

Legislative Research Department

*Note to Mr. Backman
The original 7-16-75
minutes were mailed to
the chairman for
signature and never
received back in the
Research office. We have
substituted the attached
copy of the minutes.*

July 28, 1975

M I N U T E S

*Fiscal Staff
Research Department*

SPECIAL COMMITTEE ON WAYS AND MEANS

July 16, 1975

Members Present

Senator Ross Doyen, Chairman
Representative Wendell Lady, Vice Chairman
Senator Bob Storey
Senator T. D. Saar
Representative William Bunten
Representative James Cubit
Representative Keith Farrar
Representative Mike Hayden
Representative James Holderman
Representative John T. Ivy
Representative Irving R. Niles

Staff Present

Jim Wilson, Revisor of Statutes Office
Marlin Rein, Legislative Research Department
Alden Shields, Legislative Research Department
Robert Haley, Legislative Research Department

The Special Committee on Ways and Means was called to order July 16, 1975, at 9:10 a.m. by Representative William Bunten. A quorum was not present at that time, but Representative Bunten explained that the meeting was for educational purposes and thus a quorum was not necessary. He further explained that there had been confusion over the time of the meeting and that it was necessary to stay with the announced agenda because of the schedule of the people appearing.

A request was made for all visitors to sign the roster which is included as Attachment A.

Representative Bunten recognized Dr. John Mackin, Martin E. Segal Company, for a presentation concerning House Bill No. 2634 regarding local police and fire retirement plans.

Dr. Mackin explained that the present proposal stems from the two previous studies. The major study was the 1974 report to the Special Committee on Ways and Means evaluating the effects of legislation intended to achieve the general objectives of (1) improving the actuarial status of local police and fire pension plans and (2) encouraging participation in a soundly-financed and efficiently-administered statewide retirement system for policemen and firemen. The other relevant study was the 1973 report to the Legislative Budget Committee which dealt with (1) the membership and financing of local police and fire pension plans and (2) the contrasting of the funding of local plans with the funding of the state system. Both reports indicated serious problems with unfunded liabilities.

Dr. Mackin then explained that there were three basic types of local police and fire retirement plans in Kansas. The first type is the statutory plan which is established in accordance with state statutes (K.S.A. 13-14a01 et seq. and K.S.A. 14-10a01 et seq.). The benefits provided under this system include normal retirement at age 50 with 22 years of service at 50 percent of final salary, service connected disabilities, termination benefits, pre-retirement death, post-retirement death, and funeral benefits. The cost of these plans are met by employee contributions of three percent of salary and city contributions sufficient to pay the benefits due and to maintain a reserve fund up to \$50,000 in first class cities and \$15,000 in second class cities. The pertinent statutes do not permit cities to accumulate assets on an actuarial reserve basis to meet the growing actuarial liabilities. The second type is the statutory-amended plan. These are plans in which the cities have exercised home rule authority by modifying the statutory plans. There are few significant differences between the statutory-amended plans and the statutory plans. The third type is the charter ordinance plan which is established by charter ordinance and is not based on the state statutes. Cities with this type of plan, not participating in Kansas Police and Fire (KP&F) retirement system, include Great Bend, Overland Park, Pittsburg, Prairie Village, and Wichita.

The presentation by Dr. Mackin then included a review of House Bill No. 2634. He first provided a general overview of the bill which stated that all new police and fire employees employed on or after January 1, 1977 would automatically become members of the state system and that the cities would have the option of continuing their own plans for employees hired prior to that date or completely merging with the state system. The cities maintaining their own systems would have to amortize the liability for active employees over 30 years and the liability for retired employees over 20 years. Cities that merge their systems into the state plan will have to amortize their liabilities over 40 years.

It was then decided that a section by section review of the bill would be helpful. Section 3 provides that no city shall establish or create any local police or fire pension plan after July 1, 1975. Section 4 provides that policemen or firemen employed on or after January 1, 1977 will become members of the Kansas Police and Fire retirement system or, under certain circumstances, of the Kansas Public Employees Retirement System. Section 5 provides that cities may maintain their local systems for employees hired on or before December 31, 1976, but they must make annual contributions to amortize liabilities for active members within 30 years and for retired members within 20 years. Employees must contribute nine percent of their compensation to such local plans. Section 6 provides that each active member of a local police or fire pension plan which is affiliated with the state system may choose to receive the state benefits or to continue to receive local benefits. Section 7 provides that all moneys and other assets in police and fire pension plans which are being affiliated with KP&F are transferred to KP&F. Under section 8 all active members of a local plan that affiliates with the state system who elect to continue to receive local plan benefits and all retired members of such plan are made special members of KP&F. Section 9 provides a method of determining employer contributions using the regular KP&F method plus an adjustment for the tenure of employees. Section 10 provides that the act be administered by the Board of Trustees of the Kansas Public Employees Retirement System. Section 11 provides that retired members can be included in the system.

Senator Ross Doyen, Chairman of the Special Committee on Ways and Means, asked if there were additional questions to be considered. Dr. Mackin suggested that the committee consider (1) views of the cities and police and fire representatives and (2) the general need to move ahead with sounder financing.

Senator Doyen asked if detailed data on the cost of the proposal were available. Dr. Mackin responded that the basic data were in the Expanded Actuarial Study of Local Policemen's and Firemen's Pension Plans. Some of the data do not reflect recent changes in KPERS or in some of the local systems.

Representative Wendell Lady, Vice Chairman of the Special Committee on Ways and Means, noted that the effective date of the bill had been delayed in order to hear the views of the local groups. He further noted that many legislators would rather the state not mandate a state system but were concerned about the unfunded liabilities.

Senator Doyen asked for questions from the committee or audience.

Mr. George E. Miller, Wichita Fire Department, asked what would happen to the assets of the retirement system if Wichita elected to maintain its own system. Dr. Mackin replied that in this case Wichita would keep its assets, but if it merged with the state system the assets would be transferred. The incentive for affiliation is the rapid amortization of liabilities which would be required under the funding standards for local plans.

Mr. Richard E. LaManger, Wichita Police Department, noted that the Wichita system had been revised since the 1974 report and inquired about benefits under the state system. Dr. Mackin explained that there was a minimum requirement age of 50 with 25 years of service if they had previously been covered under a municipal system. Mr. LaManger then stated that they were not opposed to a state plan but needed to be exempted from inclusion into KP&F for future employees because it took the contributions of all of the employees to keep the system sound. Dr. Mackin responded that new employees would automatically become members of the state system. This would allow for increased mobility.

Mr. W. R. (Red) McCarter, KSCFF, contended that employees should have the decision as to which system they wanted to belong. Mr. Marshall Crowther, attorney for KPERS, explained that if the city merged its present retirement system with the state, the individuals would have the option of choosing which type of benefit they wished to receive.

Representative James Holderman inquired about the accuracy of the data in the 1974 report because of the comment made by the Wichita spokesman. Several people in the audience voiced assurances that they were not challenging the accuracy of the report, but they were only pointing out that Wichita had recently modified its system.

Representative Lady compared the problem of merging the retirement plans to the question of merging the court systems.

Representative Keith Farrar asked if the prevention of growth in the local systems would cause financial problems. Dr. Mackin explained that this was one reason for the accelerated amortization of liabilities. Representative Farrar then inquired about the advantages of requiring one uniform system. Dr. Mackin replied that if exemptions were allowed, cities with home rule authority could opt out of the system.

Senator Ted D. Saar asked if the proposal were limited to the first class cities. Dr. Mackin responded that it applied to both first and second class cities.

Mr. Myron E. Scafe, Chief of Police of Overland Park, expressed opposition to the proposed mandate to all cities.

Mr. James E. Span, Wichita Fire Department, inquired about exemptions from KP&F. Dr. Mackin explained that those systems covering employees under Social Security could come under KPERS.

Senator Doyen asked for examples of cities with financing problems. Dr. Mackin cited Emporia and Fort Scott.

Mr. Richard E. LaManger suggested that contribution costs would increase five percent and that there would be additional administrative costs with a dual system. Mr. John Corkhill, Executive Secretary for KPERS, disagreed with the suggested increase in cost and Mr. Marshall Crowther, attorney for KPERS, pointed out that Topeka had two systems without increased administrative problems.

Mr. Ken Bittel, City Administrator of Great Bend, inquired whether there would be additional hearings on the bill and the impact of a federal requirement for 30 year amortization. Senator Doyen indicated that there would be additional consideration and meetings on the bill. Dr. Mackin explained that the federal law did not apply to public employers.

Senator Doyen asked Dr. Mackin to review House Bill No. 2373, House Bill No. 2409, and House Bill No. 2510. Dr. Mackin said that House Bill No. 2373 increased benefits for all covered retirants and House Bill No. 2409 provided for vesting after eight years instead of ten years. Senator Bob Storey asked about the cost of early vesting. Dr. Mackin explained that it was not very costly because (1) the state earned interest on the funds during the gap between employment and retirement and (2) the individual has to live to retirement age to collect.

Dr. Mackin continued with his explanation of the three bills with the statement that House Bill No. 2510 changed the definition of "final average salary" from the average of the highest five years in the last ten years to the average of the highest five years during the entire employment. He did not believe this bill would affect very many employees because it is believed that most employees earn their highest salaries within the last ten years of employment. Mr. John Corkhill, Executive Secretary of KPERS, explained that even though this was the case, records would have to be checked on each employee and the data were not in the computer. It is also possible that the data for some individuals are not obtainable.

Dr. Mackin noted that the Legislature had provided two post-retirement increases not funded in advance. The result is an increase in the present contribution rates. Other areas that he suggested the committee might want to give consideration to included early retirement for correctional officers, first-day

coverage for all non-school employees, improvements in retirement benefits, liberalization of requirements for normal retirement, increased benefits for prior service, group insurance and adjustments in the frozen vested interests for members of the Kansas school system.

Mr. Corkhill noted that a permanent coverage provision in the group life insurance plan with the employee paying the additional cost might decrease the cost of such coverage to the individual, if acquired privately, by 40 percent. Senator Saar asked about additional costs to the state. Mr. Corkhill explained that the only additional cost would be for administration. The cost of such coverage in a group plan cannot be based on individual characteristics and the insurer was willing to provide the coverage without a minimum number of employees participating because of the size of KPERS and the expected disability of the coverage.

Senator Doyen adjourned the meeting at 12:00 noon and reconvened the committee at 1:30 p.m.

Representative Bunten asked what the cost to the state would be under House Bill No. 2634. Dr. Mackin explained that there would be no additional cost to the state because the city paid the employer contribution and the cost of administration. The level of city contribution would vary widely. Representative Bunten then inquired if Wichita could keep its higher benefit system. Dr. Mackin explained that employees who had been hired on or before December 31, 1976 could choose the present benefits of their system even if it became affiliated with the state system. It would not be desirable to allow new employees this option because the state would then have 20 different state plans.

Senator Saar suggested putting a little "sugar" on the plan to make it more palatable. Dr. Mackin noted that an approach relying on incentives instead of a mandate would be very expensive.

Representative Mike Hayden asked about the possibility of dissolving those systems not financially sound and leaving the others alone. Mr. Crowther indicated that this would raise the problem of the state having multiple plans and the resulting lack of uniform application. Dr. Mackin suggested this option should only be considered for the larger employers. Mr. Corkhill said that some other states had tried this approach and it had failed.

Representative John T. Ivy noted a comparison to the teacher retirement system. Dr. Mackin agreed to a point but stressed the state would not contribute under this system as it does in the teacher retirement system.

Representative Farrar asked if cities that had already amortized their liability would be penalized and what was meant by the term "other assets". Dr. Mackin said that cities that had amortized their liabilities would not be penalized because they would pay only the current rate while the others would have to pay the current rate plus the cost of amortization over 40 years. The term "other assets" includes investments such as bonds, certificates of deposit, or insurance.

Representative Irving B. Niles asked what the advantages of a uniform system would be over a requirement that all retirement plans be amortized over 40 years. Dr. Mackin listed some of the advantages as uniformity in coverage, reduced administrative cost, increased mobility of employees, sharing of risks and experience, better earnings on contributions, and in many cases, better benefits.

Dr. Mackin mentioned that an additional item which the committee might want to consider in reviewing KPERS would be early retirement. A concern in this area was the different rates for female and male employees if the rate is based on actuarial data. Representative Lady asked if the federal government was becoming involved in this area because of the equal rights protection. Dr. Mackin said that it is being reflected. Mr. Crowther said KPERS had asked for an opinion from the Attorney General on the legality of differential rates.

Senator Doyen inquired about the possibility of using a point system to provide for early retirement. Dr. Mackin said that a minimum age would need to be established and a point system might encourage employees who are still productive to retire.

Dr. Mackin also listed as possible areas to be considered by the Legislature (1) first-day coverage of non-school employees, (2) funding of post-retirement adjustments, and (3) earlier vesting.

Senator Saar asked why so few representatives from the city administrations had been present for the discussion of House Bill No. 2634. Mr. Douglas, Kansas League of Municipalities, responded that several city administrators had been present for the meeting but had been informed that it was for an explanation of the bill and not for a hearing of their concerns about the bill. He went on to explain that several spokesmen could be obtained for future meetings.

Representative Holderman inquired about the impact of the proposal on cities not having retirement systems at the present time. Mr. Jim Wilson of the Revisors Office noted that some third class cities had no plan. Mr. Corkhill noted that

third class cities with employees covered under Social Security were presently members of KPERS. Representative Lady asked for the number of employees not covered by a retirement system. Mr. Douglas of the League explained that most of the larger third class cities were covered under Social Security so the actual number of employees not covered was fairly small. Representative Farrar inquired about volunteer firemen. Mr. Corkhill noted that only full-time employees were covered. He also noted that most volunteer firemen were paid by the number of responses.

Senator Doyen requested that the staff provide a supplement to the 1974 report reflecting the changes in KPERS and the local plans. Representative Farrar requested information on the federal guidelines and alternative methods of achieving sound financing. Mr. Corkhill replied that there would be difficulty in providing information on the federal guidelines because those for the public sector had not been formulated. Representative Bunten suggested that the committee should be aware of the difference between local plans and the state system. Mr. Wilson said that as he interpreted the bill, there was nothing to prevent the cities from supplementing the state benefits. Senator Saar suggested information needed to be gathered concerning provisions of the plans of private industry and the other states. Representative Lady suggested that the major concern was not the level of benefits but the funding of the liability.

Representative Holderman expressed concern that existing local plans would not be able to function on a sound financial basis without additional new employees. Mr. Corkhill explained that this was one of the reasons for the requirement that the liability for retired employees be amortized within 20 years. Representative Holderman expressed support for trying to find a way of requiring proper funding without requiring affiliation with the state system.

Mr. Douglas of the Kansas League of Municipalities was asked if it would be possible to have representatives from the League appear at the August 8, 1975, meeting. He indicated that he believed it would be possible. Senator Saar moved that the Revisors Office be instructed to draft a bill providing for first-day coverage of non-school employees. Representative Mike Hayden seconded the motion. The questions were also raised about early retirement and survivors' benefits. The office of the Revisor of Statutes was requested to prepare proposals relating to early retirement at age 60 with a retirement benefit reduction of three percent per year in lieu of the present actuarial reduction and a survivor benefit option at age 55 with ten years service.

At the August 8, 1975, meeting the committee decided that it wanted to tour the Historical Society building; invite Mr. Nyle Miller, Executive Secretary of the Historical Society, to present a briefing on the proposal for a new museum building; and to review a staff report covering, among other topics, the square footage and costs of any recent new state museums.

The committee also decided to review at the August 8, 1975 meeting the use of advisory committees, including whom they advised, their statutory charge, compensation, and frequency of meetings. Representative Farrar suggested that some effort be made to review the use of advisory committees in other states.

The committee then considered what would be needed for a review of state salaries and retirement benefits. Representative Lady suggested the committee might want to consider how positions were allocated and the pay plan adjustments formulated. Mr. Rein suggested that the committee might want to invite the Secretary of Administration and Director of Personnel to explain these areas. A staff report on the attorney proposal will also be presented at the August 8 meeting.

It was determined that the meeting of August 8, 1975, should convene at 9:30 a.m. It was also suggested that the staff reports and minutes be forwarded to the members before the meeting so that they would have time to review them.

Prepared by Robert Haley

Approved by the Committee on:

Ross A. Doyen

(Date)

Attachment A

<u>Name</u>	<u>Address</u>	<u>Representing</u>
Charles M. Hicks	Wichita	Wichita Police Dept.
John C. Dotson	Wichita	Wichita Police Dept. (Fraternal Order of Police)
George E. Miller	Wichita	Wichita Fire Dept.
Rita J. Goodwin	Wichita	City of Wichita
Richard E. LaManger	Wichita	Wichita Police Dept.
James E. Span	Wichita	Wichita Fire Dept.
John Hendrix	Hutchinson	Kansas State Firefighters
Clifford Douglas	Hutchinson	City of Hutchinson Fire Dept.
Dallas Jones	Hutchinson	Hutchinson Fire Dept.
George Pyle	Hutchinson	City of Hutchinson
Wendell Chaffant	Hutchinson	Hutchinson Fire Dept.
Myron E. Scafe	Overland Park	Police Dept.
James R. Sienes	Overland Park	Police Dept.
John Corkhill	Topeka	KPERS
Walter Johnson	Topeka	Retired State Highway and Others
J. A. Todd	Wichita	K.S.F.F.A
Richard Bradshaw	Topeka	Topeka Fire Dept. - K.S.F.F.A.
Fred Brown	Kansas City	Kansas City Fire Dept.
Harold E. Higgins	Kansas City	Kansas City Fire Dept. - K.S.C.F.F.
W. R. McCarter	Topeka	K.S.C.F.F.
Melvin E. Neely	Topeka	----
George L. Cleland		T.A.R.T.A.
L. U. West	El Dorado	K.R.T.A.
Murle M. Hayden	Topeka	T.A.R.T.A.
Mike Wildgen	Lawrence	City of Lawrence
Marshall Crowther	Lawrence	KPERS
Jack Hawn	Topeka	KPERS
John B. Muci	Hutchinson	Police Dept.
Earl L. Baxter	Hutchinson	Police Dept.
Larry Bird	Topeka	Police Dept.
Lee Stanley	Topeka	Police Dept.
Ken Bittell	Great Bend	City Administration
Jim Huff	Salina	Police Dept.
Allen Loyd	Atchison	City Administration
Mel Abbott	Salina	City Administration
Dennis Williams	Topeka	Budget Division
C. S. Wilthauer	Topeka	Adult B. Educ.
Ed Bross	Salina	Fire Dept.
Harold E. Lowe	Shawnee Mission	A.A.R.R. - K. R. T.
Harry G. Mahon	Shawnee Mission	K.R.T.

HOUSE BILL No. 2373

By Representative Everett

(By Request)

2-17

AN ACT concerning retirement benefits, pensions and annuities; granting certain increases; amending K. S. A. 1974 Supp. 72-5535 and repealing the existing section.

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

1 *New Section 1. (a)* Any person receiving or entitled to receive
2 a benefit, pension or annuity from the Kansas public employees
3 retirement system, the Kansas police and firemen's retirement sys-
4 tem, the state school retirement system, the Kansas highway patrol
5 pension fund, the Kansas bureau of investigation pension fund,
6 the Kansas retirement fund for official court reporters or the Kansas
7 retirement fund for judges, shall have such benefit, pension or
8 annuity increased permanently in accordance with the following:
9 Those persons whose date of retirement occurred or whose pay-
10 ments commenced prior to January 1, 1973, shall be increased
11 twelve percent (12%); those persons whose retirement occurred or
12 whose payments commenced during the calendar year 1973, shall
13 be increased eight percent (8%); those persons whose retirement
14 occurred or whose payments commenced on or after January 1,
15 1974, are not increased by this act; those persons whose retirement
16 date occurs or whose payments commence on or after the effective
17 date of this act are not increased by this act.

18 *(b)* The increases in payments granted in subsection (a) shall

1 accrue from July 1, 1975, and shall be in addition to the increases
2 granted under K. S. A. 74-4943 and K. S. A. 1974 Supp. 74-4945.

3 (c) The cost of providing the amount of the increases in pay-
4 ments granted under subsection (a) shall be included in the next
5 regular appropriate annual valuation made by the actuaries of the
6 respective systems or funds specified in subsection (a), except that
7 in the case of the state school retirement system, the annual ap-
8 propriation for payment of annuities shall be increased by an ap-
9 propriate amount.

