

SENATE BILL No. 95

By Senators Lee and Allen, Apple, Barnett, Barone, Betts, Brownlee, Bruce, Brungardt, Donovan, Emler, Francisco, Gilstrap Goodwin, Haley, Hensley, Huelskamp, Jordan, Journey, Kelly, McGinn, Morris, O'Connor, Ostmeyer, Palmer, Petersen, Pine, Pyle, Reitz, Schmidt, D., Schmidt, V., Schodorf, Steineger, Taddiken, Teichman, Umbarger, Vratil, Wagle, Wilson and Wysong

1-25

14 AN ACT concerning retirement; relating to the Kansas public employees
15 retirement system and systems thereunder; retirement benefit options;
16 amending K.S.A. 2004 Supp. 20-2610a and 74-4918 and repealing the
17 existing sections.
18

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

20 Section 1. K.S.A. 2004 Supp. 20-2610a is hereby amended to read
21 as follows: 20-2610a. (a) A judge may elect to have such judge's retirement
22 annuity paid under one of the options provided in this section in lieu of
23 having it paid in the form stated in K.S.A. 20-2610 and amendments
24 thereto. Such election shall be made before the date of actual retirement.
25 A specific person shall be designated as joint annuitant at the time of
26 election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, joint and
27 survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option.
28 Under no circumstances may an option be changed or canceled nor the
29 named joint annuitant changed after the date of actual retirement of the
30 judge.

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

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

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

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

32 (3) *Joint and ¾ to joint annuitant survivor.* A reduced retirement
33 annuity payable to the judge during the judge'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. 20-2610 and amendments
36 thereto and (B) the percentage equal to 87% minus .5% for each year by
37 which the age of the judge's joint annuitant is less than the judge's age,
38 computed to the nearest whole year, or plus .5% for each year by which
39 the age of the judge's joint annuitant is more than the judge's age, com-
40 puted to the nearest whole year, with ¾ of that monthly amount contin-
41 ued to the judge's joint annuitant during such joint annuitant's remaining
42 lifetime, if any, after the death of the judge. In the event that the desig-
43 nated joint annuitant under this option predeceases the retired judge, the

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

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

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

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

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

42 (B) Pursuant to this option, the judge must elect to have the remain-
43 ing actuarial present value paid in a monthly amount under the provisions

1 of K.S.A. 20-2610, and amendments thereto, or subsections (c)(1)
2 through (c)(6) of this section.

3 (C) In the event that the designated joint annuitant pursuant to sub-
4 section (c)(1), (c)(2) or (c)(3), under this option predeceases the retirant,
5 the amount of the retirement benefit otherwise payable to the retirant
6 under the 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 (D) The provisions of this subsection shall be effective on and after
10 July 1, 2001.

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

16 (e) On and after ~~July 1, 1993~~ *May 1, 2004*, if a judge with ~~15~~ 10 or
17 more years of credited service dies before attaining retirement age, the
18 judge's spouse, if the spouse is the sole beneficiary for the judge's accu-
19 mulated contributions, may elect to receive benefits under one of the
20 options provided in this section in lieu of receiving the judge's accumu-
21 lated contributions. Payments under one of the options provided in this
22 section to the judge's spouse if so elected, shall commence on the date
23 that the judge would have first attained retirement age.

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

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

40 (h) 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 retired judge over the sum of all retire-

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

- 7 (1) The joint annuitant's surviving spouse;
 - 8 (2) the joint annuitant's dependent child or children;
 - 9 (3) the joint annuitant's dependent parent or parents;
 - 10 (4) the joint annuitant's nondependent child or children;
 - 11 (5) the joint annuitant's nondependent parent or parents; or
 - 12 (6) the estate of the deceased joint annuitant.
- 13 (i) In any event, benefits shall be adjusted as necessary to satisfy the
14 incidental death benefits regulations under the federal internal revenue
15 code.

