

HOUSE BILL No. 2703

By Committee on Appropriations

2-18

9 AN ACT concerning retirement and pensions; relating to the Kansas po-
10 lice and firemen's retirement system; retirement benefits, maximum;
11 employee contributions, increase; amending K.S.A. 74-4958, 74-4958a
12 and 74-4965 and repealing the existing sections.
13

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

15 Section 1. K.S.A. 74-4958 is hereby amended to read as follows: 74-
16 4958. (1) Any member ~~who retires on or after July 1, 1993,~~ shall be
17 entitled to receive an age and service retirement benefit equal to 2.5%
18 of such member's final average salary multiplied by the number of years
19 of credited service *for which the member contributed at the 7% contri-*
20 *bution rate prescribed by K.S.A. 74-4965, and amendments thereto, or*
21 *for which such member made a lump sum repayment in accordance with*
22 *the provisions of K.S.A. 74-4965, and amendments thereto,* except that in
23 no case shall such retirement benefit exceed ~~80%~~ 100% of such member's
24 final average salary.

25 (2) Any member who is appointed or employed prior to July 1, 1989,
26 who does not make an election pursuant to K.S.A. 74-4955a, and amend-
27 ments thereto, and who retires before such member's normal retirement
28 date shall receive an early retirement benefit equal to the annual retire-
29 ment benefit payable had the member retired on the normal retirement
30 date reduced by an amount equal to the product of (A) such annual re-
31 tirement benefit payable had the member retired on the normal retire-
32 ment date, multiplied by (B) the product of .4% multiplied by the number
33 of months difference, to the nearest whole month, between the member's
34 attained age at the time of retirement and age 55.

35 (3) Upon the death after retirement of a member who was covered,
36 up to the entry date of the member's employer, by a pension system under
37 the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and amendments
38 thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and amendments
39 thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and amendments
40 thereto, and who had not elected to retire under one of the options pro-
41 vided under K.S.A. 74-4964, and amendments thereto, the member's
42 spouse, if such spouse was the member's lawfully wedded spouse for a
43 period of not less than one year at the time of the member's retirement

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

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

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

4 Sec. 2. K.S.A. 74-4958a is hereby amended to read as follows: 74-
5 4958a. (1) Any member ~~who retires on or after July 1, 1993,~~ shall be
6 entitled to receive an age and service retirement benefit equal to 2.5%
7 of such member's final average salary multiplied by the number of years
8 of credited service *for which the member contributed at the 7% contri-*
9 *bution rate prescribed by K.S.A. 74-4965, and amendments thereto, or*
10 *for which such member made a lump sum repayment in accordance with*
11 *the provisions of K.S.A. 74-4965, and amendments thereto,* except that in
12 no case shall such retirement benefit exceed ~~80%~~ 100% of such member's
13 final average salary.

14 (2) Any member who retires before such member's normal retire-
15 ment date shall receive an early retirement benefit equal to the annual
16 retirement benefit payable had the member retired on the normal retire-
17 ment date reduced by an amount equal to the product of (A) such annual
18 retirement benefit payable had the member retired on the normal retire-
19 ment date, multiplied by (B) the product of .4% multiplied by the number
20 of months difference, to the nearest whole month, between the member's
21 attained age at the time of retirement and age 55.

22 (3) Pursuant to the provisions of K.S.A. 74-49,128, and amendments
23 thereto, upon the death after retirement of a member who was covered,
24 up to the entry date of the member's employer, by a pension system under
25 the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and amendments
26 thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and amendments
27 thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and amendments
28 thereto, and who had not elected to retire under one of the options pro-
29 vided under K.S.A. 74-4964, and amendments thereto, the member's
30 spouse, if such spouse was the member's lawfully wedded spouse for a
31 period of not less than one year at the time of the member's retirement
32 or if such spouse had been the member's lawfully wedded spouse for at
33 least three years after the time of the member's retirement, shall receive:
34 (A) Pursuant to the provisions of K.S.A. 74-49,128, and amendments
35 thereto, a lump-sum benefit equal to $\frac{1}{2}$ the member's final average salary
36 at the time of the member's retirement; and (B) an annual spouse's ben-
37 efit equal to 75% of the member's retirement benefit payable in monthly
38 installments, to accrue from the first day of the month following the mem-
39 ber's date of death and ending on the last day of the month in which the
40 spouse dies. Commencing on the effective date of this act, any surviving
41 spouse, who was receiving benefits pursuant to this section and who had
42 such benefits terminated by reason of such spouse's remarriage, shall be
43 entitled to once again receive benefits pursuant to this section, except