10 Sec. 2. K. S. A. 1974 Supp. 72-5535 is hereby amended to read
11 as follows: 72-5535. The legislature finds that the obligation of
12 the state of Kansas for payment of school service annuities can be
13 amortized over a period of ten (10) years after fiscal year 1973,
14 at an overall savings to the state general fund, by the following
15 annual transfer for such purpose. The director of accounts and re-
16 ports shall transfer the sum of ~~ten million dollars (\$10,000,000)~~
17 *eleven million five hundred thousand dollars (\$11,500,000)* from the
18 state general fund to the Kansas public employees retirement fund,
19 beginning on July 1, ~~1974~~ 1975, and thereafter the same amount on
20 the same day of each year until the board of trustees of the Kansas
21 public employees retirement system, upon the recommendation of
22 its actuary, certifies to the director of accounts and reports that
23 no transfer or a different sum is required to accomplish the amorti-
24 zation provided for by this act. The amounts so transferred shall
25 be credited to the school service annuity reserve which is hereby
26 established and which, with interest allocated to such reserve at
27 the rate determined each year by the board, shall be charged for
28 payment of all service annuities required to be paid by the state
29 of Kansas under the provisions of article 55 of chapter 72 of Kansas
30 Statutes Annotated. In the event that the sum of ~~ten million~~
31 ~~dollars (\$10,000,000)~~ *eleven million five hundred thousand dol-*

1 *lars* (\$11,500,000) transferred from the state general fund to the
2 Kansas public employees retirement fund as herein provided is in-
3 sufficient in any year to pay the current obligation fo service an-
4 nnuities the board of trustees shall advance sufficient funds from
5 the Kansas public employees retirement fund to the school service
6 annuity reserve to satisfy such current requirements. Such amounts
7 shall become an obligation of the school service annuity reserve
8 to be repaid to the Kansas public employees retirement fund when
9 future annual transfers from the state general fund are sufficient
10 to satisfy the then current obligations of the school service an-
11 nuity reserve and such repayment then shall be made to the Kansas
12 public employees retirement fund. Such advances shall bear in-
13 terest at the rate of six percent (6%) per annum payable at the time
14 such advances are repaid to the Kansas public employees retire-
15 ment fund. When all such service annuities have been paid or
16 otherwise satisfied, any balance remaining in such reserve shall be
17 transferred to the retirement benefit accumulation reserve and shall
18 be used for the purposes of that reserve.

19 Sec. 3. K. S. A. 1974 Supp. 72-5535 is hereby repealed.

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

22

23

24

25

26

27

28

29

30

31

HOUSE BILL No. 2510

By Committee on Education

2-20

AN ACT concerning the Kansas public employees' retirement system; relating to computation of final average salary; commencement of benefits for certain school employees; amending K. S. A. 74-4937 and K. S. A. 1974 Supp. 74-4902, and repealing the existing sections.

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

1 Section 1. K. S. A. 1974 Supp. 74-4902 is hereby amended to
2 read as follows: 74-4902. As used in K. S. A. 74-4901 to 74-4927;
3 both sections inclusive, as amended and supplemented, the follow-
4 ing words and phrases shall have the following meanings respec-
5 tively ascribed to each of them, unless a different meaning is plainly
6 required by the context.

7 (1) "Accumulated contributions," the sum of all contributions by
8 a member to the system which shall be credited to his account, with
9 interest allowed thereon;

10 (2) "Acts," K. S. A. 74-4901 to 74-4927, both sections inclusive, as
11 amended and supplemented;

12 (3) "Actuarial equivalent," an annuity or benefit of equal value
13 to the accumulated contributions, annuity or benefit, when com-
14 puted upon the basis of the actuarial tables in use by the system;

15 (4) "Actuarial tables," the actuarial tables approved and in use
16 by the board at any given time;

17 (5) "Actuary," the actuary or firm of actuaries employed or re-
18 tained by the board at any given time;

19 (6) "Agent," the individual designated by each participating em-

1 ployer through whom system transactions and communication shall
2 be directed;

3 (7) "Beneficiary," any natural person or persons named by a
4 member to receive any benefits as provided for by this act. If there
5 is no named beneficiary living at time of member's death, any
6 benefits provided for by this act shall be paid to: (a) The member's
7 surviving spouse; (b) the member's dependent child or children;
8 (c) the member's dependent parent or parents; (d) the member's
9 nondependent child or children; (e) the member's dependent parent
10 or parents; (f) the estate of the deceased member; in the order of
11 preference as hereinabove set out. Any payment made to a named
12 beneficiary shall be a full discharge and release to the system from
13 any further claims. Any payment made to a beneficiary as provided
14 in clauses (a), (b), (c), (d), (e), or (f) above as determined by the
15 board shall be a full discharge and release to the system from any
16 further claims. Whenever any payment is payable to more than one
17 beneficiary such payment shall be made to such beneficiaries jointly.
18 Any benefits payable to a beneficiary or beneficiaries who are minor
19 children or incompetent persons shall be made in the name of the
20 beneficiary or beneficiaries and delivered to the lawfully appointed
21 guardian of such beneficiaries: *Provided, however,* In those cases
22 where the benefit involves only the payment of the member's ac-
23 cumulated contributions with interest as provided by this act in an
24 amount not to exceed five hundred dollars (\$500), the board is
25 hereby authorized in its discretion without the appointment of a
26 guardian or the giving of a bond to pay such amount as is due to
27 the minor or minors themselves, any payment so made shall be a
28 full discharge and release to the system from any further claims;

29 (8) "Board of trustees," "board" or "trustees," the managing body
30 of the system which shall be known as the Kansas public employees
31 retirement system board of trustees;

1 (9) "Compensation," all salary, wages, and fees payable to a
2 member for personal services performed for a participating em-
3 ployer, including maintenance or any allowance in lieu thereof
4 provided a member as part of compensation, but shall not include
5 compensation as reimbursement for traveling or moving expenses;

6 (10) "Credited service," the sum of participating service and
7 prior service;

8 (11) "Dependent," a parent or child of a member who is depen-
9 dent upon the member for at least half of his support;

10 (12) "Effective date," the date upon which the system becomes
11 effective by operation of law;

12 (13) "Eligible employer," the state of Kansas, and any county,
13 city, township, special district or any instrumentality of any one or
14 several of the aforementioned whose employees are covered by
15 social security and are not covered by or eligible for and will not
16 become eligible for another retirement plan authorized under the
17 laws of the state of Kansas which is in operation on the entry date.

18 If a class or several classes of employees of any above defined
19 employers are covered by social security and are not covered by
20 or eligible for and will not become eligible for another retirement
21 plan authorized under the laws of the state of Kansas which is in
22 operation on the entry date, such employer shall be deemed an
23 eligible employer but only with respect to that class or those classes
24 of employees.

25 Nothing contained in this subsection shall prevent or be construed
26 as preventing any person who is covered by or eligible for or will
27 become eligible for retirement benefits under the state school retire-
28 ment system if he is not a current contributing member to the state
29 school retirement system from being an employee if the person is
30 otherwise an employee within the definition contained in sub-
31 section 14 of this section and with respect to such persons the

1 employer shall be deemed an eligible employer: *Provided*, That this
2 provision shall not be construed as entitling any such person to
3 prior service credit or participating service credit for any of the time
4 that he was employed in school service as that term is defined in
5 K. S. A. 1974 Supp. 72-5501, ~~as amended.~~

6 (14) "Employees," and appointed or elective officer or employee
7 of a participating employer whose employment is not seasonal or
8 temporary and whose employment requires at least one thousand
9 (1,000) hours of work per year, but not including: (a) Any em-
10 ployee who is covered by or eligible for or who will become eligible
11 for another retirement plan authorized under any other law of this
12 state in operation on the entry date, except this definition shall not
13 exclude any person as defined herein who is covered only by social
14 security; (b) any person covered by or eligible for or who will
15 become eligible for a retirement annuity under the provisions of
16 K. S. A. ~~1973~~ 1974 Supp. 74-4925 except as otherwise specifically
17 provided in said K. S. A. ~~1973~~ 1974 Supp. 74-4925 (3); (c) any
18 employee who is a contributing member of the United States civil
19 service retirement system; (d) any employee or class of employees
20 specifically exempted by law: *Provided*, That nothing contained in
21 this subsection shall prevent or be construed as preventing any
22 person who is covered by or eligible for or will become eligible for
23 retirement benefits under the state school retirement system if he is
24 not a current contributing member to the state school retirement
25 system from being an employee if the person is an appointed or an
26 elective officer or employee of a participating employer and his
27 employment is not seasonable or temporary and requires at least
28 one thousand (1,000) hours of work per year and if he is not within
29 the exceptions specified in clauses (b), (c), or (d) of this sub-
30 section but this proviso shall not be construed as entitling any such
31 person to prior service credit or participating service credit for any

1 of the time that he was employed in school service as that term is
2 defined in K. S. A. 1974 Supp. 72-5501, as amended;

3 (15) "Entry date," the date as of which an eligible employer
4 joins the system. The first entry date pursuant to this act shall be
5 January 1, 1962;

6 (16) "Executive secretary," the managing officer of the system
7 employed by the board under this act;

8 (17) "Final average salary," the average highest annual compen-
9 sation paid to a member for any five (5) years of the last ten (10)
10 years of participating service immediately preceding retirement
11 or termination of employment, or if participating service is less than
12 five (5) years, then the average annual compensation paid to the
13 member during the full period of participating service if a member
14 has less than one (1) calendar year of participating service his final
15 average salary shall be computed by multiplying his highest monthly
16 salary received in said year by twelve (12);

17 (18) "Fiscal year," of the Kansas public employees retirement
18 system, the period commencing July 1 of any year and ending June
19 30 of the next;

20 (19) "Kansas public employees retirement fund," the fund created
21 by this act for payment of expenses and benefits under the system
22 and referred to herein as the "fund";

23 (20) "Leave of absence," a period of absence from employment
24 without pay, authorized and approved by the employer, and which
25 after the effective date does not exceed one (1) year;

26 (21) "Member," an eligible employee who is in the system and
27 is making the required employee contributions, or any former em-
28 ployee who shall have made the required contributions to the sys-
29 tem and shall have not received a refund;

30 (22) "Military service," service in the armed forces of the United
31 States in time of war or national emergency, which service is imme-

1 diately preceded by a period of employment as an employee with a
2 participating employer and is followed by return to employment as
3 an employee with the same or another participating employer
4 within twelve (12) months immediately following discharge from
5 such military service: *Provided*, That if the board shall determine
6 that such return within twelve (12) months was made impossible by
7 reason of a service-connected disability, the period within which the
8 employee must return to employment with a participating employer
9 shall be extended not more than two (2) years from the date of
10 discharge or separation from military service;

11 (23) "Normal retirement date," the date on or after which a mem-
12 ber may retire with full retirement benefits pursuant to this act,
13 namely, the first day of the month coinciding with or following his
14 65th birthday;

15 (24) "Participating employer," an eligible employer who has
16 agreed to make contributions to the system on behalf of its em-
17 ployees;

18 (25) "Participating service," the period of employment after the
19 entry date for which credit is granted a member;

20 (26) "Prior service," the period of employment of a member prior
21 to his entry date for which credit is granted a member under this
22 act;

23 (27) "Prior service annual salary," the highest annual salary (not
24 including any amounts received as payment for overtime or as
25 reimbursement for traveling or moving expense) received for per-
26 sonal services by the member from the current employer in any one
27 of the three (3) calendar years immediately preceding January 1,
28 1962, or the entry date of the employer, whichever is later: *Pro-*
29 *vided*, That if a member entered the employment of the state during
30 the calendar year 1961, the prior service annual salary shall be
31

1 computed by multiplying his highest monthly salary received in
2 said year by twelve (12);

3 (28) "Retirant," a member who has retired under this system;

4 (29) "Retirement benefit," a monthly income or the actuarial
5 equivalent thereof paid in such manner as specified by the member
6 pursuant to this act or as otherwise allowed to be paid at the dis-
7 cretion of the board, with benefits accruing from the first day of the
8 month coinciding with or following retirement and ending on the
9 first day of the month in which death occurs, unless the retirant
10 is survived by his spouse, in which case the surviving spouse shall
11 be paid the retirement benefit which would have been payable had
12 the retirant lived until the end of the month, and upon proper identi-
13 fication said surviving spouse may negotiate the warrant issued in
14 the name of the retirant, but if there is no surviving spouse no
15 benefit will be payable for the month in which the death of the
16 retirant occurred;

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

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

22 (32) "Total disability," a physical or mental disability which pre-
23 vents the member from engaging, for remuneration or profit, in any
24 occupation for which he is reasonably suited by education, training
25 or experience.

26 Sec. 2. K. S. A. 74-4937 is hereby amended to read as follows:
27 74-4937. (1) The normal retirement date of a member of the system
28 in school employment shall be the first day of the month coinciding
29 with or following the end of the school year in which the member
30 attains age sixty-five (65). Each member upon giving three (3)
31 months prior notice to the appointing authority and the retirement

1 system may retire on the normal retirement date or the first day of
2 any month thereafter up to the first day of the month following
3 attainment of age seventy (70).

4 (2) The compulsory retirement date for a member who is in
5 school employment shall be the first day of the month coinciding
6 with or following the end of the school year in which the member
7 attains age seventy (70).

8 (3) A member in school employment may be retired by his em-
9 ployer on the member's normal retirement date or on the first day
10 of the month thereafter coinciding with or following the end of the
11 school year for which he is employed. Notice for retirement shall
12 be given the member and filed with the office of the retirement
13 system at least three (3) months prior to the date selected for the
14 member's retirement by such employer.

15 (4) Any member in school employment may retire before his
16 normal retirement date on the first day of the month coinciding with
17 or following the completion of the school year in which he attained
18 age sixty (60) or the completion of ten (10) years of credited service,
19 whichever occurs later, upon the filing with the office of the retire-
20 ment system of an application for retirement in such form an man-
21 ner as the board shall prescribe.

22 (5) Any member who begins a year of school employment may
23 not retire until the first day of the month coinciding with or follow-
24 ing the end of the current school year unless good cause is shown
25 and such retirement is agreed to by the participating employer and
26 the board.

27 (6) *Any member in school employment who at the time of his*
28 *retirement is employed in a position requiring an administrator's*
29 *certificate issued by the Kansas state board of education shall be*
30 *entitled to receive retirement benefits to which he is entitled com-*
31 *mencing one (1) month following the date he leaves school employ-*

1 *ment, and any such administrator shall not be required to wait until*
2 *the beginning of the next school year as defined herein to commence*
3 *receiving retirement benefits.*

4 Sec. 3. K. S. A. 74-4937 and K. S. A. 1974 Supp. 74-4902 are
5 hereby repealed.

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

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

HOUSE BILL No. 2409

By Representative Glover

2-17

AN ACT relating to the Kansas public employees retirement system; providing vested retirement benefits on termination after five years credited service; amending K. S. A. 1974 Supp. 74-4917 and repealing the existing section.

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

1 Section 1. K. S. A. 1974 Supp. 74-4917 is hereby amended to read
2 as follows: 74-4917. (1) upon termination of employment with a
3 participating employer, not followed by employment with such
4 participating employer or another participating employer within
5 one hundred twenty (120) days, the member shall be paid an
6 amount equal to his accumulated contributions after making appli-
7 cation in such form as may be prescribed by the board. A leave
8 of absence, a period of total disability or military service shall not
9 be considered a termination of employment unless the member
10 withdraws his accumulated contributions.

11 (2) If such member has completed ~~ten (10)~~ five (5) years of
12 credited service at date of termination, he will automatically be
13 granted a vested retirement benefit in the system: *Provided, how-*
14 *ever,* That at any time prior to the commencement of retirement
15 benefit payments and before attaining age sixty-five (65) the mem-
16 ber may withdraw his accumulated contributions, whereupon no
17 other benefits shall be payable for his prior and participating service
18 credit. Eligibility of such member for retirement benefits and pro-
19 cedures for making application for retirement benefits shall be in

1 accordance with K. S. A. 74-4914, except that in lieu of the three
2 (3) months notice of intention to retire being made to the appoint-
3 ing authority, such member shall make application for retirement
4 in such form as may be prescribed by the board and retirement
5 benefits shall accrue from the first day of the month following
6 receipt of such application. The amount of the retirement benefit
7 shall be determined as provided in K. S. A. 74-4915.

8 (3) Termination of employment of a member, followed by em-
9 ployment with a participating employer within five (5) years after
10 such termination, does not constitute a break in continuous employ-
11 ment if such member has not withdrawn his accumulated contribu-
12 tions. Such period while not employed shall not be credited.

13 (4) If, after the expiration of five (5) years following the termi-
14 nation of his employment, a former member becomes an employee
15 of his former participating employer, or another participating em-
16 ployer, he shall be deemed to be a new employee. If a member,
17 who has a vested benefit again becomes an employee of a participat-
18 ing employer, the amount of his vested benefit shall remain in effect
19 and any retirement benefit he subsequently accrues shall be based
20 on credited service after again becoming such an employee and
21 shall be added to that which had been vested by virtue of previous
22 service. Eligibility of such member for retirement benefits and
23 procedures for making application for retirement benefits shall be
24 in accordance with K. S. A. 74-4914.

25 Sec. 2. K. S. A. 1974 Supp. 74-4917 is hereby repealed.

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

28
29
30
31

HOUSE BILL No. 2634

By Committee on Ways and Means

(By request of Special Committee on Ways and Means)

Re Proposal No. 77

4-9

AN ACT relating to policemen and firemen of all cities and the pension plans therefor; requiring membership in the Kansas police and firemen's retirement system or the Kansas public employees retirement system for certain police and firemen and prescribing certain actuarial funding standards for local police and firemen's pension plans; amending K. S. A. 74-4954 and repealing the existing section.

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

1 *New Section 1.* The provisions of this act shall be applicable and
2 uniform throughout this state and in cities therein, and no city shall
3 enact or enforce any ordinance in conflict with any of the provisions
4 of this act.

5 It is the intent of the legislature to retain exclusive jurisdiction
6 over the subjects contained in this act and that the same shall not
7 be subject to the home rule powers of cities under section 5 of article
8 12 of the Kansas constitution.

9 *New Sec. 2.* As used in sections 2 to 9, unless the context requires
10 otherwise: (a) "Policeman" means an employee of a city who is
11 assigned to the police department of the city, who is engaged in law
12 enforcement and maintenance of order, who has been specifically
13 designated, appointed, commissioned or styled as a policeman by
14 the governing body or city manager of the city, and whose employ-
15 ment as a policeman is not seasonal or temporary and requires at
16 least one thousand (1,000) hours of work per year.

1 (b) "Fireman" means an employee of a city who is assigned to
2 the fire department of the city, who is engaged in the fighting and
3 extinguishment of fires and the protection of life and property there-
4 from, who has been specifically designated, appointed, commissioned
5 or styled as a fireman by the governing body or city manager of the
6 city, and whose employment as a fireman is not seasonal or tempo-
7 rary and requires at least one thousand (1,000) hours of work per
8 year.

9 (c) "Local police or fire pension plan" means any pension plan,
10 system or fund which covers the policemen of a city or the firemen
11 of a city, or both, and which was established by and is maintained
12 and funded by such city under:

13 (1) K. S. A. 13-14a01 to 13-14a14, inclusive, and acts amendatory
14 thereof; or

15 (2) any part of K. S. A. 13-14a01 to 13-14a14, inclusive, and acts
16 amendatory thereof, and one or more charter ordinances adopted by
17 such city under section 5 of article 12 of the Kansas constitution; or

18 (3) K. S. A. 14-10a01 to 14-10a15, inclusive, and acts amendatory
19 thereof; or

20 (4) any part of K. S. A. 14-10a01 to 14-10a15, inclusive, and acts
21 amendatory thereof, and one or more charter ordinances adopted by
22 such city under section 5 of article 12 of the Kansas constitution; or

23 (5) one or more charter ordinances adopted by such city under
24 section 5 of article 12 of the Kansas constitution.

25 (d) "Active member" means a person who is in active employ-
26 ment with a city as a policeman or fireman and who is covered by a
27 local police or fire pension plan which is maintained and funded by
28 such city.

29 (e) "Retired member" means a person who is a former policeman
30 or fireman of a city and who is receiving or who is entitled to receive
31 in the future a pension from a local police or fire pension plan

1 maintained by such city, or any other person who is receiving or
2 who is entitled to receive in the future, a pension from a local police
3 or fire pension plan.

4 (f) "Board of trustees" means the board of trustees of the Kansas
5 public employees retirement system.

6 *New Sec. 3.* Notwithstanding any other provision of law to the
7 contrary, from and after July 1, 1975, no city shall establish or create
8 any local police or fire pension plan.

9 *New Sec. 4.* For purposes of all policemen and firemen em-
10 ployed on and after January 1, 1977, all cities which maintain and
11 fund local police or fire pension plans and which are not affiliated
12 with the Kansas police and firemen's retirement system for purposes
13 of policemen or firemen who are employed on or after said date,
14 shall affiliate with and become participating employers under the
15 Kansas police and firemen's retirement system in the manner pro-
16 vided in K. S. A. 74-4954, as amended, except that, in lieu thereof,
17 any city which provides federal social security coverage for police-
18 men or firemen who are employed on or after said date may affiliate
19 with and become a participating employer under the Kansas public
20 employees retirement system in the manner provided in K. S. A.
21 1974 Supp. 74-4911, with regard to policemen or firemen who are
22 employed on or after said date and who are provided federal social
23 security coverage.