16 Sec. 2. K.S.A. 2004 Supp. 74-4918 is hereby amended to read as
17 follows: 74-4918. (1) A member may elect to have such member's retire-
18 ment benefit paid under one of the options provided in this section in
19 lieu of having it paid in the form stated in K.S.A. 74-4915 and amend-
20 ments thereto. Such election must be made before the date of actual
21 retirement. A specific person must be designated as joint annuitant at the
22 time of election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the
23 joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor
24 option. Under no circumstances may an option be changed or canceled
25 nor the named joint annuitant changed after the date of actual retirement
26 of the member.

27 (2) The amount of 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 K.S.A. 74-4915 and
31 amendments thereto, as prescribed in subsection (3). In no case shall the
32 total amount of retirement benefit paid under any option provided in this
33 section be more than 100% of the retirement benefit which would have
34 been otherwise payable if no option had been elected under this section.

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

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

1 the age of the retirant's joint annuitant is more than the retirant's age,
2 computed to the nearest whole year, with $\frac{1}{2}$ 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 (B) *Joint and survivor.* A reduced retirement benefit is payable to
11 the retirant during the retirant's lifetime in a monthly amount equal to
12 the product of (i) the monthly payment of the retirement benefit other-
13 wise payable under K.S.A. 74-4915 and amendments thereto and (ii) the
14 percentage equal to 83% minus .6% for each year by which the age of
15 the retirant's joint annuitant is less than the retirant's age, computed to
16 the nearest whole year, or plus .6% for each year by which the age of the
17 retirant's joint annuitant is more than the retirant's age, computed to the
18 nearest whole year, with that amount continued to the joint annuitant
19 during the joint annuitant's remaining lifetime, if any, after the death of
20 the retirant. In the event that the designated joint annuitant under this
21 option predeceases the retirant, the amount of the retirement benefit
22 otherwise payable to the retirant under this option shall be adjusted au-
23 tomatically to the retirement benefit which the retirant would have re-
24 ceived if no option had been elected under this section.

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

41 (D) *Life with 5 years certain.* A reduced retirement benefit is payable
42 to the retirant during the retirant's lifetime in a monthly amount equal
43 to 98% of the monthly payment of the retirement benefit otherwise pay-

1 able under K.S.A. 74-4915 and amendments thereto and if the retirant
2 dies within the five-year certain period, measured from the commence-
3 ment of retirement benefit payments, such payments shall be continued
4 to the retirant's beneficiary during the balance of the five-year certain
5 period.

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

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

22 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
23 member must specify a lump sum amount to be paid to the member
24 upon the member's retirement. The lump sum amount will be based on
25 the actuarial present value of the benefit as provided in K.S.A. 74-4915,
26 and amendments thereto. The lump sum amount designated by the mem-
27 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
28 present value of the benefit provided in K.S.A. 74-4915, and amendments
29 thereto. If the member's spouse elects a lump sum payment as provided
30 in this section pursuant to the provisions of subsection (4), the lump sum
31 payment will be based on the present value of the retirement option
32 selected by the spouse. The lump sum amount designated by the spouse
33 must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present
34 value of the option selected in this section.

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

39 (iii) In the event that the designated joint annuitant pursuant to sub-
40 section (3)(A), (3)(B) or (3)(C) under this option predeceases the retirant,
41 the amount of the retirement benefit otherwise payable to the retirant
42 under this option shall be adjusted automatically to the retirement benefit
43 which the retirant would have received if no option had been elected

1 under this section.

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

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

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

13 (6) On and after ~~January 1, 1991~~ *May 1, 2004*, if a member with ~~15~~
14 *10* or more years of credited service dies before attaining retirement age,
15 the member's spouse, if the spouse is the sole beneficiary for the mem-
16 ber's accumulated contributions, may elect to receive benefits under one
17 of the options provided in this section in lieu of receiving the member's
18 accumulated contributions. Payments under one of the options provided
19 in this section to the member's spouse if so elected, shall commence on
20 the date that the member would have attained retirement age.

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

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

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

1 of death of such joint annuitant, any amount provided for by this section
2 shall be paid to, in order of preference as follows:

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

9 Sec. 3. K.S.A. 2004 Supp. 20-2610a and 74-4918 are hereby
10 repealed.

11 Sec. 4. This act shall take effect and be in force from and after its
12 publication in the statute book.