1 that such surviving spouse shall not be entitled to recover any benefits
2 not received after the termination of benefits by reason of such surviving
3 spouse's remarriage but before the effective date of this act. If there is
4 no surviving spouse, or if after the death of the spouse there remain one
5 or more children under the age of 18 years or one or more children under
6 the age of 23 years who is a full-time student as provided in K.S.A. 74-
7 49,117, and amendments thereto, the spouse's benefit shall be payable,
8 subject to the provisions of K.S.A. 74-49,123, and amendments thereto,
9 in equal shares to such children and each child's share shall end on the
10 last day of the month in which such child attains the age of 18 years or
11 dies, whichever occurs earlier or in which such child attains the age of 23
12 years, if such child is a full-time student as provided in K.S.A. 74-49,117,
13 and amendments thereto. Commencing on the effective date of this act,
14 any child who was receiving benefits pursuant to this section and who
15 had such benefits terminated by reason of such child's marriage, shall be
16 entitled to once again receive benefits pursuant to this section subject to
17 the limitations contained in this section, except that such child shall not
18 be entitled to recover any benefits not received after the termination of
19 benefits by reason of such child's marriage but before the effective date
20 of this act. All payments due under this section to a minor shall be made
21 to a legally appointed conservator of such minor as provided in subsection
22 (7) of K.S.A. 74-4902, and amendments thereto. No person shall be en-
23 titled to receive more than one benefit under the provisions of this sub-
24 section. Any person who otherwise meets the qualifications to receive
25 more than one benefit under this subsection shall elect the benefit such
26 person shall receive.

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

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

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

40 Sec. 3. K.S.A. 74-4965 is hereby amended to read as follows: 74-
41 4965. (1) Except as otherwise provided in this section, each participating
42 employer shall, beginning with the first payroll period for services per-
43 formed after the entry date, deduct from the compensation of each mem-

1 ber 7% of such member's compensation as employee contributions, ex-
2 cept that in the case of a member whose employment is covered by social
3 security and the member is a member of the class certified in the case of
4 Brazelton v. Kansas public employees retirement system, 227 K. 443, 607
5 P.2d 510 (1980), the deduction from such member's compensation shall
6 be reduced by the amount of such member's contributions to social
7 security.

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

12 (3) All such deductions shall be remitted quarterly, or as the board
13 may otherwise provide, to the executive director for credit to the Kansas
14 public employees retirement fund and shall be credited to the members'
15 individual accounts. Interest on each member's accumulated contribu-
16 tions at the rate determined under subsection (a) of K.S.A. 74-4922, and
17 amendments thereto, shall be added annually to the member's individual
18 account.

19 (4) For all payroll periods commencing on or after ~~the effective date~~
20 ~~of this act~~ July 1, 2010, each participating employer shall deduct from
21 the compensation of each member who has ~~received 32 years of credited~~
22 ~~service~~ *attained the maximum retirement benefit as provided pursuant to*
23 *the provisions of 74-4958 and 74-4958a, and amendments thereto*, 2% of
24 such member's compensation as employee contributions. *For each mem-*
25 *ber that is having 2% of such member's compensation deducted as em-*
26 *ployee contributions on July 1, 2010, pursuant to the provisions of this*
27 *subsection, for all payroll periods commencing on or after July 1, 2010,*
28 *the participating employer shall deduct from the compensation of each*
29 *such member 7% of such member's compensation as employee contribu-*
30 *tions until such member has attained the maximum retirement benefit as*
31 *provided pursuant to the provisions of K.S.A. 74-4958 or 74-4958a, and*
32 *amendments thereto, whereupon the participating employer of such mem-*
33 *ber shall once again deduct 2% of such member's compensation as em-*
34 *ployee contributions. Any active member who is contributing at the 2%*
35 *employee contribution rate as of July 1, 2010, shall commence contrib-*
36 *uting at the 7% employee contribution rate the first payroll period begin-*
37 *ning on or after June 30, 2010. Such member may repay in a lump sum*
38 *prior to or on such member's date of retirement, an amount equal to the*
39 *difference between contributions actually made by the member and con-*
40 *tributions which would have been made had such member always been*
41 *contributing at the 7% employee contribution rate for all such service*
42 *earned during the period of time the member made contributions at the*
43 *2% employee contribution rate, with interest. Such repayment, if made*

1 *at retirement, may be deducted from the proceeds of the partial lump sum*
2 *retirement options at subsection (5)(G) of K.S.A. 74-4964, and amend-*
3 *ments thereto, in the event the member elects such option. Such member*
4 *shall pay the actual amount plus interest at a rate specified by the board.*
5 *Any member who makes such a payment shall be entitled to service credit*
6 *for purposes of calculation of retirement benefit pursuant to the provisions*
7 *of K.S.A. 74-4958 and 74-4958a, and amendments thereto, for all years*
8 *of service wherein such member contributed at the 7% employee contri-*
9 *bution rate, including all years of service such member previously paid*
10 *at the 2% employee contribution rate but prior to or on such member's*
11 *date of retirement repaid the difference pursuant to this subsection.*

12 (5) (a) Subject to the provisions of K.S.A. 74-49,123, and amend-
13 ments thereto, each participating employer, pursuant to the provisions of
14 section 414(h)(2) of the federal internal revenue code, shall pick up and
15 pay the contributions which would otherwise be payable by members as
16 prescribed in subsection (1) commencing with the third quarter of 1984.
17 The contributions so picked up shall be treated as employer contributions
18 for purposes of determining the amounts of federal income taxes to with-
19 hold from the member's compensation.

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

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

34 Sec. 4. K.S.A. 74-4958, 74-4958a and 74-4965 are hereby repealed.

35 Sec. 5. This act shall take effect and be in force from and after its
36 publication in the statute book.