24 *New Sec. 5. (a)* From and after January 1, 1977, no city may
25 maintain or fund any local police or fire pension plan except with
26 regard to persons who were active members or retired members of
27 any such plan on December 31, 1976, and in accordance with the
28 minimum funding standards prescribed in this section.

29 (b) From and after January 1, 1977, and notwithstanding any
30 other provision of law to the contrary, all cities maintaining and
31 funding any local police or fire pension plan shall make annual

1 contributions to each local police or fire pension plan at an annual
2 rate of contribution which is equal to or greater than that certified
3 by the board of trustees pursuant to subsection (c), which annual
4 rate of contribution shall be equal to the sum of: (1) The actuari-
5 ally determined amount required to amortize over a period of not
6 more than thirty (30) years from January 1, 1977, the accrued un-
7 funded liabilities of such plan which are attributable to active mem-
8 bers; (2) the amount required to amortize over a period of not
9 more than twenty (20) years from January 1, 1977, the accrued
10 unfunded liabilities of such plan which are attributable to retired
11 members; and (3) the normal or ongoing costs attributable to active
12 members. In any year the total of such annual contributions shall
13 not be less than the total amount of pension benefits paid in such
14 year.

15 (c) All cities which will maintain and fund one or more local
16 police or fire pension plans on and after January 1, 1977, in accord-
17 ance with the provisions of this section, shall furnish to the board
18 of trustees all necessary data, as determined by the board of trustees,
19 at times designated by the board of trustees, but not more often
20 than annually, from which the annual rate of contribution for each
21 such plan may be determined. Upon the basis of an actuarial an-
22 alysis of such data, the board of trustees shall certify, commencing
23 on or before July 15, 1976, and at least once every three (3) years
24 thereafter, to each such city the actuarially determined estimate of
25 the annual rate of contribution which will be required for each such
26 plan in accordance with subsection (b) for the ensuing calendar
27 year. All costs involved in making certifications under this subsec-
28 tion shall be borne by cities which maintain and fund local police or
29 fire pension plans, with the portion of the total expenses paid by
30 each such city determined by the board of trustees upon the recom-
31 mendation of the actuary of the board of trustees.

1 (d) From and after January 1, 1977, and beginning with the first
2 payroll for service performed after said date, each active member
3 of a local police or fire pension plan maintained and funded as pro-
4 vided in this section, shall contribute to such plan nine percent
5 (9%) of the compensation, as defined in subsection (9) of K. S. A.
6 1974 Supp. 74-4902, of such active member as a policeman or fire-
7 man, and the city maintaining and funding such plan shall deduct
8 the amount of such contribution from such compensation and shall
9 cause the same to be paid into such plan to the credit of such active
10 members.

11 *New Sec. 6.* (a) Each active member of a local police or fire
12 pension plan, which is maintained and funded by a city which
13 affiliates after the effective date of this act with the Kansas police
14 and firemen's retirement system with regard to all active members
15 and retired members of such plan as provided in K. S. A. 74-4954,
16 as amended, who, prior to the effective date of this act, elected
17 not to become a member of said system, may become a member
18 of said system by filing a written statement of election to become
19 a member of said system with the board of trustees on or before
20 the entry date of such city under K. S. A. 74-4954, as amended.
21 Failure to file such written election shall be presumed to be an elec-
22 tion not to become a member of said system. Such election,
23 whether to become a member or not to become a member as pro-
24 vided in this section, shall be irrevocable.

25 (b) Except as otherwise provided in this act, any active member
26 of a local police or fire pension plan who elects to become a mem-
27 ber of the Kansas police and firemen's retirement system as provided
28 in this section, shall be subject to the provisions of K. S. A. 74-4951
29 to 74-4977, inclusive, and acts amendatory thereof or supplemental
30 thereto.

31 (c) For any such active member who elects to become a mem-

1 ber of the Kansas police and firemen's retirement system as provided
2 in this section, the term "final average salary" means the average
3 highest annual compensation paid to such member for service as a
4 policeman or fireman for any three of the five years immediately
5 preceding retirement or termination of service, notwithstanding
6 the definition of such term in K. S. A. 74-4952.

7 *New Sec. 7. (a)* On the entry date of the city which is affiliating
8 with the Kansas police and firemen's retirement system with regard
9 to all active members and retired members of a local police or fire
10 pension plan as provided in K. S. A. 74-4954, as amended, such local
11 police or fire pension plan is hereby abolished and such city is hereby
12 authorized to transfer and shall transfer all moneys and other assets
13 in such local police or fire pension plan to the Kansas public em-
14 ployees retirement fund created by K. S. A. 74-4921. For the pur-
15 poses of all assets other than money, such transfer shall be at the
16 market value of such assets at the close of business on the date of
17 transfer, which shall be the bid price as quoted by a nationally
18 recognized government bond dealer.

19 *(b)* On said entry date and as a part of the transfer of moneys
20 and other assets of such local police or fire pension plan to the
21 Kansas public employees retirement fund, the accounts in the
22 Kansas public employees retirement fund of the active members
23 and retired members of such local police or fire pension plan who
24 become members or special members of the Kansas police and
25 firemen's retirement system pursuant to this act, shall be credited
26 with the contributions in their respective accounts in such local
27 police or fire pension plan.

28 *(c)* On and after said entry date, the board of trustees may
29 execute transfer endorsements for any stock or security which was
30 transferred from such local police or fire pension plan to the Kansas
31 public employees retirement fund pursuant to subsection *(a)*.

1 Any such endorsement may be made either in the name of the
2 Kansas public employees retirement fund or in the name of such
3 local police or fire pension plan.

4 (d) On said entry date, the governing body which was estab-
5 lished to administer such local police or fire pension plan, is hereby
6 abolished and all of the powers, duties and functions of said gov-
7 erning body are hereby transferred to and conferred and imposed
8 upon the board of trustees of the Kansas public employees retire-
9 ment system for the purposes of all active members and retired
10 members of such local police or fire pension plan who become
11 special members of the Kansas police and firemen's retirement
12 system as provided in section 8.

13 (e) On and after said entry date, whenever such local police
14 or fire pension plan is referred to or designated by a statute or
15 contract or other document, such reference shall be deemed to
16 apply to the Kansas public employees retirement fund.

17 (f) On and after said entry date, whenever the governing body
18 of such local police or fire pension plan is referred to or designated
19 by a statute or contract or other document, such reference shall
20 be deemed to apply to the board of trustees of the Kansas public
21 employees retirement system.

22 *New Sec. 8. (a)* All retired members of a local police or fire pen-
23 sion plan and every active member of such plan who is entitled to
24 make an election to become a member of the Kansas police and fire-
25 men's retirement system pursuant to section 6 or pursuant to K. S. A.
26 1974 Supp. 74-4955, and who does not so elect, shall become special
27 members of the Kansas police and firemen's retirement system on
28 the entry date of the city which is affiliating with the Kansas police
29 and firemen's retirement system with regard to all active members
30 and retired members of such local police or fire pension plan under
31 K. S. A. 74-4954, as amended.

1 **(b)** Beginning with the first payroll for services as a policeman
2 or fireman after an active member of a local police or fire pension
3 plan becomes a special member of the Kansas police and firemen's
4 retirement system under this section, the city shall deduct from the
5 compensation of each such special member nine percent (9%) of
6 such compensation as employee contributions. Such deductions
7 shall be remitted quarterly, or as the board of trustees may other-
8 wise provide, to the executive secretary of the Kansas public em-
9 ployees retirement system for deposit in the Kansas public em-
10 ployees retirement fund. All such deductions shall be credited to
11 such special members' individual accounts beginning on July 1
12 of the year following the entry date of such city for purposes of all
13 active and retired members of such local police and fire pension plan.

14 **(c)** Except as otherwise provided in this act, each active mem-
15 ber of a local police or fire plan who becomes a special member
16 of the Kansas police and firemen's retirement system under this
17 section, shall be subject to the provisions of and entitled to pensions
18 and other benefits, rights and privileges to the extent provided
19 under such local police and fire pension plan on the day immedi-
20 ately preceding the entry date of the city which is affiliating with
21 the Kansas police and firemen's retirement system with regard
22 to all active members and retired members of such plan.

23 **(d)** Each retired member of a local police or fire pension plan
24 who becomes a special member of the Kansas police and firemen's
25 retirement system under this section, shall be entitled to receive
26 from the Kansas police and firemen's retirement system a pension
27 or any other benefit to the same extent and subject to the same
28 conditions as existed under such local police or fire pension plan
29 on the day immediately preceding the entry date of the city which
30 is affiliating with said system with regard to all active members and
31 retired members of such plan under K. S. A. 74-4954, as amended.

1 (e) Every pension or other benefit received by any special mem-
2 ber pursuant to subsection (c) or subsection (d) is hereby made
3 and declared exempt from any tax of the state of Kansas or any
4 political subdivision or taxing body thereof, and shall not be subject
5 to execution, garnishment, attachment or any other process or claim
6 whatsoever, including decrees for support or alimony, and shall be
7 unassignable.

8 *New Sec. 9.* (a) Employer contributions for active members of
9 local police or fire pension plans who become members of the
10 Kansas police or firemen's retirement system under section 6 or
11 K. S. A. 1974 Supp. 74-4955 and for active members of such plans
12 who become special members of said system under section 8, shall
13 be determined, certified, appropriated and paid to said system as
14 provided in K. S. A. 74-4967, except that in determining the em-
15 ployer's prior service contribution the board, upon the recom-
16 mendation of the actuary, shall include an amount to cover all
17 liabilities (1) which shall have accrued at the time of entry into
18 said system relating to members who become members under sec-
19 tion 6 of K. S. A. 1974 Supp. 74-4955, and (2) which will be incurred
20 relating to all special members who become special members
21 under section 8. The foregoing liabilities of the employer shall
22 be added to any accrued liability under the Kansas police and
23 firemen's retirement system as the same may exist on the day im-
24 mediately preceding the entry date of the employer for purposes
25 of all such members and special members, and shall be amortized
26 over the balance of the period heretofore established to amortize
27 such employer accrued liability of the employer. The actuary may
28 recommend and the board may approve a plan of paying the
29 employer's total obligation by an annual level amount necessary
30 to maintain the actuarial reserve integrity of the Kansas public
31

1 employees retirement fund, or by an annual rate of employer con-
2 tribution, or by a combination of both.

3 (b) The employer rate of contribution for each such employer
4 shall apply to the amount of compensation on which members who
5 become members under section 6 of K. S. A. 1974 Supp. 74-4955 and
6 on which special members who become special members under sub-
7 section (a) of section 8 contribute. During the first fiscal year after
8 entry date of the employer for purposes of all such members and
9 special members, the rate shall be the same as heretofore certified
10 by the board for any such employer who was affiliated with the
11 Kansas police and firemen's retirement system prior to July 1, 1975,
12 for such period.

13 *New Sec. 10.* The provisions of sections 2 to 9, inclusive, of this
14 act shall be administered by the board of trustees of the Kansas
15 public employees retirement system.

16 Sec. 11. K. S. A. 74-4954 is hereby amended to read as follows:
17 74-4954. (1) Any eligible employer may join the system on January
18 1 of any year on or after January 1, 1967. Application for affiliation
19 shall be by resolution approved by the governing body of the eligible
20 employer and shall be submitted to the board of trustees in such
21 form as the board shall determine, not later than thirty (30) days
22 prior to the date participation is to begin, except as such time limit
23 may be extended by the board. Such application may be for partici-
24 pation with regard to: (a) All policemen, firemen, or both, who are
25 employed by the participating employer on or after the employer's
26 entry date. ~~It may, in addition, include;~~ (b) all policemen, fire-
27 men, or both, employed by the participating employer immediately
28 prior to and on the employer's entry date; or (c) all retired members
29 of all local police or fire pension plans which are maintained and
30 funded by the employer, as those terms are defined in section 2,
31 except that any such application for affiliation with regard to such

1 *retired members shall be also for participation with regard to all*
2 *active members of such local police or fire pension plans, as those*
3 *terms are defined in section 2.* The application shall include a
4 statement of the group or groups to be covered. Any such applica-
5 tion, upon approval by the board of trustees, shall be irrevocable;
6 however, extension of coverage to any of the above named employee
7 groups not covered in the employer's initial application may be
8 obtained by supplemental application to the board, in such form
9 as may be provided by the board, with such coverage to be effective
10 on January 1 of any succeeding year.

11 (2) Any eligible employer whose police and/or firemen are
12 covered by the Kansas public employees retirement system may
13 provide for the transfer of such police and/or firemen to the Kansas
14 police and firemen's retirement system in the same manner as pro-
15 vided in subsection (1) above. Such transferred employees shall
16 receive credit only for prior service as police and/or firemen except
17 as otherwise provided in this act. Upon notice of such transfer
18 authorization, the board of trustees shall cause to be transferred
19 to the credit of the employee under the Kansas police and firemen's
20 retirement system such amounts as may be presently credited to the
21 employee's account for contribution under the Kansas public em-
22 ployees retirement system and an equivalent amount to the em-
23 ployer's account for contributions for such employee.

24 (3) Any eligible employer may, prior to the filing of an appli-
25 cation for coverage under this system, request the board of trustees
26 to submit a proposal for such coverage including an estimate of the
27 employer's contribution rate necessary to comply with the actuarial
28 standard of this system. Such eligible employer shall furnish all
29 necessary data from which such proposal may be prepared, and
30 shall pay all costs involved.

31 Sec. 12. K. S. A. 74-4954 is hereby repealed.

1 Sec. 13. This act shall take effect and be in force from and after
2 July 1, 1975, and its publication in the statute book.

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

RESOLUTION NO. 1078

A RESOLUTION ASKING KANSAS LEGISLATORS TO CONSIDER THE POSITION OF THE CITY OF OVERLAND PARK AS STATED BELOW WITH REFERENCE TO THE PROPOSED HOUSE BILL NO. 2634, AN AMENDMENT TO THE KANSAS POLICE AND FIREMEN'S PENSION PLAN.

WHEREAS, the Special Committee on Ways and Means, an Interim Committee of the Kansas Legislature, has proposed House Bill No. 2634, an amendment to the Kansas Police and Firemen's Pension Plan; and

WHEREAS, such proposed bill could result in mandating coverage under the Kansas Police and Firemen's Pension Plan; and

WHEREAS, the City feels it would be discriminatory to mandate police employees under the Kansas Police and Firemen's Pension Plan as either active or special members; and

WHEREAS, the City of Overland Park has established its own Police Pension Plan with benefits exceeding those available under existing or proposed state legislation; and

WHEREAS, the Overland Park Police Pension Plan is a valuable instrument in recruiting and retaining highly qualified police officers for this city;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OVERLAND PARK, KANSAS;

1. That the City of Overland Park, Kansas, is opposed to any proposed legislation mandating the City under the Kansas Police and Firemen's Pension Plan; and
2. That the City would not object to any proposed legislation which would require cities to comply with standards set forth in Federal legislation on pension plans, even though cities are presently exempt from such legislation; and
3. Further, that the city would not object to any proposed legislation which would provide for actuarial evaluations of local City Police and Firemen's Pension Plans; and
4. Further, that the city concurs with the state that pension funds should be properly funded to provide the expected benefits to members; and
5. That the Kansas Legislature consider the position of the City of Overland Park, Kansas, as herein expressed, if amendments to the Kansas Police and Firemen's Pension Plan are to be made.

ADOPTED by the Governing Body this _____ day of July, 1975.

ATTEST:

Jack Walker, Mayor

Bernice Crummett
Finance Director/City Clerk

APPROVED AS TO FORM:

Phillip L. Harris, City Attorney

SBL GROUP PERMANENT OPTIONAL

The plan is optional to the employee and is in addition to the term coverage he currently is provided by KPERS. The employee may buy up to 1 unit of GPO for each \$1,000 of the group term coverage. As premium payments are continued, paid-up insurance is accumulated. In the event of the death, while covered by group term, of an employee who elected GPO, the accumulated paid-up insurance amount will be paid to his beneficiary in addition to the group term benefit. If an employee terminates for any reason, the cash value of the paid up insurance may be paid to him if he chooses not to continue the paid up coverage. The plan is structured so that if premium payments were to continue to age 100 the employee would have \$1,000 of paid-up insurance for each unit that had been purchased.

SBL Group Permanent provides solutions to two basic weaknesses of a group term plan. At retirement, the accumulated paid-up amount can be continued to provide death benefits and cash value for the retirement years without further contributions. This alleviates the employee problem of conversion to an individual plan at an advanced age and the consequent high premium accompanying that age. It saves the employer the expense of offering coverage after age 65 and the embarrassment of "dropping" an employee without coverage. In addition SBL Group Permanent allows the employee who needs more insurance to gradually accumulate small amounts of permanent insurance. This insurance is paid-up and continues to provide protection during disability or retirement. While the employee is paying premiums his total insurance protection is increasing to help meet increasing family needs and the effects of inflation.

SBL Group Permanent further offers these advantages:

- (1) Monthly cost is only about 60% of the cost of a typical ordinary life plan.
- (2) No evidence of insurability will be required of KPERS members who elect the plan and further no minimum number of employees will be required to participate to make the plan available to the group.
- (3) A payroll-deduction discount for KPERS members will be offered and is reflected in the attached illustrations.
- (4) Billing for the optional permanent by payroll deduction will provide ease of payment for the employee.
- (5) No record keeping for the permanent coverage will be required of the employer.
- (6) If an employee wishes to convert his group term, the paid-up insurance can be used to reduce the amount needed and thus lower the premium for the converted coverage.
- (7) In the event of total disability lasting at least 6 months, the premiums for the permanent plan will be waived and paid-up amounts will continue to build.

SBL GROUP PERMANENT OPTIONAL
INCREASING DEATH BENEFIT

MALE AGE - 25

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
30	10000.00	1190.00	11190.00	379.84	10.20	369.64	330.00
35	10000.00	2530.00	12530.00	759.68	48.20	711.48	810.00
40	10000.00	3550.00	13550.00	1139.52	115.80	1023.72	1310.00
45	10000.00	4440.00	14440.00	1519.36	215.60	1303.76	1870.00
50	10000.00	5210.00	15210.00	1899.20	352.30	1546.90	2490.00
55	10000.00	5890.00	15890.00	2279.04	531.30	1747.74	3180.00
60	10000.00	6510.00	16510.00	2658.88	758.30	1900.58	3900.00
65	10000.00	7060.00	17060.00	3038.72	1037.40	2001.32	4660.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 6.33.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 8589 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 6.33	MONTHLY COST	\$ 10.62
PAID-UP INSURANCE @ 65	7060.00	PAID-UP INSURANCE @ 65	7060.00
CASH VALUE @ 65	4660.00	CASH VALUE @ 65	4595.01
EMPLOYEE'S PREMIUM TO AGE 65	3038.72	TOTAL PREMIUM TO AGE 65	5097.87
DIVIDENDS *	1037.40	DIVIDENDS *	1888.68
EMPLOYEE'S NET PREMIUM TO AGE 65	2001.32	NET PREMIUM TO AGE 65	3209.19
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	2658.68	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	1385.82
THIS IS A RETURN OF \$ 2.33 FOR EACH \$1.00 PAID TO AGE 65. THIS IS A RETURN OF \$ 1.43 FOR EACH \$1.00 PAID TO AGE 65.			

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT OPTIONAL
INCREASING DEATH BENEFIT

MALE AGE - 35

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
40	10000.00	1200.00	11200.00	508.13	12.90	495.23	440.00
45	10000.00	2550.00	12550.00	1016.26	61.80	954.46	1080.00
50	10000.00	3590.00	13590.00	1524.39	150.60	1373.79	1720.00
55	10000.00	4500.00	14500.00	2032.52	282.70	1749.82	2430.00
60	10000.00	5320.00	15320.00	2540.66	464.20	2076.46	3190.00
65	10000.00	6060.00	16060.00	3048.79	699.80	2348.99	4000.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 8.47.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 8189 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 8.47	MONTHLY COST	\$ 13.93
PAID-UP INSURANCE @ 65	6060.00	PAID-UP INSURANCE @ 65	6060.00
CASH VALUE @ 65	4000.00	CASH VALUE @ 65	3947.19
EMPLOYEE'S PREMIUM TO AGE 65	3048.79	TOTAL PREMIUM TO AGE 65	5013.00
DIVIDENDS *	699.80	DIVIDENDS *	1312.15
EMPLOYEE'S NET PREMIUM TO AGE 65	2348.99	NET PREMIUM TO AGE 65	3700.85
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	1651.01	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	246.34
THIS IS A RETURN OF \$ 1.70 FOR EACH \$1.00 PAID TO AGE 65.		THIS IS A RETURN OF \$ 1.07 FOR EACH \$1.00 PAID TO AGE 65.	

