or parents; or

22 (F) the estate of the deceased joint annuitant.

23 (10) The provisions of this section shall be effective on and after July
24 1, 1989, and shall apply only to members who were appointed or em-
25 ployed prior to July 1, 1989, and who made an election pursuant to K.S.A.
26 74-4955a and amendments thereto; and persons appointed or employed
27 on or after July 1, 1989.

28 Sec. 8. K.S.A. 74-4902, 74-4918, 74-4963, 74-4963a, 74-4964 and 74-
29 4964a and K.S.A. 2002 Supp. 20-2610a are hereby repealed.

30 Sec. 9. This act shall take effect and be in force from and after its
31 publication in the statute book.

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