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT OPTIONAL
INCREASING DEATH BENEFIT

WITH PAYROLL DEDUCTION

MALE AGE - 45

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
50	10000.00	1220.00	11220.00	681.70	17.10	664.60	590.00
55	10000.00	2620.00	12620.00	1363.40	82.80	1280.60	1420.00
60	10000.00	3720.00	13720.00	2045.10	202.40	1842.70	2230.00
65	10000.00	4710.00	14710.00	2726.80	379.20	2347.60	3110.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 11.36.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 7837 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 11.36	MONTHLY COST	\$ 19.46
PAID-UP INSURANCE @ 65	4710.00	PAID-UP INSURANCE @ 65	4710.00
CASH VALUE @ 65	3110.00	CASH VALUE @ 65	3064.24
EMPLOYEE'S PREMIUM TO AGE 65	2726.80	TOTAL PREMIUM TO AGE 65	4670.17
DIVIDENDS *	379.20	DIVIDENDS *	755.32
EMPLOYEE'S NET PREMIUM TO AGE 65	2347.60	NET PREMIUM TO AGE 65	3914.85
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	762.40	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	-850.61
THIS IS A RETURN OF \$ 1.32 FOR EACH \$1.00 PAID TO AGE 65. THIS IS A RETURN OF \$ 0.78 FOR EACH \$1.00 PAID TO AGE 65.			

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT OPTIONAL
INCREASING DEATH BENEFIT

WITH PAYROLL DEDUCTION

AGE - 55

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
50	10000.00	1300.00	11300.00	924.19	23.70	900.49	780.00
65	10000.00	2830.00	12830.00	1848.39	114.10	1734.29	1870.00
70	10000.00	4050.00	14050.00	2772.58	277.80	2494.78	2910.00
75	10000.00	5180.00	15180.00	3696.77	518.70	3178.07	3990.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 15.40.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 7972 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 15.40	MONTHLY COST	\$ 30.43
PAID-UP INSURANCE @ 65	2830.00	PAID-UP INSURANCE @ 65	2830.00
CASH VALUE @ 65	1870.00	CASH VALUE @ 65	1841.49
EMPLOYEE'S PREMIUM TO AGE 65	1848.39	TOTAL PREMIUM TO AGE 65	3651.01
DIVIDENDS *	114.10	DIVIDENDS *	307.15
EMPLOYEE'S NET PREMIUM TO AGE 65	1734.29	NET PREMIUM TO AGE 65	3343.86
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	135.71	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	-1502.37
THIS IS A RETURN OF \$ 1.08 FOR EACH \$1.00 PAID TO AGE 65. THIS IS A RETURN OF \$ 0.55 FOR EACH \$1.00 PAID TO AGE 65.			

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT LIFE POLICY
 INCREASING DEATH BENEFIT

WITHOUT PAYROLL DEDUCTION

MALE AGE - 25

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
30	10000.00	1190.00	11190.00	389.58	10.20	379.38	330.00
35	10000.00	2530.00	12530.00	779.16	48.20	730.96	810.00
40	10000.00	3550.00	13550.00	1168.74	115.80	1052.94	1310.00
45	10000.00	4440.00	14440.00	1558.32	215.60	1342.72	1870.00
50	10000.00	5210.00	15210.00	1947.90	352.30	1595.60	2490.00
55	10000.00	5890.00	15890.00	2337.48	531.30	1806.18	3180.00
60	10000.00	6510.00	16510.00	2727.06	758.30	1968.76	3900.00
65	10000.00	7060.00	17060.00	3116.64	1037.40	2079.24	4660.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 6.49.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 8589 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 6.49	MONTHLY COST	\$ 10.62
PAID-UP INSURANCE @ 65	7060.00	PAID-UP INSURANCE @ 65	7060.00
CASH VALUE @ 65	4660.00	CASH VALUE @ 65	4595.01
EMPLOYEE'S PREMIUM TO AGE 65	3116.64	TOTAL PREMIUM TO AGE 65	5097.87
DIVIDENDS *	1037.40	DIVIDENDS *	1888.68
EMPLOYEE'S NET PREMIUM TO AGE 65	2079.24	NET PREMIUM TO AGE 65	3209.19
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	2580.76	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	1385.82
THIS IS A RETURN OF \$ 2.24 FOR EACH \$1.00 PAID TO AGE 65. THIS IS A RETURN OF \$ 1.43 FOR EACH \$1.00 PAID TO AGE 65.			

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT LIFE PLAN
 INCREASING DEATH BENEFIT

WITHOUT PAYROLL DEDUCTION

MALE AGE - 35

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
40	10000.00	1200.00	11200.00	521.16	12.90	508.26	440.00
45	10000.00	2550.00	12550.00	1042.32	61.80	980.52	1080.00
50	10000.00	3590.00	13590.00	1563.48	150.60	1412.88	1720.00
55	10000.00	4500.00	14500.00	2084.64	282.70	1801.94	2430.00
60	10000.00	5320.00	15320.00	2605.80	464.20	2141.60	3190.00
65	10000.00	6060.00	16060.00	3126.96	699.80	2427.16	4000.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 8.69.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 8189 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 8.69	MONTHLY COST	\$ 13.93
PAID-UP INSURANCE @ 65	6060.00	PAID-UP INSURANCE @ 65	6060.00
CASH VALUE @ 65	4000.00	CASH VALUE @ 65	3947.19
EMPLOYEE'S PREMIUM TO AGE 65	3126.96	TOTAL PREMIUM TO AGE 65	5013.00
DIVIDENDS *	699.80	DIVIDENDS *	1312.15
EMPLOYEE'S NET PREMIUM TO AGE 65	2427.16	NET PREMIUM TO AGE 65	3700.85
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	1572.84	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	246.34
THIS IS A RETURN OF \$ 1.65 FOR EACH \$1.00 PAID TO AGE 65. THIS IS A RETURN OF \$ 1.07 FOR EACH \$1.00 PAID TO AGE 65.			

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT OPTIONAL
INCREASING DEATH BENEFIT

WITHOUT PAYROLL DEDUCTION

MALE AGE - 45

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
50	10000.00	1220.00	11220.00	699.18	17.10	682.08	590.00
55	10000.00	2620.00	12620.00	1398.36	82.80	1315.56	1420.00
60	10000.00	3720.00	13720.00	2097.54	202.40	1895.14	2230.00
65	10000.00	4710.00	14710.00	2796.72	379.20	2417.52	3110.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 11.65.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 7837 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 11.65	MONTHLY COST	\$ 19.46
PAID-UP INSURANCE @ 65	4710.00	PAID-UP INSURANCE @ 65	4710.00
CASH VALUE @ 65	3110.00	CASH VALUE @ 65	3064.24
EMPLOYEE'S PREMIUM TO AGE 65	2796.72	TOTAL PREMIUM TO AGE 65	4670.17
DIVIDENDS *	379.20	DIVIDENDS *	755.32
EMPLOYEE'S NET PREMIUM TO AGE 65	2417.52	NET PREMIUM TO AGE 65	3914.85
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	692.48	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	-850.61
THIS IS A RETURN OF \$ 1.29 FOR EACH \$1.00 PAID TO AGE 65.		THIS IS A RETURN OF \$ 0.78 FOR EACH \$1.00 PAID TO AGE 65.	

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

SBL GROUP PERMANENT OPTIONAL
INCREASING DEATH BENEFIT

WITHOUT PAYROLL DEDUCTION

MALE AGE - 55

BENEFITS AND COST

AT AGE	TERM INSURANCE PAID BY EMPLOYER	PAID-UP INSURANCE	TOTAL LIFE INSURANCE BENEFIT	PERMANENT PLAN PREMIUM PAID BY EMPLOYEE (CUMULATIVE)	DIVIDEND * (CUMULATIVE)	YOUR NET PREMIUM (CUMULATIVE)	CASH VALUE
60	10000.00	1300.00	11300.00	947.89	23.70	924.19	780.00
65	10000.00	2830.00	12830.00	1895.78	114.10	1781.68	1870.00
70	10000.00	4050.00	14050.00	2843.67	277.80	2565.87	2910.00
75	10000.00	5180.00	15180.00	3791.56	518.70	3272.86	3990.00

YOUR CONTRIBUTION

BECAUSE OF CONTRIBUTIONS MADE BY YOUR EMPLOYER, YOUR MONTHLY CONTRIBUTION IS ONLY \$ 15.80.

BENEFITS AND COST COMPARISON

FOR COMPARATIVE PURPOSES ONLY BELOW ARE THE CORRESPONDING VALUES OF SBL'S EXECUTIVE WHOLE LIFE FOR \$ 7972 FACE AMOUNT AND THE SAME ISSUE AGE WHICH PRODUCES THE EQUIVALENT PAID-UP @ 65 AMOUNT.

-----GROUP PERMANENT PLAN-----

EMPLOYEE'S MONTHLY COST	\$ 15.80	MONTHLY COST	\$ 30.43
PAID-UP INSURANCE @ 65	2830.00	PAID-UP INSURANCE @ 65	2830.00
CASH VALUE @ 65	1870.00	CASH VALUE @ 65	1841.49
EMPLOYEE'S PREMIUM TO AGE 65	1895.78	TOTAL PREMIUM TO AGE 65	3651.01
DIVIDENDS *	114.10	DIVIDENDS *	307.15
EMPLOYEE'S NET PREMIUM TO AGE 65	1781.68	NET PREMIUM TO AGE 65	3343.86
RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	88.32	RETURN IN EXCESS OF AMOUNT PAID TO AGE 65 **	-1502.37
THIS IS A RETURN OF \$ 1.05 FOR EACH \$1.00 PAID TO AGE 65. THIS IS A RETURN OF \$ 0.55 FOR EACH \$1.00 PAID TO AGE 65.			

* DIVIDENDS REPRESENT A RETURN OF PART OF THE AGGREGATE PREMIUM, AND ARE DEPENDENT UPON FACTORS SUCH AS THE INVESTMENT, MORTALITY AND EXPENSE EXPERIENCE OF THE COMPANY. DIVIDENDS ARE NEITHER GUARANTEES NOR ESTIMATES BUT ARE BASED UPON THE COMPANY'S CURRENT DIVIDEND SCALE.

** THIS EQUALS CASH VALUE MINUS NET PREMIUMS.

NOTE: THIS PLAN INCLUDES WAIVER OF PREMIUM.

COMPARATIVE STUDY OF KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM AND THE OVERLAND PARK POLICE PENSION PLAN (amended)

Kansas Police and Firemen's Retirement System

City of Overland Park, Kansas Police Pension Plan

COVERAGE- EMPLOYERS:	Optional, any political subdivision employing firemen or policemen	City of Overland Park, Kansas
COVERAGE- EMPLOYEES:	Mandatory for all employees except sheriffs. Sheriff may elect membership.	All commissioned police officers, excluding reserve officers, who regular work at least 20 hours per week and 5 months per year.
REQUIRED SERVICE:	20 years.	25 years.
VESTING OF BENEFITS:	20 years.	Proportional following federal guidelines, starting at five years and 100% vested at fifteen years and over.
RETIREMENT AGE:	55 (normal retirement age)	25 years of service.
MINIMUM RETIREMENT AGE:	50, after 20 years service with reduced benefit for all others.	25 years of service. (proportional vesting payable at age 55 if termination occurs before completion of 25 years service.)
MANDATORY RETIREMENT:	No mandatory retirement age except for Highway Patrol (age 60) and KBI (age 65); however, no credit earned after 60 except for employees who do not have required 20 years service. Employee must make contributions as long as employed as policeman or fireman.	25 years service. (City manager may defer actual retirement however, funding stops at 25 years with the interest gains being credited to the accrued amount of the employee for additional service.)
BENEFIT BASIS:	Final average salary (FAS). Best 3 of last 5 years of participating service.	SALARY, as determined by averaging the employee's highest five consecutive years of basic salary to determine the basic monthly salary.
RETIREMENT BENEFIT (RB):	2% FAS per year of service not to exceed 66% of FAS.	2% of SALARY times the number of years of service not to exceed 50 % of SALARY.
DUTY CAUSED DEFINITION:		
DEATH:	Service-connected accident; for members with 5 or more years of credited service heart and lung disease is presumed service-connected.	Full coverage from date of employment, on and off duty.

DISABILITY:

Service-connected accident--permanent and total disability. For members with 5 or more years of credited service heart and lung disease is presumed service-connected.

Fully covered from date of employment if totally disabled so as to prevent employment as a police officer for the City of Overland Park.

DEATH BENEFITS--DUTY CAUSED:

SPOUSE: 50% FAS, until death or remarriage.

EACH CHILD: 10% FAS, until youngest attains age 18.

FAMILY MAXIMUM: 75% FAS.

CHILDREN, NO SPOUSE: 50% FAS + 10% FAS per child.

BENEFICIARY: If no spouse or children, return member's contributions without interest to beneficiary.

Four times employee's annual salary, provided by group life coverage.

No Additional.

Four times employee's annual salary.

Four times employee's annual salary.

Four times employee's annual salary.

DEATH BENEFITS--NON-DUTY:

UNDER 5 YEARS SERVICE: None (return member's contributions without interest to beneficiary).

Four times employee's annual salary, provided by group life coverage.

5 YEARS OR MORE: Spouse receives lump sum of 50% FAS, plus 2% FAS per year of service (payable at spouse's age 50 unless there are unmarried children under age 18). If no spouse or children, return members contributions without interest to beneficiary.

Four time employee's annual salary.

DEATH BENEFITS - AFTER RETIREMENT:

None unless option is selected. If an option is selected members receive reduced benefits and amount payable to beneficiary or joint annuitant depends on option selected.

Determined by the form of option selected by retiree at time of retirement.

DISABILITY BENEFIT--DUTY CAUSED:

EMPLOYEE: 50% FAS--If death results from service-connected causes within two years of total and permanent disability, service-connected death benefits payable.

EACH CHILD: 10% FAS

FAMILY MAXIMUM: 75% FAS

DISABILITY BENEFITS--NON-DUTY:

UNDER 5 YEARS SERVICE: NONE (return member's contributions without interest).

TERMINATION BENEFIT: Return member's contributions without interest any time before retirement. Vested benefit with 20 years, if no withdrawal.

EMPLOYEE CONTRIBUTION: 7% gross compensation.

EMPLOYER CONTRIBUTION: Amount required to pay current service liabilities plus funding of prior service costs and administrative costs. (16% for first year). Each employer has a separate rate.

ADMINISTRATION: KPERS Board of Trustees.

OUTSIDE EARNINGS:

RETIRANT (AGE OR DISABILITY): Retirants may not be employed by the same department of the employer from whom they retired for more than 30 days in any calendar year.

60% of monthly salary at time of disability, credit continues to accrue toward pension benefits.

No extra provisions.

No extra Provisions, 60% monthly salary.

60% of monthly salary at time of disability, credit continues to accrue toward pension benefits.

Based on federal gridelines as to proportional vesting.

None.

Amount required to maintain the plan on an actuarial sound basis. (Historically has been approximately 16% of payroll.)

Overland Park Police Pension Plan Board of Trustees.

Retirants may not be employed by the Overland Park Police Department.

Members whose employment under the Kansas Police and Firemen's Retirement System is covered by Social Security and who retire after January 1, 1976 will receive an actuarial reduction based on the value of the difference between contributions which would have been made at the 7% rate and those actually made because of the reduction for Social Security contributions, or they may pay the contribution "shortfall" in a lump sum. If the lump sum method is utilized, there will be no interest added if payment is made prior to January 1, 1977, or date of retirement, whichever is earlier. If payment is made after January 1, 1977, interest will be added from January 1 1976 at a rate specified by the board.

Prepared by: Sgt. J. R. Siener from information provided by the Kansas Public Employees Retirement System and the Summary report on the Overland Park Police Pension Plan by Meidinger and Associates.

THOMAS L. WANDS, JR., Chairman
 MOND GOETZ, Vice-chairman
 VIRGIL A. BASGALL
 CHARLES CLEVINGER
 THOMAS W. ROSS
 RICHARD B. HANGER
 W. L. PARKER, JR.



PUBLIC EMPLOYEES RETIREMENT SYSTEM

400 First National Bank Tower
 One Townsite Plaza
 Topeka, Kansas 66603

June 4, 1975

Mr. Marlin L. Rein
 Chief Legislative Fiscal Analyst
 Legislative Research Department
 Capitol Building
 Topeka, Kansas 66612
 BUILDING MAIL

Dear Marlin:

As you will recall we were requested to make a list of the retirement subjects to be considered for interim study by the Special Committee on Ways and Means. I am attaching hereto a copy of the list prepared by Dr. John Mackin of Martin E. Segal Company. I might mention under the heading of "Possible Improvements in KPERS" Item 5 on Page 3, that this study should include the elimination of the prior service salary so that all benefits would be calculated on final average salary and in regard to Item 6 on Page 3 this should consider the authorization of some type of permanent form of insurance for KPERS members.

In addition to the items on the list and those mentioned above I am enclosing herewith a copy of a letter dated May 13, 1975 from Dr. John Mackin of Martin E. Segal Company addressed to me which provides an estimate of the actuarial liability of the KSRS annuitants based on a 5% interest assumption and the lower mortality rates which have recently been adopted by the Board of Trustees for KPERS female school retirants. The letter is self-explanatory but should be brought to the attention of the Committee because K.S.A. 72-5535 provides for the accelerated funding of the old KSRS System.

I am also enclosing herewith a schedule of cost figures that we prepared during the last session on various possible legislative improvements to the Retirement System. You might find it of interest.

If you have questions in regard to the foregoing please let me know.

Very truly yours,

John K. Corkhill
 Executive Secretary

JKC:jlr
 CC: Alden Shields
 Richard Ryan
 Encs.

Retirement Issues To Be Considered For Interim Study
Under The Auspices Of The

Legislative Coordinating Council
Kansas State Legislature

Local Police and Fire Plans

House Bill No. 2634 was introduced in the 1975 Session of the Legislature by request of the Special Committee on Ways and Means. This legislation incorporates the recommendations of the Special Committee on Ways and Means relating to local police and/or firemen's pension plans; the recommendations were based on a study conducted by the Special Committee during the interim between the 1974 and 1975 sessions. (A 64 page report on the study, titled "Expanded Actuarial Study Of Local Policemen's And Firemen's Pension Plans," was submitted to the Special Committee by the Martin E. Segal Company in November, 1974.)

1. Cities with local police and fire pension plans, and the policemen and firemen covered under such plans, need to be informed with respect to the background and principles underlying H.B. 2634 as well as the implications of the proposed legislation for the various cities.
2. Possible modifications to H.B. 2634 could be discussed before educational meetings with city officials and evaluated more fully based on proposals put forward by city officials, representatives of policemen and firemen, and other interested parties.
3. Discussion of possible additional actuarial cost calculations.

Post-Retirement Benefit Increases

1. Identify scope of study - comprehensive study vs. actuarial calculations of the cost of specific proposals (including House Bill No. 2373).
2. Alternative methods of funding the costs of periodic one-time post-retirement increases in benefits.

Vesting

1. Cost and other implications of reducing years of service required for deferred vested benefits - House Bill No. 2409.

Correction Officers

1. Cost and other implications of enacting special retirement provisions for correction officers - Senate Bill No. 578.

Possible Improvements in KPERS

1. Computation of final average salary (House Bill No. 2510).
2. First day coverage for non-school members.
3. Improve early retirement benefits - for example, permit KPERS members to retire before age 65 on benefits reduced by uniform, less-than-actuarially-equivalent reduction factors such as .4% for each month under age 65.
4. Liberalize requirements for normal retirement - for example, permit KPERS members to retire on full benefits at age 55 with 35 years of service, age 60 with 20 years of service, etc.

5. Increase prior service and/or participating service benefit levels.
6. Increase life insurance benefit provided under KPERS group insurance program - consider establishment of optional plan of group life insurance for KPERS members.

Benefits for Former KSRS Members

1. Authorize study in accordance with House Concurrent Resolution No. 2019.

Other Retirement Matters

(Cost figures based on projected covered payrolls for FY 1978 of School 68,786,101 and Non-School (State) \$233,455,575 and Non-School (Local) 39,112,250

EARLY RETIREMENT

(1) Age 60 with 10 Years

(a) 4.8% reduction per year under 65

Cost: School	(+ .2%)	\$ 937,572
Non-School (State)	(+ .1%)	\$ 233,456
Non-School (Local)	(+ .1%)	\$ 139,112

(b) 3.0% reduction per year under 65

Cost: School	(+ .4%)	\$ 1,875,144
Non-School (State)	(+ .3%)	\$ 700,367
Non-School (Local)	(+ .3%)	\$ 417,337

(2) Age 55 with 10 Years

(a) 3.0% reduction per year under 65

Cost: School	(+ .9%)	\$ 4,219,075
Non-School (State)	(+ .9%)	\$ 2,101,100
Non-School (Local)	(+ .9%)	\$ 1,252,010

NORMAL RETIREMENT

(1) Age 55 with 35 Years

Cost: School	(+ 2.5%)	\$11,719,653
Non-School (State)	(+ 2.0%)	\$ 4,669,112
Non-School (Local)	(+ 2.0%)	\$ 2,782,245

(2) Age 60 with 20 Years

Cost: School	(+ 3.5%)	\$16,407,514
Non-School (State)	(+ 3.0%)	\$ 7,003,667
Non-School (Local)	(+ 3.0%)	\$ 4,173,368

(3) Age 62 with 10 Years

Cost: School	(+ 2.0%)	\$ 9,375,722
Non-School (State)	(+ 1.5%)	\$ 3,501,834
Non-School (Local)	(+ 1.5%)	\$ 2,086,684

(4) Combined Alternatives of Above Three Methods

Cost: School	(+ 4.4% to 5.4%)	\$20,626,588 to \$25,314,449
Non-School (State)	(+ 3.9% to 4.9%)	\$ 9,104,767 to \$11,439,323
Non-School (Local)	(+ 3.9% to 4.9%)	\$ 5,425,378 to \$ 6,816,500

(5) Age 62

Cost: School	(+ 2.4% to 3.4%)	\$11,250,866 to \$15,938,727
Non-School (State)	(+ 1.9% to 2.9%)	\$ 4,435,656 to \$ 6,770,212
Non-School (Local)	(+ 1.9% to 2.9%)	\$ 2,643,133 to \$ 4,034,255

(6) Age 60

Cost: School	(+ 2.9% to 3.9%)	\$13,594,797 to \$18,282,658
Non-School (State)	(+ 2.9% to 3.9%)	\$ 6,770,212 to \$ 9,104,767
Non-School (Local)	(+ 2.9% to 3.9%)	\$ 4,034,255 to \$ 5,425,378

- (7) Age 55 with 30 years OR
 Age 60 with 15 years OR
 Age 62 with 5 years OR
 Age 65 with no requirement

Cost: School	(+ 4.9% to 6.4%)	\$22,970,519 to \$30,002,310
Non-School (State)	(+ 4.4% to 5.4%)	\$10,272,045 to \$12,606,601
Non-School (Local)	(+ 4.4% to 5.4%)	\$ 6,120,939 to \$ 7,512,062

VESTING

(a) Five Years

Cost: School	(+ .058%)	\$ 271,896
Non-School (State)	(+ .045%)	\$ 105,055
Non-School (Local)	(+ .045%)	\$ 62,601

(b) Eight Years

Cost: School	(+ .032%)	\$ 150,012
Non-School (State)	(+ .023%)	\$ 53,695
Non-School (Local)	(+ .023%)	\$ 31,996

All of the above calculations are based on data provided by the actuaries one year ago but should still be valid today.

LIFE INSURANCE

Increase Benefit 10%

<u>Increase in Rate</u>	<u>School</u>	<u>Non-School (State)</u>	<u>Non-School (Local)</u>
.0327%	\$153,293	\$76,340	\$45,490

LONG-TERM DISABILITY

- (1) Minimum \$25 per month benefit

LONG-TERM DISABILITY (Continued)

<u>Increase in Rate</u>	<u>School</u>	<u>Non-School (State)</u>	<u>Non-School (Local)</u>
.0264%	\$123,759	\$61,632	\$36,726
(2) Increase benefit to 60%			
<u>Increase in Rate</u>	<u>School</u>	<u>Non-School (State)</u>	<u>Non-School (Local)</u>
.350%	\$1,640,751	\$817,095	\$486,893

Plus lump sum of \$2,250,000 on 6/30/75 to include current disabled lives.

FORMULA CHANGE FOR PRIOR SERVICE

(1) Increase rate from 1% to 1½%

Cost: School	(+ 1.1%)	\$5,156,647
Non-School (State)	(+ .3%)	\$ 700,367
Non-School (Local)	(+ .3%)	\$ 417,337

(2) Change to 1% of Final Average Salary

Cost: School	(+ 4.0%)	\$18,751,444
Non-School (State)	(+ 1.5%)	\$ 3,501,834
Non-School (Local)	(+ 1.5%)	\$ 2,086,684

(3) Change to 1½% of Final Average Salary

Cost: School	(+ 6.1%)	\$28,595,952
Non-School (State)	(+ 2.3%)	\$ 5,369,478
Non-School (Local)	(+ 2.3%)	\$ 3,199,582

INCREASE IN SERVICE ANNUITIES (Old Kansas School Retirement System)

	<u>15% Increase</u>	<u>25% Increase</u>
Cost Additional Liability	\$12,473,200	\$18,213,800
Additional Level Annual Payment	\$ 1,809,600	\$ 2,642,500 (8 yrs)
Additional First Year Benefits	\$ 1,497,093	\$ 2,495,172

INCREASE IN ALL OTHER RETIREMENT BENEFITS

(1) 15% for 1973 retirants and 23% for those before 1973

* Cost:		<u>Contributions</u>	<u>First Yr. Benefits</u>
School	(+ .52%)	\$2,242,673	\$1,625,525
Non-School (State)	(+ .73%)	\$1,567,888	(
Non-School (Local)	(+ .73%)	\$ 934,278	(\$1,836,490
TIAA	(+ .17%)	\$ 133,174	(
KP&F**	(+ .39%)	\$ 77,682	\$ 81,005

**Includes old KBI and Patrol Retirants

(2) 25% to all who retired before 6/30/75

		<u>Contributions</u>	<u>First Yr. Benefits</u>
* Cost:	School	(+ .87%) \$3,752,164	\$2,385,042
	Non-School (State)	(+ .98%) \$2,164,835	(
	Non-School (Local)	(+ .98%) \$1,254,236	(\$2,569,410
	TIAA	(+ .24%) \$ 188,010	(
	KP&F**	(+ .69%) \$ 137,437	\$ 115,335

(3) 8% for 1973 retirants and 12% for those before 1973

		<u>Contributions</u>	<u>First Yr. Benefits</u>
*Cost:	School	(+ .28%) \$1,207,593	\$ 851,483
	Non-School (State)	(+ .39%) \$ 837,639	(
	Non-School (Local)	(+ .39%) \$ 499,135	(\$1,002,527
	TIAA	(+ .10%) \$ 78,338	(
	KP&F	(+ .21%) \$ 41,829	
	KSRS Annuitants	\$1,450,700 ***	\$1,222,780

*Costs in Items (1), (2) and (3) of this section are based on FY 1977 covered payrolls of \$431,283,213 for School, \$214,779,129 for Non-School (State) and \$127,983,270 for Non-School (Local).

**Includes old KBI and Patrol retirants.

***Additional amount needed to fund over last eight years of the ten-year level payment.

FIRST DAY COVERAGE

No increase in employer rate; however, additional contributions would be generated the first year.

Non-School (State)	\$1,275,476
Non-School (Local)	\$ 962,154

Administrative costs would amount to one Clerk II, \$5,787, plus equipment, \$720, for a total of \$6,507.

8% FOR 1973 RETIRANTS AND 12% FOR THOSE BEFORE 1973

		<u>Contributions</u>	<u>First Year Benefits</u>	<u>Additional Liability</u>
*Cost:	School	(+.28%) \$1,207,593	\$ 851,483	\$ 8,474,700
	Non-School (State)	(+.39%) \$ 837,639	((
	Non-School (Local)	(+.39%) \$ 499,135	(\$1,002,527	(\$ 8,480,000
	TIAA	(+.10%) \$ 78,338	(\$ 602,200
	KP&F**	(+.21%) \$ 41,829		\$ 388,700
	KSRS Annuitants	\$1,450,700***	\$1,222,780	\$10,000,000

*Costs are based on FY 1977 covered payrolls of \$431,283,213 for School, \$214,779,129 for Non-School (State) and \$127,983,270 for Non-School (Local).

**Includes old KBI and Patrol retirants.

***Additional amount needed to fund over last eight years of the ten-year level payment.

MARTIN E. SEGAL COMPANY

CONSULTANTS AND ACTUARIES

730 FIFTH AVENUE • NEW YORK, N. Y. 10019 • (212) 586-5600

May 13, 1975

JOHN P. MACKIN
SENIOR VICE PRESIDENT

ATLANTA
BOSTON
CHICAGO
CLEVELAND
DALLAS
DENVER
HARTFORD
HOUSTON
LOS ANGELES
NEW ORLEANS
PHOENIX
SAN FRANCISCO
SAN JUAN
WASHINGTON, D. C.
TORONTO

Mr. John K. Corkhill
Executive Secretary
Kansas Public Employees Retirement System
400 First National Bank Tower
One Townsite Plaza
Topeka, Kansas 66603

Re: KSRS Annuitants

Dear John:

As you requested, we have estimated the actuarial liability for KSRS annuitants based on a 5% interest assumption and the lower mortality rates recently adopted by the Board for KPERS female school retirants. The schedule below indicates that the total liability based on the new assumptions is about \$93 million.

Total Actuarial Liability as of June 30, 1974
KSRS Service Annuities

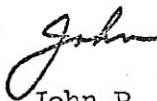
<u>Assumptions</u>	<u>Total amount (millions)</u>	<u>Years of \$10 million payments, commencing fiscal 1974-75</u>
4½% interest and former mortality rates; no new annuitants added after 6/30/74	\$84	10
4½% interest and former mortality rates; new annuitants added*	90	12
5% interest and new mortality rates (lower for females); new annuitants added*	93	12½

* 185 as of September, 1974 plus 150 each year through 1980 (see letter dated 3/26/75).

In view of the mortality experience of KPERS female school retirants, we expect that the latter figure of \$93 million will prove to be a more realistic estimate of the total actuarial liability for KSRS annuitants (assuming the long-term rate of yield is 5% per year). This figure may also have an effect on the study of KSRS annuitants called for by House Concurrent Resolution No. 2019.


Please let us know if you have any questions regarding the liability for KSRS annuitants.

Sincerely,



John P. Mackin

JPM:ms



EXPANDED ACTUARIAL STUDY OF
LOCAL POLICEMEN'S AND FIREMEN'S PENSION PLANS

Report to:

SPECIAL COMMITTEE ON WAYS AND MEANS
KANSAS STATE LEGISLATURE

Submitted by
Martin E. Segal & Company, Inc.
November 1974

MARTIN E. SEGAL COMPANY
CONSULTANTS AND ACTUARIES

730 FIFTH AVENUE · NEW YORK, N. Y. 10019 · (212) 586-5600

November 6, 1974

Special Committee on Ways and Means
Kansas State Legislature
State House
Topeka, Kansas

ATLANTA
BOSTON
CHICAGO
CLEVELAND
DALLAS
DENVER
HARTFORD
HOUSTON
LOS ANGELES
NEW ORLEANS
PHOENIX
SAN FRANCISCO
SAN JUAN
WASHINGTON, D. C.
TORONTO

Gentlemen:

We are pleased to submit this report on our expanded actuarial study of local policemen's and firemen's pension plans in the State of Kansas. The report presents the results of our actuarial calculations of the cost implications for each of the 24 cities with local police and/or fire pension plans if the State enacts legislation to ensure that all police and firemen are ultimately covered by soundly-financed retirement plans.

The report is presented in the following sections:

- I. BACKGROUND AND SUMMARY
- II. PRESENT RETIREMENT COVERAGE AND FINANCING
- III. EMPLOYEE, PENSIONER, AND FINANCIAL DATA
- IV. IMPROVING ACTUARIAL STATUS OF LOCAL POLICE
AND FIRE PLANS
- Appendix A. PROVISIONS OF RETIREMENT PLANS
COVERING KANSAS POLICE AND FIREMEN
- Appendix B. SUMMARY OF DATA AND COST FACTORS
BY CITY

We look forward to discussing this report with you, and will be pleased to review any legislation which may be proposed by the Committee on the basis of this study.

Sincerely,

MARTIN E. SEGAL & COMPANY, INC.

By: John P. Mackin
John P. Mackin, Ph.D.
Vice President

JPM:ns

I. BACKGROUND AND SUMMARY

The preparation of this expanded actuarial study of local police and/or firemen's pension plans in the State of Kansas was approved by the Special Committee on Ways and Means at its meeting on May 9, 1974, and authorized by the Committee and the Legislative Coordinating Council in early June. The basic purpose of this expanded study is to assist the Special Committee on Ways and Means in evaluating the effects of legislation intended to achieve the general objectives of (1) improving the actuarial status of local police and/or fire pension plans and (2) encouraging participation in a soundly-financed and efficiently-administered statewide retirement system for policemen and firemen.

In November 1973 we submitted a report to the Legislative Budget Committee titled Actuarial Study of Retirement Plans for Police and Firemen in the State of Kansas. Sections III through V of that report dealt with the membership and financing of local police and/or fire pension plans, and contrasted the funding of local plans with the funding of the two statewide retirement systems (KP&F and KPERS). Both the 1973 study and this expanded study emphasize that local police and/or fire plans established under the state enabling statutes are not soundly financed on an actuarial reserve basis. In effect, state law precludes sound financing of these local statutory plans by preventing cities with such plans from accumulating assets on an actuarial reserve basis to meet their growing liabilities.

The Legislative Budget Committee favored the establishment by state law of minimum funding standards applicable to local plans, but did not endorse any specific minimum funding standards. In its report to the 1974 Kansas Legislature, the Committee indicated that it was "greatly concerned about the sizable unfunded liabilities of most of the local police and firemen's pension plans," and that it hoped the actuarial report "will help draw more attention to this problem and will lead to a satisfactory solution."

After discussing the 1973 study, the Special Committee on Ways and Means decided that a number of issues required further analysis before specific legislation could be proposed to improve the actuarial status of local police and/or fire plans. In particular, the Committee requested that actuarial cost estimates be prepared to show the cost effects of: (1) permitting cities with local plans to affiliate with KP&F with respect to the active and retired members of such plans, and (2) requiring cities that maintain their local plans to fund such plans on a sound actuarial basis in accordance with state-legislated minimum funding standards.

The actuarial cost estimates presented in this report are based on detailed data on the membership and finances of local plans. Each of the 24 cities that presently maintain local police and/or fire pension plans provided us with information on the provisions of such plans, the characteristics of active and retired members covered by such plans, and the assets of such plans. We want to thank each of the 24 cities with local plans for compiling and sending us the data required for this expanded actuarial study.

II. PRESENT RETIREMENT COVERAGE AND FINANCING

In 1973 Kansas municipalities employed an estimated total of roughly 3,500 police and firemen. About 28% were covered by KP&F and 64% by local police and/or fire pension plans; most of the remaining 8% were members of KPERS.

A total of 24 cities presently maintain local police and/or fire pension plans with active and/or retired members. Of these 24 cities with such local plans, 14 are also participating employers in KP&F and 10 are not affiliated with KP&F.

Types of Local Plans

Table 1 identifies local police and/or fire plans by type, and indicates whether Social Security coverage is also provided for the police and firemen employed by each of the 24 cities with local plans. Summaries of the major provisions of local plans and KP&F are presented in Appendix A.

For purposes of this study, local police and/or fire pension plans are referred to as statutory plans, statutory-amended plans, or charter ordinance plans. These three types of plans may be described as follows:

Statutory Plans have been established in accordance with the following state statutes:

K.S.A. 13-14a01 et seq. -- requires first-class cities to establish separate pension funds for police and fire departments, if the employees of such departments are not covered by KP&F, KPERS, or another local plan.

K.S.A. 14-10a01 et seq. -- permits second-class cities to establish separate pension funds for police and fire departments upon approval of majority voting in election.

The benefit provisions of local statutory plans are summarized below:

Normal retirement:

Requirements - age 50 with 22 years service.
Annual benefit - 50% of final salary (reduced up to age 60 for any compensation from employment in excess of 50% of final salary).

Service-connected disability:

Requirements - any age or service.
Annual benefit - 50% of final salary.

Termination benefit: refund of 50% of employee contributions without interest.

Pre-retirement death: if service-connected or after eligibility for retirement, benefit of 50% of salary paid to widow or surviving children up to age 18.

Post-retirement death: full pension continued to widow or surviving children up to age 18.

Funeral benefit: lump sum of \$100.

Employee contributions: 3% of salary.

Statutory-Amended Plans are those maintained by cities that have exercised their home rule power under the Kansas Constitution and adopted charter ordinances modifying the local statutory plans.

Charter Ordinance Plans are those local police and/or fire pension plans which have been established by charter ordinances and are not directly based on the provisions of state statutes.

As shown in Table 1, the six cities with statutory plans are: Arkansas City, Lawrence, and McPherson, which also participate in KP&F; and Coffeyville, Emporia, and Fort Scott.

A number of cities have recently adopted charter ordinances amending the statutory provisions, but the amendments adopted by most of these cities have not resulted in significant benefit changes. For example, six cities that also participate in KP&F -- Atchison, Junction City, Leavenworth, Manhattan, Newton, and Parsons -- amended their local plans to increase the employee contribution rate for those police and firemen who elected to remain under the local plan and not join KP&F (the benefits provided by these statutory-amended plans are the same as those provided by statutory plans). The statutory-amended plans of Topeka and Concordia also provide the same benefits as statutory plans; both cities have adopted amendments authorizing the accumulation of reserves in excess of those permitted by state statutes.

The local plans of three of the 14 cities that also participate in KP&F -- Kansas City, Wellington, and Winfield -- are referred to in Table 1 as charter ordinance plans. Kansas City and Wellington recently adopted charter ordinances (effective in May and June, 1974, respectively) incorporating provisions that differ considerably from the provisions of statutory plans. Each of these three charter ordinance plans provides both higher benefits and a broader range of benefits than those provided under statutory plans (see Appendix A).

Table 1

Cities With Local Police And/Or Fire Pension Plans
By Type Of Plan And Social Security Coverage

City	Type of Plan	Coverage Under Social Security
Arkansas City*	Statutory	Yes
Atchison*	Statutory-amended	No
Junction City*	Statutory-amended	No
Kansas City*	Charter ordinance	No
Lawrence*	Statutory	No
Leavenworth*	Statutory-amended	No
Manhattan*	Statutory-amended	No
McPherson*	Statutory	Yes
Newton*	Statutory-amended	No
Parsons*	Statutory-amended	No
Salina*	Statutory-amended	Yes
Topeka*	Statutory-amended	No
Wellington*	Charter ordinance	Yes
Winfield*	Statutory and Charter ordinance	Yes
Coffeyville	Statutory	No
Concordia	Statutory-amended	No
Emporia	Statutory	No
Fort Scott	Statutory	No
Great Bend	Charter ordinance	Yes
Hutchinson	Statutory-amended	No
Overland Park	Charter ordinance	Yes
Pittsburg	Statutory and Charter ordinance	No
Prairie Village	Charter ordinance	Yes
Wichita	Charter ordinance	No

* Participating employer in KP&F

The benefit provisions of the local charter ordinance plans maintained by cities not affiliated with KP&F vary widely (see Appendix A). Although comparative statements regarding the provisions of different retirement plans must of necessity be broad generalizations, the charter ordinance plans of Pittsburg and Wichita generally provide a better "benefit package" than the statutory plans; the charter ordinance plans maintained by Great Bend, Overland Park and Prairie Village generally provide less in benefits than the statutory plans but the police and firemen employed by these cities are also covered by Social Security.

Financing of Plans

State Systems - Both of the state systems that cover municipal police and firemen are financed on an actuarial reserve basis by employee and employer contributions. The employee contribution rates as a percentage of salary are 4% under KPERS and 7% under KP&F (presently reduced by member's Social Security contributions exclusive of those for Medicare). Employer contributions, which finance the difference between the total cost of the respective systems and the portion financed by employee contributions, are determined as follows:

KP&F -- employers contribute actuarially-determined rate required to pay benefits accrued under System since their entry dates (normal cost) and the cost of administration, plus the amount required to amortize their separately-determined prior service liability (if any) over a period not exceeding 40 years from entry date.

KPERS -- employers contribute actuarially-determined rate comprised of: (1) normal cost rate, (2) amount required to amortize initial past service liability over 40 years, (3) KPERS group insurance program contribution rate, and (4) cost of administration.

Local statutory and statutory-amended plans - Local police or fire pension plans established in accordance with K.S.A. 13-14a01 et seq. and K.S.A. 14-10a01 et seq. are not soundly financed on an actuarial reserve basis. The cost of these plans are met by employee contributions of 3% of salary and city contributions sufficient to pay the benefits due and to maintain a reserve fund within the following limits:

First-class city police or fire pension funds: from minimum of \$10,000 to maximum of \$50,000 (K.S.A. 13-14a05).

Second-class city police or fire pension funds: from minimum of \$5,000 to maximum of \$15,000 (K.S.A. 14-10a05).

In effect, the state statutes preclude sound financing of local statutory plans by limiting the reserves of such local police or fire plans to \$50,000 in first-class cities and \$15,000 in second-class cities. (As a general rule, the statutory-amended plans are also unsoundly financed on a pay-as-you-go basis.) Although the liabilities of these local statutory plans have increased substantially, cities with such plans are not permitted under existing state statutes to accumulate assets on an actuarial reserve basis to meet the growing actuarial liabilities.

The major effects of this unsound pay-as-you-go financing method are as follows:

1. Costs increase rapidly - When a pension plan is financed on a pay-as-you-go basis, the cost of the plan increases rapidly for many years into the future.

Because a city has the taxing power, it can theoretically tax the public to meet the increasing cost of pension payments. Perhaps it is more accurate to say that, although most public employers with pension plans financed on a pay-as-you-go basis have been able to meet pension costs by taxation up to the present, it is likely to prove more difficult to obtain adequate funds through taxation as the number of pensioners and the dollar amount of pension payments continue to grow.

2. Cost burden shifted to future generations - Under pay-as-you-go financing, a future generation of taxpayers is required to finance the pensions earned by employees rendering services to the present generation of taxpayers. Although it may be an attractive short-term policy for fiscal and political reasons, the implications of shifting pension costs to future generations of taxpayers should be fully evaluated when consideration is being given to permitting cities to continue this unsound financing method.

3. Long-term costs greater - Compared to a funded plan, pension costs will be significantly greater over the long run under a pay-as-you-go plan because reserves are not accumulated and investment earnings are not available to reduce the amounts needed to meet future pension payments. A city that does not adopt a policy to fund the cost of pensions over an employee's working career is not only transferring the burden of pension costs to future generations, but future pensions will have to be paid entirely from employer and employee contributions because there will be no investment earnings of consequence to help meet pension costs.

Because of the importance of investment earnings in helping to meet pension costs, the question of funding should be considered in conjunction with investment policy. One of the major advantages of funding a pension plan is that investment earnings on accumulated reserves will reduce the amounts that have to be appropriated in the future to pay pensions. It should be emphasized, however, that the economic advantage of funding will be fully realized only to the extent that a progressive investment policy is permitted and the average rate of return on the assets of the pension fund is greater than the average rate of decline in the value of the dollar.

4. Elimination of realistic price tags - The absence of funding tends to eliminate a realistic price tag from proposed changes in benefit provisions. With a funded plan the actuary can make a realistic estimate of the long-term cost of proposed benefit improvements and other changes in the plan. On the other hand, when a plan is financed on a pay-as-you-go basis, experience indicates that price determination is usually abandoned and the parties do not have a built-in policy guide relating proposed changes in benefits to costs. Under a funded plan, improvements in benefits can be intelligently selected and properly coordinated after a determination has been made as to whether or not they can be financed on a sound actuarial basis.

In contrast to pay-as-you-go financing, the funding of a pension plan on an actuarial reserve basis recognizes the following principles: (1) pension costs represent a part of the total compensation of employees for services rendered over their working careers; (2) while the actual disbursement of pension benefits may be deferred for many years, the cost of an employee's pension - like the cost of his salary - is simply one component of the total cost of obtaining his services; and (3) pension costs - like salaries - should be paid for over the employee's working career by the taxpayers who benefit from his services.

The general objectives of funding pension plans on a sound actuarial basis may be summarized as follows:

1. Level the required contributions as a percentage of payroll over a long period of years.
2. Finance pensions earned by present employees on a current basis.

3. Accumulate assets to provide investment earnings to help meet future benefit payments.
4. Make it possible to realistically estimate the long-term cost of various proposals for benefit improvements.

Local charter ordinance plans maintained by cities not affiliated with KP&F are generally financed on an actuarial reserve basis. The method of financing each of these five plans is summarized below:

Overland Park and Prairie Village - partially insured police plans financed solely by the respective cities, but the basis used by the insurance companies to determine city contributions was not explicitly defined in the material provided to us.

Great Bend - insured plan covering all city employees, including police and firemen, is financed by employee contributions ($2\frac{1}{2}\%$ of first \$400 of monthly salary plus 5% of excess) and city contributions equal to normal cost plus 1/15th of unfunded liability each year until 1986.

Pittsburg - insured police and fire plan financed by employee contributions of 7% of salary and city contributions equal to normal cost plus amount required to amortize unfunded liability by 1989.

Wichita - self-insured police and fire plan financed by employee contributions of 6% of salary and city contributions slightly greater than required to pay the normal cost plus interest on the unfunded liability, which based on the most recent annual report amounted to about \$11.5 million as of December 31, 1973.

III. EMPLOYEE, PENSIONER, AND FINANCIAL DATA

To obtain information on the membership and finances of local police and/or fire pension plans, we sent letters in July 1974 to the officials of each of the 24 cities with such local plans. The data provided to us with respect to the active and retired members of local plans, and data used as the basis for our June 30, 1973 actuarial valuation of KP&F, indicate that the 24 cities with local plans employ a total of almost 3,100 police and firemen -- about 1,000 are members of KP&F and the remaining 2,100 are covered by local plans.

The KP&F Act provides that cities may affiliate with KP&F with respect to police, firemen, or both, and that coverage under KP&F may be made available to all such employees or only to those hired after the date of entry into the state system. As of January 1, 1974, a total of 18 cities were participating in KP&F. These 18 cities covered 1,032 police and firemen under the state system as of June 30, 1973.

Fourteen of the 18 cities participating in KP&F also maintain local police and/or fire pension plans which cover an additional 798 active employees. Four of these 14 cities are affiliated with KP&F only with respect to police and firemen hired after their respective entry dates: Salina (1/1/73), Topeka (1/1/67), Wellington (1/1/74), and Winfield (1/1/73). The 10 cities with local plans that are not participating employers in KP&F cover a total of 1,288 active employees under their local plans.

Table 2 shows the number of active police and firemen employed by each of the 24 cities with local plans, by average age, years of service and salary as of December 31, 1973. For the 14 cities with local plans that participate in KP&F, the table also shows the characteristics of active police and firemen covered under KP&F as of June 30, 1973. The data presented in Table 2 is summarized below:

Police and Fire Employees of Cities With Local Plans

	<u>Cities in KP&F</u>			<u>Cities not in KP&F</u>
	<u>Covered by KP&F</u>	<u>Covered by Local Plans</u>	<u>Total</u>	
Number	978	798	1,776	1,288
Average age	32	41½	36	34
Average years of service	6	14½	10	9½
Average annual salary	\$8,513	\$10,551	\$9,429	\$9,288

The local plans of the 14 cities participating in KP&F are "closed plans" which only cover employees hired before specific dates. As a result, the average age, years of service and salary of the employees covered by these plans are generally higher than the average age, years of service and salary of employees covered under KP&F. Because of the differing characteristics of these employee groups, the retirement benefits provided for police and firemen covered under local plans of cities that also participate in KP&F are generally more costly than the benefits provided for employees covered under KP&F.

A number of the local police and fire plans maintained by cities participating in KP&F cover no active employees or less than 10 active employees, as indicated below:

Local plans covering no active employees - Atchison Police, Junction City Police, Lawrence Police and Fire, McPherson Police and Fire, Newton Police and Fire

Local plans covering fewer than 10 active employees - Atchison Fire, Junction City Fire, Leavenworth Police and Fire, Parsons Police and Fire

Table 3 shows the number of pensioners and beneficiaries receiving benefits from each of the local plans as of December 31, 1973, and the actuarial liability for benefits payable to them. The liability figures - which were calculated on the basis of a $4\frac{1}{2}\%$ interest assumption and the Group Annuity Table for 1960 - represent the actuarially determined amounts needed as of December 31, 1973 to pay lifetime benefits to the pensioners and beneficiaries of each local plan.

Table 4 shows the assets of local police and/or fire pension funds as of December 31, 1973. A comparison of Tables 3 and 4 indicates that the statutory plans of only one city have sufficient assets to cover the actuarial liability for pensioners and beneficiaries currently receiving benefit payments.

The detailed data presented in Tables 2 through 4 are summarized in the schedule below by type of plan and by affiliation with KP&F.

Membership and Finances of Local Plans

<u>Type of Plan</u>	<u>Cities in KP&F</u>	<u>Cities not in KP&F</u>	<u>Total</u>
		<u>Active Employees</u>	
Statutory	38	136	174
Statutory-amended	375	122	497
Charter ordinance	385	1,030	1,415
All local plans	798	1,288	2,086
		<u>Pensioners and Beneficiaries</u>	
Statutory	43	80	123
Statutory-amended	266	52	318
Charter ordinance	245	287	532
All local plans	554	419	973
		<u>Assets</u>	
Statutory	\$ 119,600	\$ 162,700	\$ 282,300
Statutory-amended	614,800	141,600	756,400
Charter ordinance	355,000	9,220,100	9,575,100
All local plans	\$1,089,400	\$9,524,400	\$10,613,800
		<u>Unfunded Liability for Pensioners and Beneficiaries</u>	
Statutory	\$ 1,336,200	\$2,139,300	\$ 3,475,500
Statutory-amended	10,295,700	2,031,600	12,327,300
Charter ordinance	11,067,600	-	11,067,600
All local plans	\$22,699,500	\$4,170,900	\$26,870,400

Table 2

Number And Characteristics Of Police And Firemen
Covered Under KP&F And Local Plans

Municipality	Employees Covered Under KP&F as of June 30, 1973				Employees Covered Under Local Plans as of December 31, 1973			
	Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
<u>Cities partici- pating in KP&F:</u>								
Arkansas City								
Police	22	34	7	\$ 7,950	22	33½	6½	\$ 7,738
Fire	18	31½	6½	7,589	16	33	7	7,401
Atchison								
Police	16	39½	12	7,475	-	-	-	-
Fire	16	33	10	6,894	1	59½	29	7,638
Junction City								
Police	35	30	4½	7,086	-	-	-	-
Fire	21	32	7	6,990	2	55	19½	10,230
Kansas City								
Police	176	29½	4	9,611 ⁽¹⁾	136	43	14½	11,277
Fire	153	35½	7½	10,167 ⁽¹⁾	197	44½	18	10,829
Lawrence								
Police	70	32	6½	8,494	-	-	-	-
Fire	64	32½	7½	8,369	-	-	-	-
Leavenworth								
Police	26	29½	3	7,242	2	46	10½	8,442
Fire	29	31½	6	6,769	9	41½	11	8,759
Manhattan								
Fire	30 ⁽²⁾	33½	7½	7,722	3 ⁽³⁾	51	19	7,819

(1) Includes \$300 increase effective 5/1/74.

(2) Includes employees electing coverage as of 1/1/74.

(3) Employees not electing KP&F coverage as of 1/1/74.

Table 2 (Cont'd.)

Number And Characteristics Of Police And Firemen
Covered Under KP&F And Local Plans

Municipality	Employees Covered Under KP&F as of June 30, 1973				Employees Covered Under Local Plans as of December 31, 1973			
	Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
<u>Cities partici- pating in KP&F:</u>								
McPherson								
Police	19	34	7½	\$6,837	-	-	-	-
Fire	9	35	8½	7,467	-	-	-	-
Newton								
Police	20	35	10½	8,160	-	-	-	-
Fire	23	38½	14	8,278	-	-	-	-
Parsons								
Police	19	30	5	6,611	5	50	21	\$ 7,949
Fire	20	37½	11½	6,400	2	45	19	7,410
Salina								
Police	6	24½	1	5,883	49	35½	8½	8,447
Fire	1	25	1	5,700	64	33½	10½	7,309
Topeka								
Police	101	28	3½	8,468	91	43½	17	12,726 ⁽⁴⁾
Fire	82	28½	3½	8,333	147	43	17½	12,278 ⁽⁴⁾
Wellington ⁽⁵⁾								
Police	-	-	-	-	12	36	6½	7,475
Fire	-	-	-	-	15	41½	13½	7,486
Winfield								
Police & Fire	2	26	½	6,000	25	37	3	8,629
Total	978	32	6	\$8,513	798	41½	14½	\$10,551

(4) As of June 30, 1974.

(5) Entered KP&F for newly hired on January 1, 1974.

Table 2 (Cont'd.)

Number And Characteristics Of Police And Firemen
Covered Under KP&F And Local Plans

Municipality	Employees Covered Under KP&F as of June 30, 1973				Employees Covered Under Local Plans as of December 31, 1973			
	Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
<u>Cities not parti-</u> <u>cipating in KP&F:</u>								
Coffeyville								
Police	-	-	-	-	25	35½	8½	\$6,823
Fire	-	-	-	-	23	34	10	6,516
Concordia								
Fire	-	-	-	-	6	37½	9	7,916
Emporia								
Police	-	-	-	-	28	31	7	8,914
Fire	-	-	-	-	24	39	13½	8,918
Fort Scott								
Police	-	-	-	-	14	40	7	6,349
Fire	-	-	-	-	15	35	8½	6,356
Great Bend								
Police & Fire	-	-	-	-	30	39	10½	8,512
Hutchinson								
Police	-	-	-	-	45	38½	11½	9,609
Fire	-	-	-	-	71	36½	12½	9,502

Table 2 (Cont'd.)

Number And Characteristics Of Police And Firemen
Covered Under KP&F And Local Plans

Municipality	Employees Covered Under KP&F as of June 30, 1973				Employees Covered Under Local Plans as of December 31, 1973			
	Number	Average Age	Average Service	Average Salary	Number	Average Age	Average Service	Average Salary
<u>Cities not parti-</u> <u>cipating in KP&F:</u>								
Overland Park Police	-	-	-	-	71	31½	6	\$11,512
Pittsburg Police & Fire (6)	-	-	-	-	66	37	9	7,109
Prairie Village Police	-	-	-	-	30	35	8	10,571
Wichita Police	-	-	-	-	425	33	8½	9,307
Fire	-	-	-	-	415	34	11	9,700
Total					1,288	34	9½	\$ 9,288
Grand total	978	32	6	\$8,513	2,086	37	11½	\$ 9,771

(6) Includes employees covered by statutory plans and charter ordinance plan.

Table 3

Actuarial Liability For Pensioners And Beneficiaries
Of Local Police And/Or Fire Pension Plans
As Of December 31, 1973

City	Policemen's Plan		Firemen's Plan	
	Number	Actuarial Liability	Number	Actuarial Liability
Arkansas City*	7	\$ 228,700	8	\$ 241,100
Atchison*	2	34,300	13	338,000
Junction City*	3	98,800	4	121,000
Kansas City*	101	5,310,200	132	5,528,000
Lawrence*	7	306,900	9	260,800
Leavenworth*	12	470,200	9	291,800
Manhattan*	4	78,200	3	165,700
McPherson*	1	31,400	6	178,600
Newton*	4	181,000	5	118,800
Parsons*	7	298,000	17	402,300
Salina*	11	285,000	24	980,000
Topeka*	65	3,211,300	83	3,836,500
Wellington*	3	146,300	3	92,200
Winfield* (Statutory plan)	-	-	5	208,300
(Charter ordinance plan)	-	6	345,900	-
Coffeyville	13	406,600	15	461,700
Concordia	-	-	1	7,900
Emporia	5	152,900	5	64,600
Fort Scott	9	280,000	11	304,100
Great Bend ¹	1	-	1	-
Hutchinson	19	930,700	32	1,206,400
Overland Park	-	-	-	-
Pittsburg (Statutory plans)	11	380,100	11	252,000
Prairie Village	-	-	-	-
Wichita	122	3,500,000	163	4,970,000

* Participating employer in KP&F.

¹ Annuities are purchased at the time of retirement.

Note: Where dates of birth were unknown, age 60 was assumed.

Table 4

Assets Of Local Police And/Or Fire Pension Funds
As Of December 31, 1973

<u>City</u>	<u>Policemen's Pension Fund</u>	<u>Firemen's Pension Fund</u>
Arkansas City*	\$ 7,900	\$ 22,300
Atchison*	17,000	4,200
Junction City*	4,100	11,600
Kansas City*	127,800	51,000
Lawrence*	0	0
Leavenworth*	9,600	54,000
Manhattan*	77,800	74,700
McPherson*	9,400	5,400
Newton*	1,500	3,900
Parsons*	10,300	11,700
Salina*	73,600	95,400
Topeka*	45,500	119,900
Wellington*	35,200	42,100
Winfield* (Statutory plans) (Charter ordinance plan)	40,900	33,700
	\$ 98,800	
Coffeyville	24,700	18,600
Concordia	-	36,100
Emporia	22,500	17,000
Fort Scott	18,900	35,800
Great Bend ¹		79,900
Hutchinson	45,000	60,500
Overland Park ²	374,100	-
Pittsburg (Statutory plans) (Charter ordinance plan)	13,200	12,000
		354,800
Prairie Village ³	137,000	-
Wichita		8,274,300

* Participating employer in KP&F.

¹ Assuming 50% of adjusted assets as of April 1, 1974 are allocable to police and firemen.

² Excludes cash value of insurance policies.

³ As indicated in actuarial report as of June 30, 1973.

IV. IMPROVING ACTUARIAL STATUS OF LOCAL POLICE AND FIRE PLANS

The actuarial status of local police and/or fire pension plans will be significantly improved if the State of Kansas enacts legislation which: (1) mandates coverage under KP&F - or KPERS if Social Security coverage is also provided - for all police or firemen hired by municipalities after 1976; (2) permits cities with local plans to affiliate with KP&F with respect to the active and retired members of such plans; and (3) requires cities that maintain their local plans to fund such plans on a sound actuarial basis.

Mandate KP&F Coverage For New Employees

Requiring KP&F coverage for police and firemen hired by municipalities after 1976 would achieve the following objectives:

1. All police and firemen would ultimately be covered by a uniform, soundly-financed state retirement system.
2. Administrative costs would be lower as compared with the costs of administering many smaller plans.
3. The potential mobility of police and firemen within the State of Kansas would be enhanced.
4. Sharing of risks and experience would reduce the likelihood of wide fluctuations in employer costs.

5. Earnings on investments would most likely be higher because of the limitations on the permissible investments of local statutory plan reserves.
6. More generous benefits would be provided for many police and firemen.

On the other hand, mandating KP&F coverage for newly-hired police and firemen also has some potential disadvantages:

1. Benefits provided for the newly-hired would in many cases differ from the level of benefits provided for existing police and firemen (including all those covered by KPERS), thus creating dissatisfaction among both groups.
2. Cities would be required to provide newly-hired police and firemen with a level of retirement benefits which they may deem inappropriate.
3. The retirement costs of cities with local plans providing less generous benefits than KP&F would increase substantially.

In our opinion, the advantages of requiring coverage under KP&F for newly-hired police and firemen far outweigh the potential disadvantages. Moreover, the potential disadvantages would be minimized if the three cities not participating in KP&F which also provide Social Security coverage for their police and fire employees (Great Bend, Overland Park and Prairie Village) are permitted to cover newly-hired police and firemen under either KP&F or KPERS. Such a provision would offer a choice to these three cities that cover police and firemen under Social Security to either affiliate with KP&F or KPERS with respect to police and firemen hired after 1976.

Mandating KP&F coverage for newly-hired police and firemen would have a negligible effect on the participating service cost of KP&F. This is because the membership of KP&F would only increase gradually as newly-hired police and firemen entered the System, and it is expected that the average age of such employees upon entering KP&F will be approximately the same as the average age at entry into service of all employees now covered by KP&F.

The basic question raised by mandating KP&F coverage for newly-hired police and firemen is whether this requirement alone goes far enough toward meeting the objective of having all such employees covered by a soundly-financed retirement plan. Admittedly, such legislation would ultimately result in the coverage under KP&F of all active police and firemen, but the period involved is extensive. In addition, if local plan financing was not changed many cities would end up paying benefits to local plan pensioners and beneficiaries for many years after active employees ceased to be covered by local plans.

To ensure that the retirement plans covering all police and firemen are soundly-financed, we recommend that legislation requiring KP&F coverage for the newly-hired be accompanied by provisions that: (a) permit cities to affiliate with KP&F with respect to local plan members, and (b) require those cities that maintain local plans to fund such plans on a sound actuarial basis.

Permit Cities to Join KP&F With Respect to Local Plan Members

For each of the 24 cities with local police and/or fire pension plans, we have prepared estimates of the annual costs of covering all active police and firemen and all local plan pensioners and beneficiaries under KP&F. The results of our cost calculations are presented in Tables 5 and 6, which follow.

Table 5 shows, for each of the 14 cities that both have local plans and participate in KP&F, the estimated annual costs of bringing all local plan members into KP&F. The costs shown are the annual amounts required to pay the normal cost and to amortize the unfunded past service liability of all local plan members over 40 years from January 1, 1974. The cost estimates were prepared on the basis of the following assumptions:

1. A continuation of the KP&F uniform participating service rate of 13.3% of payroll, which will be paid by participating employers for fiscal years commencing in calendar year 1975.
2. The actuarial assumptions currently applied in annual actuarial valuations of KP&F.
3. The transfer of local plan assets to KP&F.
4. That active police and firemen covered by local plans will be permitted to elect coverage under KP&F provisions or to continue to be covered under local plan provisions. Those who elect to continue to be covered under local plan provisions will be required to contribute 9% of salary to KP&F.

The second column of Table 5 shows the annual costs of KP&F coverage for those employees currently covered by KP&F. These annual cost figures are based on June 30, 1973 payrolls and taken from our actuarial valuation of KP&F as of June 30, 1973. The costs for current KP&F participants do not include the cost of administration, which is financed by an employer contribution of 0.5% of payroll.

Table 5 also shows the combined estimated annual costs of covering all active employees and all local plan pensioners and beneficiaries under KP&F, both as a dollar amount and as a percentage of payroll. The percentage-of-payroll costs vary substantially by city -- from approximately 18% to 40%. The wide variation in costs is due to several factors, including the different age and service characteristics of active employee groups and the substantial differences in the amounts of unfunded liabilities for pensioners and beneficiaries under local plans.

Table 6 shows the estimated annual costs of providing KP&F coverage for all members of local plans maintained by cities not presently participating in KP&F. The estimated percentage-of-payroll costs for these 10 cities also vary substantially -- from approximately 20% to 44%. The cost figures presented in Table 6 are based on the same assumptions as those presented in Table 5.

For those cities maintaining plans on an essentially pay-as-you-go basis, the cost of participation in KP&F with respect to local plan members represents a substantial increase over what is currently being contributed. However, the cost of participation in KP&F is lower, for these cities, than the contributions that would be required to maintain the local plans on an actuarial reserve basis.

Minimum Funding Standards For Local Plans

Some of the cities with local police and/or fire pension plans may decide not to affiliate with KP&F if the legislation permits such cities to maintain their local plans. The legislation would ensure that local plans are soundly financed if it required cities maintaining such plans to fund them in accordance with state-legislated minimum funding standards.

The minimum funding standards proposed are designed to: (1) require cities that maintain local plans to fund such plans on a sound actuarial basis, and (2) provide a financial inducement for cities to cover local plan members under KP&F.

Any city that elects not to affiliate with KP&F with respect to local plan members would be required to make contributions to its local plan or plans, which in any year may not be less than the total amount of benefit payments, equal to the sum of (a) the amount required to amortize the unfunded liabilities attributable to active employees over not more than 30 years, plus (b) the amount required to amortize the unfunded liabilities for pensioners and beneficiaries over not more than 20 years. In addition, the police and firemen who continue to be covered by local plans will be required to contribute to the local plan at a rate comparable to that contributed by members of KP&F who elect to be covered by local plan provisions.

Table 7 shows, for each of the 14 cities with local plans that participate in KP&F, our estimates of: (1) the unfunded liabilities of each local plan, separately for active employees and pensioners and beneficiaries; (2) the level annual payments required to amortize these unfunded liabilities over 30 years for actives and 20 years for pensioners and beneficiaries; and (3) the total annual payment required to fund each local plan in accordance with the specified minimum funding standards. Because these local plans are closed to new employees, it is likely that a 30-year amortization period will result in some cities being required to make annual payments after all active employees have ceased to be covered under the local plan. Note that the costs shown in Table 7 do not include contributions required under KP&F for those employees already participating in that plan.

Table 8 shows the comparable annual costs for each of the 10 cities not participating in KP&F, in the event they decide to maintain their local plans. The costs shown for cities with statutory and statutory-amended plans were calculated on the basis of the entry age normal cost method. The total annual cost is comprised of the normal cost plus the amount required to amortize unfunded past service liabilities over 30 years for active employees and 20 years for pensioners and beneficiaries.

For the five cities not participating in KP&F that maintain charter ordinance plans, the costs shown in Table 8 are the actual contributions currently being made to the plan in accordance with the existing funding schedules. The percentage-of-payroll contributions being made by Great Bend, Overland Park and Prairie Village to their local plans are significantly lower than for other cities because these three charter ordinance plans provide less in benefits than other plans. The annual cost shown for the City of Wichita, which is taken from this system's annual report as of December 31, 1973, would increase by roughly 5% of payroll if the unfunded liability for active employees is amortized over 30 years.

Table 9 shows the employee contributions required under the current provisions of each local plan and the amounts of contributions that would actually be paid during a year by an employee earning \$12,000. Also shown are the additional contributions that would be paid by a \$12,000 employee if the required contribution rate were 7% and, alternatively, 9% of salary. As the table indicates, the required annual employee contributions will increase substantially in a number of cities if the rate is established by law at 7% or 9%.

* * *

In our opinion, enactment by the State of Kansas of legislation incorporating the principles outlined in this section will significantly improve the retirement security of all police and firemen employed by Kansas municipalities, and at the same time encourage participation in a soundly-financed and efficiently-administered statewide retirement system.

Table 5

Estimated Annual Cost To Cover All Employees And Pensioners Under KP&F
Cities Participating In KP&F

Employer	Annual Amount			Total Payroll	Cost as Percentage of Payroll
	Participants in Local Plans	Participants in KP&F	Total		
Arkansas City					
Police	\$ 51,800	\$ 28,400	\$ 80,200	\$ 345,100	23.2%
Fire	38,500	21,200	59,700	255,000	23.4
Atchison					
Police	900	26,000	26,900	119,600	22.5
Fire	21,400	22,000	43,400	117,900	36.8
Junction City					
Police	4,900	40,100	45,000	248,000	18.1
Fire	14,400	24,400	38,800	167,300	23.2
Kansas City					
Police	795,800	237,900	1,033,700	3,225,300	32.0
Fire	1,108,600	259,600	1,368,200	3,688,900	37.1
Lawrence					
Police	16,000	93,300	109,300	594,600	18.4
Fire	13,600	89,900	103,500	535,600	19.3
Leavenworth					
Police	24,000	31,500	55,500	188,300	29.5
Fire	42,200	43,500	85,700	292,000	29.3
Manhattan ⁽¹⁾					
Fire	14,700	59,500	74,200	255,100	29.1

(1) Taking into account employees who came into KP&F on January 1, 1974; no account taken of liability for benefits payable to police formerly covered by local plan.

Table 5 (Cont'd.)

Estimated Annual Cost To Cover All Employees And Pensioners Under KP&F
 Cities Participating In KP&F

Employer	Annual Amount			Total Payroll	Cost as Percentage of Payroll
	Participants in Local Plans	Participants in KP&F	Total		
McPherson					
Police	\$ 1,100	\$ 22,900	\$ 24,000	\$ 129,900	18.5%
Fire	9,000	9,800	18,800	67,200	28.0
Newton					
Police	9,300	32,100	41,400	163,200	25.4
Fire	6,000	42,000	48,000	190,400	25.2
Parsons					
Police	31,700	19,300	51,000	165,300	30.9
Fire	26,300	25,300	51,600	142,800	36.1
Salina					
Police	120,600 ⁽¹⁾	4,700	125,300	449,200	27.9
Fire	181,700 ⁽¹⁾	800	182,500	473,500	38.5
Topeka					
Police	607,000	113,800	720,800	2,013,300	35.8
Fire	895,200	90,900	986,100	2,488,100	39.6
Wellington					
Police	27,600	-	27,600	89,700	30.8
Fire	38,800	-	38,800	112,300	34.6
Winfield					
Police & Fire	57,600 ⁽²⁾	1,600	59,200	227,700	26.0

(1) Differs from previous study because of elimination of Social Security offset effective January 1, 1976.

(2) Takes account of statutory plan pensioners and assets.

Table 6

Estimated Annual Cost To Cover All Employees And Pensioners Under KP&F
 Cities Not Participating In KP&F

Employer	Annual Amount	Total Payroll	Cost as Percentage of Payroll
Coffeyville			
Police	\$ 64,400	\$ 170,600	37.7%
Fire	65,700	149,900	43.8
Concordia			
Fire	12,500	47,500	26.3
Emporia			
Police	63,800	249,600	25.6
Fire	72,600	214,000	33.9
Fort Scott			
Police	36,100	88,900	40.6
Fire	39,700	95,300	41.6
Great Bend			
Police & Fire	67,200	255,400	26.3
Hutchinson			
Police	180,500	432,400	41.7
Fire	276,100	674,600	40.9
Overland Park			
Police	166,600	817,300	20.4
Pittsburg			
Police & Fire	151,500	469,200	32.3
Prairie Village			
Police	76,500	317,100	24.1
Wichita			
Police & Fire	2,324,600	7,980,900	29.1

Table 7

Estimated Annual Cost To Maintain Local Plan On Sound Actuarial Basis
Cities Participating In KP&F

Employer	Unfunded Present Value of Benefits		Level Annual Payment to Fund Liabilities		
	Active Employees	Pensioners and Beneficiaries	Active Employees	Pensioners and Beneficiaries	Total
Arkansas City					
Police	\$ 835,100	\$ 220,800	\$ 49,000	\$ 16,200	\$ 65,200
Fire	575,200	218,800	33,800	16,100	49,900
Atchison					
Police	-	17,300	-	1,300	1,300
Fire	51,500	333,800	3,000	24,500	27,500
Junction City					
Police	-	94,700	-	7,000	7,000
Fire	131,000	109,400	7,700	8,000	15,700
Kansas City					
Police	10,300,000	5,182,400	604,600	380,900	985,500
Fire	15,500,000	5,476,900	909,800	402,600	1,312,400
Lawrence					
Police	-	306,900	-	22,600	22,600
Fire	-	260,800	-	19,200	19,200
Leavenworth					
Police	-	460,600	-	33,900	33,900
Fire	535,100	237,800	31,400	17,500	48,900
Manhattan ⁽¹⁾					
Fire	158,600	91,000	9,300	6,700	16,000

(1) Does not include liability for benefits payable to police formerly covered by local plan.

Table 7 (Cont'd.)

Estimated Annual Cost To Maintain Local Plan On Sound Actuarial Basis
Cities Participating In KP&F

Employer	Unfunded Present Value of Benefits		Level Annual Payment to Fund Liabilities		
	Active Employees	Pensioners and Beneficiaries	Active Employees	Pensioners and Beneficiaries	Total
McPherson					
Police	-	\$ 22,000	-	\$ 1,600	\$ 1,600
Fire	-	173,200	-	12,700	12,700
Newton					
Police	-	179,500	-	13,200	13,200
Fire	-	114,900	-	8,400	8,400
Parsons					
Police	\$ 269,100	287,700	\$ 15,800	21,100	36,900
Fire	111,800	390,600	6,600	28,700	35,300
Salina					
Police	2,194,900	211,400	128,800	15,500	144,300
Fire	2,593,200	884,600	152,200	65,000	217,200
Topeka					
Police	8,213,600	3,165,800	482,100	232,700	714,800
Fire	12,630,300	3,716,600	741,400	273,200	1,014,600
Wellington					
Police	530,300	111,100	31,100	8,200	39,300
Fire	806,300	50,100	47,300	3,700	51,000
Winfield					
Police & Fire	950,000	380,800	55,800	28,000	84,400

Table 8

Estimated Annual Cost To Maintain Local Plan On Sound Actuarial Basis
 Cities Not Participating In KP&F

Employer	Normal Cost	Unfunded Past Service Liability		Annual Cost	
		Active Employees	Pensioners and Beneficiaries	Amount	Percentage of Payroll
Coffeyville					
Police	\$ 49,100	\$ 425,900	\$ 381,900	\$ 97,600	57.2%
Fire	39,700	458,300	443,100	95,800	63.5
Concordia					
Fire	14,200	113,600	-	19,500	41.1
Emporia					
Police	64,300	474,100	130,400	95,000	38.1
Fire	59,500	877,900	47,600	108,800	50.8
Fort Scott					
Police	26,500	165,000	261,100	53,000	59.6
Fire	27,200	249,200	268,300	59,000	61.9
Great Bend					
Police & Fire	NA*			19,500 ⁽¹⁾	7.6 ⁽¹⁾
Hutchinson					
Police	125,000	1,605,200	885,700	272,700	63.1
Fire	181,600	2,646,500	1,145,900	403,000	59.1

* Costs not available.

(1) 1974 budgeted contribution which is sufficient to pay normal cost plus 1/15th of liability.

Table 9

Employee Contributions Required Under Local Plans
And Additional Contributions That Would Be Required
Based On 7% And 9% Employee Contribution Rates

(Contribution amounts based on assumed annual salary of \$12,000)

City	Local Plan Contributions		Additional Contributions based on:	
	Rate	Annual Amount	7% rate	9% rate
Arkansas City*	3%	\$360	\$480	\$ 720
Atchison*	7	840	-	240
Junction City*	7	840	-	240
Kansas City*	3	360	480	720
Lawrence*	No active employees under local plan		-	-
Leavenworth*	7	840	-	240
Manhattan*	7	840	-	240
McPherson*	No active employees under local plan		-	-
Newton*	No active employees under local plan		-	-
Parsons*	6	720	120	360
Salina*	3	360	480	720
Topeka*	3	360	480	720
Wellington*	4	480	360	600
Winfield*	4	480	360	600
Coffeyville	3	360	480	720
Concordia	3	360	480	720
Emporia	3	360	480	720
Fort Scott	3	360	480	720
Great Bend	2½% of first \$4,800 plus 5% of excess-\$480		360	600
Hutchinson	3	360	480	720
Overland Park	-	-	840	1,080
Pittsburg	7	840	-	240
Prairie Village	-	-	840	1,080
Wichita	Plan A - 6%	720	120	360
	Plan B - 3½%	420	420	660

* Participating employer in KP&F

Appendix A.

PROVISIONS OF RETIREMENT PLANS COVERING KANSAS POLICE AND FIREMEN

Summary of Local Plan Coverage

A. Statutory Plans (Provisions Summarized in Section II)

Cities also participating in KP&F

Arkansas City
Lawrence
McPherson

Cities not participating in KP&F

Coffeyville
Emporia
Fort Scott

B. Statutory-Amended Plans

<u>Cities also participating in KP&F</u>	<u>Amendments to Statutory Provisions</u>
Atchison	Employee contribution rate increased to 7%.
Junction City	Employee contribution rate increased to 7%.
Leavenworth	Refund of 100% of contributions upon termination; employee contribution rate increased to 7%.
Manhattan	Employee contribution rate increased to 7%.
Newton	Employee contribution rate increased to 7%.
Parsons	Employee contribution rate increased to 6%.
Salina	Employee contribution to be determined by Board of Commissioners at a rate not less than 3% nor greater than 10%.
Topeka	Increased maximum permissible reserve fund.

Appendix A. (Cont'd.)

<u>Cities not participating in KP&F</u>	<u>Amendments to Statutory Provisions</u>
Concordia	Increased maximum permissible re- serve fund.
Hutchinson	Increased maximum permissible re- serve fund; death as a result of heart or lung disease considered service-connected after 5 years of service; and vesting after 22 years of service in a 50% of salary pension payable at age 50.

C. Charter Ordinance Plans

<u>Cities also participating in KP&F</u>	<u>Appendix Number Summarizing Provisions</u>
Kansas City	A-1
Wellington	A-2
Winfield	A-3
<u>Cities not participating in KP&F</u>	
Great Bend	A-4
Overland Park	A-5
Pittsburg	A-6
Prairie Village	A-7
Wichita	A-8

D. KP&F

The summaries of local plan provisions are followed by a summary of the benefit and financial provisions of the Kansas Police and Firemen's Retirement System, labelled Appendix A-9.

Appendix A-1

City of Kansas City, Kansas
 Summary of Provisions of Policemen's and Firemen's Pension Plans
 (effective May 1, 1974)

Service Retirement and Service-Connected Disability:

Members who retire at age 50 with 22 years' service or become disabled while in the performance of duties -- pension based on monthly salary at retirement:

<u>SALARY</u>	<u>PENSION</u>
Up to \$350	\$250
\$350 to \$550	One-half salary plus \$75
\$550 to \$600	\$350
\$600 to \$700	One-half salary plus \$50
\$700 to \$800	\$400
Over \$800	One-half salary

<u>Item</u>	<u>Provision</u>
<u>Early Retirement:</u>	- Early retirement permitted at age 46 with 22 years' service, provided member contributes amount equal to 3% of final monthly salary times number of months between retirement and attainment of age 50. Early retirement pension is reduced by 5% for each year the member is under age 50.
<u>Vesting:</u>	- Members discharged after 22 years' service are eligible to receive a full pension at age 50 and a reduced pension as early as age 46.
<u>Non-Service-Connected Death:</u>	- If member eligible for retirement at time of non-service-connected death, pension member was entitled to receive paid to widow or, if no widow, child or children.
<u>Service-Connected Death:</u>	- Widow or, if no widow, child or children receive pension member was receiving or entitled to receive at death.

Note: Other provisions same as local statutory police and/or fire plans.

Appendix A-2

City of Wellington, Kansas
 Summary of Provisions of Policemen's and Firemen's Retirement System
 (effective June 9, 1974)

<u>Item</u>	<u>Provision</u>
<u>Service Retirement:</u>	
Eligibility	- Age 50 with 22 years of service.
Benefit	- 2.28% of final salary for each of first 22 years of service plus 1.1% of final salary for each year of service in excess of 22 years, up to maximum of 66% of final salary.
<u>Deferred Vesting:</u>	
Eligibility	- 22 years of service.
Benefit	- Accrued service retirement benefit payable at age 50.
<u>Non-Service-Connected</u>	
<u>Disability:</u>	
Eligibility	- 5 years of service.
Benefit	- 2.28% of final salary for each of first 22 years of service plus 1.1% of final salary for each year of service in excess of 22 years, up to a maximum of 66% of final salary, reduced by Workman's Compensation benefits. (Benefit reduced by 50% of the amount by which earnings plus disability pension exceed final salary.)
<u>Service-Connected</u>	
<u>Disability:</u>	
Eligibility	- Any age or service.
Benefit	- 50% of final salary.

Appendix A-2 (Cont'd.)

<u>Item</u>	<u>Provision</u>
Non-Service-Connected	
<u>Death:</u>	
<u>Before retirement</u>	- With less than 5 years of service, refund of 50% of contributions to previous system plus 100% of contributions to new retirement system. With 5 years of service, accrued service retirement benefit payable to widow or, if no widow, child or children.
After retirement	- 50% of benefit member was receiving at death payable to widow.
Service-Connected	
<u>Death:</u>	- 50% of final salary payable to widow or, if no widow, child or children.
<u>Termination Benefit:</u>	- Refund of 50% of contributions to previous system plus 100% of contributions to new retirement system.
<u>Member Contributions:</u>	- 4% of salary.
Funeral Expense	
<u>Benefit:</u>	- Lump sum of \$100.

Appendix A-3

City of Winfield, Kansas
 Summary of Provisions of Policemen's and Firemen's Retirement System
 (effective July 1, 1971)

<u>Item</u>	<u>Provision</u>
<u>Service Retirement:</u>	
Eligibility	- Age 50 with 22 years of service.
Benefit	- 2.28% of final salary for each of first 22 years of service plus 1.1% of final salary for each year of service in excess of 22 years, up to maximum of 66% of final salary.
<u>Deferred Vesting:</u>	
Eligibility	- 22 years of service.
Benefit	- Accrued service retirement benefit payable at age 50.
<u>Non-Service-Connected</u>	
<u>Disability:</u>	
Eligibility	- 3 years of service.
Benefit	- 2.28% of final salary for each of first 22 years of service plus 1.1% of final salary for each year of service in excess of 22 years, up to a maximum of 66% of final salary, reduced by Workman's Compensation benefits. (Benefit reduced by 50% of the amount by which earnings plus disability pension exceed final salary until normal retirement age.)
<u>Service-Connected</u>	
<u>Disability:</u>	
Eligibility	- Any age or service. After 5 years of service heart and lung disease are considered service connected.
Benefit	- 50% of final salary.

Appendix A-3 (Cont'd.)

<u>Item</u>	<u>Provision</u>
Non-Service-Connected	
<u>Death:</u>	
Before retirement	- With less than 3 years of service, refund of 100% of contributions. With 3 years of service, accrued service retirement benefit payable to widow or, if no widow, child or children.
After retirement	- Guarantee of contribution refund.
Service-Connected	
<u>Death:</u>	- Larger of accrued benefit or 50% of final salary payable to widow or, if no widow, child or children.
<u>Termination Benefit:</u>	- Refund of 100% of contributions.
<u>Member Contributions:</u>	- 4% of salary.
Funeral Expense	
<u>Benefit:</u>	- Lump sum of \$100.

Appendix A-4

City of Great Bend, Kansas
 Summary of Provisions of City Employees Pension Plan

<u>Item</u>	<u>Provision</u>
<u>Normal Retirement:</u>	
Eligibility	- Age 65.
Benefit	- 1% of first \$4,800 of final average salary* plus 2% of excess times years of participating service (total service less 2 years).
<u>Early Retirement:</u>	
Eligibility	- Age 55.
Benefit	- Normal benefit reduced by factors of actuarial equivalence.
<u>Deferred Vesting:</u>	
Eligibility	- 10 years service.
Benefit	- Accrued normal benefit times applicable vesting percentage: 50% for 10 to 15 years of service, 75% for 15 to 20 years and 100% with 20 or more years. Vested benefit payable at age 65 or in reduced amount as early as age 55.
<u>Disability Benefit:</u>	
Eligibility	- Any age or service.
Benefit	- Accrued normal benefit.
<u>Death Benefit:</u>	
Before retirement	- Refund of 100% of contributions plus interest at 3% per year.
After retirement	- Guarantee of contribution refund with interest.
<u>Termination Benefit:</u>	- Refund of 100% of contributions with interest.
<u>Member Contributions:</u>	- 2½% of first \$4,800 of salary plus 5% of excess.
<u>Basis of City Contribution</u>	- Normal cost plus 1/15th of liability until 1986.

* Average of salaries during five years preceding normal retirement.

Appendix A-5

City of Overland Park, Kansas
 Summary of Provisions of Police Department Pension Plan

<u>Item</u>	<u>Provision</u>
<u>Normal Retirement:</u>	
Eligibility	- Age 55 with 20 years of service.
Benefit	- 50% of average salary (average of 5 highest consecutive years) less 59.9% of primary Social Security benefits under 1965 Social Security Act.
<u>Early Retirement:</u>	
Eligibility	- Age 50 with 20 years of service.
Benefit	- Normal benefit reduced by factors of actuarial equivalence.
<u>Deferred Vesting:</u>	
Eligibility	- 3 years of service.
Benefit	- Full vesting in life insurance policy.
<u>Disability Benefit:</u>	
Eligibility	- Any age or service.
Benefit	- 60% of final salary up to \$600 per month until age 65.
<u>Death Benefit:</u>	
Before retirement	- 100 times projected monthly benefit.
After retirement	- 10-year benefit payment guarantee.
Funeral Expense	
<u>Benefit:</u>	- Lump sum of \$2,000.
<u>Basis of City Contribution</u>	- Insurance premiums plus payments to Auxiliary Fund to fully fund benefits at retirement.

Appendix A-6

City of Pittsburg, Kansas
 Summary of Provisions of Policemen's and Firemen's Retirement Income Plan

<u>Item</u>	<u>Provision</u>
<u>Normal Retirement:</u>	
Eligibility	- Age 55.
Benefit	- 2% of final average salary* for each year of service to maximum of 50%.
<u>Early Retirement:</u>	
Eligibility	- Age 50 with 20 years of service.
Benefit	- Normal benefit reduced by factors of actuarial equivalence.
<u>Deferred Vesting:</u>	
Eligibility	- 10 years of service.
Benefit	- Accrued normal benefit payable at age 55.
<u>Non-Service-Connected Disability:</u>	
Eligibility	- 10 years of service.
Benefit	- Accrued normal benefit.
<u>Service-Connected Disability:</u>	
Eligibility	- Any age or service.
Benefit	- 50% of final average salary* until age 55, accrued normal benefit thereafter.
<u>Non-Service-Connected Death:</u>	
Before retirement	- Refund of contributions with interest.
After retirement	- Guarantee of return of contributions.

* Average of 5 highest consecutive years during last 10.

Appendix A-6 (Cont'd.)

<u>Item</u>	<u>Provision</u>
<u>Service-Connected Death:</u>	- 50% of final average salary* payable to widow or, if no widow, child or children plus refund of contributions with interest.
<u>Termination Benefit:</u>	- Refund of 100% of contributions.
<u>Member Contributions</u>	- 7% of salary.
<u>Basis of City Contribution</u>	- Normal cost plus payment on unfunded liability to amortize by June 30, 1989.

* Average of 5 highest consecutive years during last 10.

Appendix A-7

City of Prairie Village, Kansas
Summary of Provisions of Police Department Pension Plan

<u>Item</u>	<u>Provision</u>
<u>Normal Retirement:</u>	
Eligibility	- Age 60 with 5 years of service.
Benefit	- 50% of final average salary (average of 5 highest consecutive years) reduced after age 62 by 80% of primary Social Security amount payable at age 65. Primary Social Security amount defined as 21.4% of monthly salary up to \$400 plus \$41.20. Minimum benefit is \$20 per month.
<u>Disability Benefit:</u>	
Eligibility	- Any age or service.
Benefit	- Monthly benefit equivalent to value of sum of life insurance policy and share of Auxiliary Fund. Insured long-term disability benefit is 60% of earnings to a maximum of \$600 per month to age 65 plus a lump-sum accidental disability benefit of \$2,000.
<u>Termination Benefit:</u>	
Eligibility	- 3 years of service or age 55.
Benefit	- After 3 years of service - cash value of life insurance policy. After age 55 - share of Auxiliary Fund.
<u>Death Benefit:</u>	
Before retirement	- 100 times projected monthly benefit. Insured accidental lump-sum death benefit is \$2,000.
After retirement	- 10-year guarantee of benefits after normal retirement.
<u>Basis of City Contribution:</u>	- Insurance premiums plus payments to Auxiliary Fund to fully fund benefits at retirement.

Appendix A-8

City of Wichita, Kansas
 Summary of Provisions of Policemen's and Firemen's Retirement System
 (effective February 1, 1974)

<u>Item</u>	<u>Provision</u>	
	<u>Plan A</u>	<u>Plan B</u>
<u>Service Retirement:</u>		
Eligibility	- Age 55 with 20 years of service (or in reduced amount at age 50).	Age 50 with 22 years of service.
Benefit	- 2% of final average salary* per year of service. Maximum 75%.	50% of final salary.
<u>Deferred Vesting:</u>		
Eligibility	- 20 years of service.	22 years of service.
Benefit	- Accrued benefit payable at age 55, or after age 50 reduced $\frac{1}{2}\%$ for each month member is under age 55.	Accrued service retirement benefit payable at age 50.
<u>Non-Service-Connected Disability:</u>		
Eligibility	- 7 years of service and under age 55.	7 years of service and under age 55.
Benefit	- 30% of final average salary* plus 1 percent-age point for each year of service above 7 up to 50% of final average salary. Reduced by excess of earnings plus disability annuity over salary for last rank.	30% of final average salary* plus 1 percent-age point for each year of service above 7 up to 50% of final average salary. Reduced by excess of earnings plus disability annuity over salary for last rank.

* Average of 3 highest consecutive years in last 10.

Appendix A-8 (Cont'd.)

<u>Item</u>	<u>Provision</u>	
	<u>Plan A</u>	<u>Plan B</u>
<u>Service-Connected Disability: Eligibility</u>	- Any age or service.	Any age or service.
Benefit	- 75% of final salary less payments of salary.	75% of final salary less payments of salary.
<u>Non-Service-Connected Death: Before retirement</u>	- After 3 years of service, 35% of final average salary increased 1 percent-age point for each year of service above 3 up to 50% of final average salary. Payable to widow at age 50. If there are dependent children, benefits payable immediately and increased 10% for each child to maximum total benefit of 66-2/3%.	Before eligibility for service retirement, refund of 50% of contributions before 1/1/65, plus 100% of contributions after 1/1/65. After eligibility 50% of final salary. Benefit payable to widow or, if no widow, child or children.
After retirement	- Same as pre-retirement benefit.	50% of benefit member was receiving at death payable to widow or children.
<u>Service-Connected Death:</u>	- 50% of final salary payable to widow plus 10% for each child under 18. Maximum combined benefit is 75%.	50% of final salary payable to widow plus 10% for each child under 18. Maximum combined benefit is 75%.
<u>Termination Benefit:</u>	- Refund of 50% of contributions before 1/1/65 plus 100% of contributions after 1/1/65.	Refund of 50% of contributions before 1/1/65 plus 100% of contributions after 1/1/65.

Appendix A-8 (Cont'd.)

<u>Item</u>	<u>Provision</u>	
	<u>Plan A</u>	<u>Plan B</u>
<u>Funeral Expense Benefit:</u>	- For retirements after 11/21/73 only - lump sum of \$750.	Lump sum of \$100 if retirement occurred before 11/21/73, \$750 if retirement occurred after 11/21/73.
<u>Post-Retirement Adjustment (effective February 1, 1974)</u>	- Automatic increase of 2% per year after 36 months on retirement.	Automatic increase of 2% per year after 36 months on retirement.
<u>Member Contributions:</u>	- 6% of salary.	3½% of salary.
<u>Basis of City Contribution</u>	- Normal cost plus some amortization of past service liability.	

Note: Plan A applies to all employees entering service after 1964 and to others electing plan.

Appendix A-9

Summary of KP&F Provisions

<u>Item</u>	<u>Provision</u>
<u>Normal Retirement:</u>	
Eligibility	- Age 55 with 20 years of service, or age 50 with 25 years of service for members previously covered by a municipal retirement system (or a retirement system made equivalent to same by statutory reference).
Benefit	- 2% of final average salary (highest average annual compensation in any 3 of last 5 years of participating service) times total years of service -- maximum benefit is 66% of final average salary.
<u>Early Retirement:</u>	
Eligibility	- Age 50 with 20 years of service.
Benefit	- Normal retirement benefit reduced by factors of actuarial equivalence.
<u>Deferred Vesting:</u>	
Eligibility	- 20 years of service, including 12 months participating service.
Benefit	- Accrued benefit payable at age 55 or in reduced amount as early as age 50.

Appendix A-9 (Cont'd.)

<u>Item</u>	<u>Provision</u>
<u>Non-Service-Connected Disability:</u>	
Eligibility	- 5 years of service.
Benefit	- 2% of final average salary times years of service - maximum is 50% of final average salary (payable after 180 days of disability, retroactive to last day on payroll).
 <u>Service-Connected Disability:</u>	
Eligibility	- Any age or service.
Benefit	- 50% of final average salary plus 10% to each child under 18 - maximum family benefit is 75% of final average salary. In the event of death within 2 years of such disability retirement, service-connected death benefit is payable.
 <u>Non-Service-Connected Death:</u>	
Before retirement	- With less than 5 years service - refund of contributions. With 5 years of service - lump sum of 50% of final average salary plus pension of 2% of final average salary times years of service (maximum 50%) to widow beginning at age 50 and for any period during which there are children under age 18.
After retirement	- Normal benefit unless an option is selected; options same as those available under KPERS. Members covered under previous municipal retirement system receive a lump sum of 50% of final average salary plus pension of 75% of annual benefit to widow or children under age 18.

Appendix A-9 (Cont'd.)

<u>Item</u>	<u>Provision</u>
<u>Service-Connected Death:</u> -	50% of final average salary to widow until remarriage or children under age 18, plus 10% to each child under age 18 - maximum family benefit is 75% of final average salary.
<u>Termination Benefit:</u> -	Refund of contributions if no other benefits are payable.
<u>Social Security Offset:</u> -	Through December 31, 1975 employees' benefits reduced by one-half of any social security benefits attributable to police or fire service with the participating employer. Effective January 1, 1976 the reduction for social security benefits will be eliminated. However, the benefits payable to persons retiring after that date will be reduced to take account of the offset on employee contributions to the System through December 31, 1975 for contributions to social security.
<u>Compulsory Retirement:</u> -	None, but no additional credited service earned after age 60, unless member does not yet have the required 20 years of credited service.
<u>Member Contributions:</u> -	7% of compensation, reduced through December 31, 1975 by the member's contributions to social security exclusive of contributions for Medicare.

Appendix A-9 (Cont'd.)

<u>Item</u>	<u>Provision</u>
<u>Employer Contributions:</u>	- Actuarially determined rate required to be paid by all participating employers to pay off the liabilities accrued under the System since their entry dates and the cost of administration, plus a separately determined amount for each employer to provide for the amortization, over a period not exceeding 40 years, of the prior service liability. The amortization periods run from the entry dates of the individual participating employers. The contribution rate applicable to an employer's first year of participation is fixed by law at 16% of compensation.

Appendix B

SUMMARY OF DATA AND COST FACTORS BY CITY

Cities Also Participating In KP&F

Arkansas City - KP&F rate for 1975 is 15.9%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 22 police and 18 firemen. Data on local plans as of 12-31-73: Police Plan - 22 actives, 7 pensioners and beneficiaries, assets of \$7,900; Fire Plan - 16 actives, 8 pensioners and beneficiaries, assets of \$22,300. Local plans are statutory plans. Employees are also covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 23.2%; Fire - 23.4%. Estimated annual KP&F cost to cover members of local plans only: Police - \$51,800; Fire - \$38,500. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$65,200; Fire Plan - \$49,900.

Atchison - KP&F rate for 1975 is 20.9%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 16 police and 16 firemen. Data on local plans as of 12-31-73: Police Plan - No actives, 2 pensioners and beneficiaries, assets of \$17,000; Fire Plan - 1 active, 13 pensioners and beneficiaries, assets of \$22,300. Local plans are statutory plans amended to require actives to contribute 7% of salary. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 22.5%; Fire - 36.8%. Estimated annual KP&F cost to cover members of local plans only: Police - \$900; Fire - \$21,400. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$1,300; Fire Plan - \$27,500.

Junction City - KP&F rate for 1975 is 16.3%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 35 police and 21 firemen. Data on local plans as of 12-31-73: Police Plan - No actives, 3 pensioners and beneficiaries, assets of \$4,100; Fire Plan - 2 actives, 4 pensioners and beneficiaries, assets of \$11,600. Local plans are statutory plans amended to require actives to contribute 7% of salary. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 18.1%; Fire - 23.2%. Estimated annual KP&F cost to cover members of local plans only: Police - \$4,900; Fire - \$14,400. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$7,000; Fire Plan - \$15,700.

Kansas City - KP&F rate for 1975 is 15.3%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 176 police and 153 firemen. Data on local plans as of 12-31-73: Police Plan - 136 actives, 101 pensioners and beneficiaries, assets of \$127,800; Fire Plan - 197 actives, 132 pensioners and beneficiaries, assets of \$51,100. Local plans are charter ordinance plans. A summary of plan provisions is given in Appendix A-1. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 32.0%; Fire - 37.1%. Estimated annual KP&F cost to cover members of local plans only: Police - \$795,800; Fire - \$1,108,600. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$905,500; Fire Plan - \$1,312,400.

Lawrence - KP&F rate for 1975 is 16.2%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 70 police and 64 firemen. Data on local plans as of 12-31-73: Police Plan - No actives, 10 pensioners and beneficiaries, no assets; Fire Plan - No actives, 6 pensioners and beneficiaries, no assets. Local plans are statutory plans. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 18.4%; Fire - 19.3%. Estimated annual KP&F cost to cover members of local plans only: Police - \$16,000; Fire - \$13,600. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$22,600; Fire Plan - \$19,200.

Leavenworth - KP&F rate for 1975 is 19.5%. Entered KP&F with respect to newly hired on 1-1-71 and with respect to those hired before 1-1-71 on 1-1-72. Actives covered by KP&F as of 6-30-73: 26 police and 29 firemen. Data on local plans as of 12-31-73: Police Plan - 2 actives, 12 pensioners and beneficiaries, assets of \$9,600; Fire Plan - 9 actives, 9 pensioners and beneficiaries, assets of \$54,000. Local plans are statutory plans amended to require actives to contribute 7% of salary and to provide for 100% refund of contributions upon termination. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 29.5%; Fire - 29.3%. Estimated annual KP&F cost to cover members of local plans only: Police - \$24,000; Fire - \$42,200. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$33,900; Fire Plan - \$48,900.

Manhattan - KP&F rate for firemen for 1975 is 25.7%. Entered KP&F with respect to newly hired on 1-1-70. Active firemen covered by KP&F as of 6-30-73 - 14. An additional 16 firemen hired prior to 1-1-70 came into KP&F on 1-1-74. On that date Police Department became Riley County Law Enforcement Agency, however the City of Manhattan will pay police benefits at retirement for service performed under the City. Data on local plans as of 12-31-73: Police Plan - 26 actives, 4 pensioners and beneficiaries, assets of \$77,800; Fire Plan - 3 actives (excluding the 16 firemen who came into KP&F on 1-1-74), 3 pensioners and beneficiaries, assets of \$74,700. Local fire plan is statutory plan amended to require employees to contribute 7% of salary on 5-1-74. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired firemen - 29.1%. Estimated annual KP&F cost to cover members of local plan - \$14,700. Estimated annual contribution required to maintain local plan on sound actuarial basis - \$16,000. No account taken of liability for benefits payable to policemen formerly covered by City.

McPherson - KP&F rate for 1975 is 16.2%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 19 police and 9 firemen. Data on local plans as of 12-31-73: Police Plan - No actives, 1 beneficiary, assets of \$9,400; Fire Plan - No actives, 6 pensioners and beneficiaries, assets of \$5,400. Local plans are statutory plans. Employees are also covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 18.5%; Fire - 28.0%. Estimated annual KP&F cost to cover members of local plans only: Police - \$1,100; Fire - \$9,000. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$1,600; Fire Plan - \$12,700.

Newton - KP&F rate for 1975 is 21.0%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 20 police and 23 firemen. Data on local plans as of 12-31-73: Police Plan - No actives, 4 pensioners and beneficiaries, assets of \$1,500; Fire Plan - No actives, 5 pensioners and beneficiaries, assets of \$3,900. Local plans are statutory-amended plans. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 25.4%; Fire - 25.2%. Estimated annual KP&F cost to cover members of local plans only: Police - \$9,300; Fire - \$6,000. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$13,200; Fire Plan - \$8,400.

Parsons - KP&F rate for 1975 is 17.6%. Entered KP&F on 1-1-67. Actives covered by KP&F as of 6-30-73: 19 police and 20 firemen. Data on local plans as of 12-31-73: Police Plan - 5 actives, 7 pensioners and beneficiaries, assets of \$10,300; Fire Plan - 2 actives, 17 pensioners and beneficiaries, assets of \$11,700. Local plans are statutory plans amended to require actives to contribute 6% of salary. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 30.9%; Fire - 36.1%. Estimated annual KP&F cost to cover members of local plans only: Police - \$31,700; Fire - \$26,300. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$36,900; Fire Plan - \$35,300.

Salina - KP&F rate for 1975 is 13.3%. Entered KP&F with respect to newly hired on 1-1-73. Actives covered by KP&F as of 6-30-73: 6 police and 1 fireman. Data on local plans as of 12-31-73: Police Plan - 49 actives, 11 pensioners and beneficiaries, assets of \$73,600; Fire Plan - 64 actives, 24 pensioners and beneficiaries, assets of \$95,400. Local plans are statutory plans amended by Charter Ordinances 5, 6 and 7 which provide for no substantive changes in benefit and financial provisions of statutory plans. Employees are also covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 27.9%; Fire - 38.5%. Estimated annual KP&F cost to cover members of local plans only: Police - \$120,600; Fire - \$181,700. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$144,300; Fire Plan - \$217,200.

Topeka - KP&F rate for 1975 is 13.3%. Entered KP&F with respect to newly hired only on 1-1-67. Actives covered by KP&F as of 6-30-73: 101 police and 82 firemen. Data on local plans as of 12-31-73: Police Plan - 91 actives, 65 pensioners and beneficiaries, assets of \$45,500; Fire Plan - 147 actives, 83 pensioners and beneficiaries, assets of \$119,900. Local plans are statutory plans amended to increase maximum permissible reserve fund. Employees are not covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 35.8%; Fire - 39.6%. Estimated annual KP&F cost to cover members of local plans only: Police - \$607,000; Fire - \$895,200. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$714,800; Fire Plan - \$1,014,600.

Wellington - KP&F rate for 1975 is 13.3%. Entered KP&F with respect to newly hired only on 1-1-74. Data on local plans as of 12-31-73: Police Plan - 12 actives, 3 pensioners and beneficiaries, assets of \$35,200; Fire Plan - 15 actives, 3 pensioners and beneficiaries, assets of \$42,100. Local plan is charter ordinance plan which combined local police and firemen's pension funds effective June 9, 1974. Provisions of local charter ordinance plan are summarized in Appendix A-2. Employees are also covered by Social Security. Total estimated KP&F rate to cover all active and retired members: Police - 30.8%; Fire - 34.6%. Estimated annual KP&F cost to cover members of local plans only: Police - \$27,600; Fire - \$38,800. Estimated annual contribution required to maintain local plans on sound actuarial basis: Police Plan - \$39,300; Fire Plan - \$51,000.

Winfield - KP&F rate for 1975 is 13.3%. Entered KP&F with respect to newly hired only on 1-1-73. Actives covered by KP&F as of 6-30-73: 1 police and 1 fireman. Data on local plans: Police and Firemen's Charter Ordinance Plan - 25 actives, 60 pensioners and beneficiaries, assets of \$98,800; Statutory Plans: Police Plan - No actives, no pensioners and beneficiaries, assets of \$40,900; Fire Plan - No actives, 5 pensioners and beneficiaries, assets of \$33,700. Provisions of local charter ordinance plan are summarized in Appendix A-3. Employees are also covered by Social Security. Total estimated rate to cover all active and retired members under KP&F - 26.0%. Estimated annual KP&F cost to cover local plan members only - \$57,600. Estimated annual contribution required to maintain local plans on sound actuarial basis - \$84,400.

Wichita - Data on Charter Ordinance Plan (Wichita Policemen's and Firemen's Retirement System) as of 12-31-73: Police - 425 actives, 122 pensioners and beneficiaries; Fire - 415 actives, 163 pensioners and beneficiaries. Combined assets are \$8,274,300. Provisions of local system are summarized in Appendix A-8. Employees are not covered by Social Security. Estimated KP&F rate to cover all active and retired members - 29.1%. Contribution made in 1973 which was sufficient to pay local plan normal cost plus some payment towards amortizing unfunded liability - 27.3%. Estimated contribution required to pay local plan normal cost and to amortize unfunded liabilities over 30 years - 32.3%.