

Approved March 2, 1983  
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments & Benefits

The meeting was called to order by Rep. Bob Ott at  
Chairperson

9:10 a.m. ~~5:45~~ on March 1, 1983 in room 527-S of the Capitol.

All members were present except:

- Rep. Dyck (Excused)
- Rep. Whitaker

Committee staff present:

- Louis Chabira, Legislative Research
- Gordon Self, Revisor's Office

Conferees appearing before the committee:

- Rep. James Lowther
- Jo Ann Klesath, Kansas Association of Public Employees

The chairman called the meeting to order at 9:10 a.m. Rep. Branson moved that the minutes of the February 24 meeting be approved, Rep. Laird seconded the motion, motion carried and the minutes were approved.

Chairman Ott then turned the floor over to Rep. Lowther, sponsor of HB 2237 (See Attachment A). Rep. Lowther briefly explained the bill and then answered questions from committee members. Jo Ann Klesath, Executive Director of Kansas Association of Public Employees, appeared in opposition to the bill. She also answered questions from committee members.

Rep. Lowther then appeared to explain another bill he sponsors, HB 2428. He then answered questions from committee members.

The committee meeting was adjourned at 10:00 a.m.

Bob Ott  
Rep. Bob Ott, Chairman



List of advantages for most classified employees under the Board of Regents who, if given the opportunity, might elect to change from KPERS to TIAA-CREF

1. Contribution to TIAA can be tax sheltered--KPERS contributions cannot.
2. Employee's take-home pay will be greater under TIAA, if contributions are tax sheltered, than under KPERS even though the employee contribution rate to TIAA is 1% higher.
3. Employer contributions under KPERS are not credited to the individual accounts and are not included in the money payable to the member's beneficiary in case of death. Under TIAA all employer contributions go directly into the employee's contract and would be included in money available to his or her beneficiary. Under KPERS 4% of the member's compensation is credited each month to his or her account and under TIAA it is 10% (5% employee and 5% employer).
4. KPERS is presently paying 6% interest on the balance in each member's account. TIAA is currently paying 12 $\frac{1}{2}$ % interest and the companion program called CREF earned 22.1 in 1982.
5. Employees must have 10 years of credited service in order to vest under KPERS. Employees have a vested benefit in TIAA the minute the first dollar goes into his or her contract.
6. The earliest a KPERS member can retire is age 60 but only then if he or she has at least 10 years of credited service. Employees under TIAA may retire at any age upon termination of employment.
7. Under KPERS, if death occurs before retirement and attainment of age 60, the member's accumulated contribution (member's contribution plus interest) is payable to the beneficiary. Under TIAA, whenever the employee dies the beneficiary has the following options:
  - A. Accumulated funds (employee and employer contribution plus interest) in a lump sum payable to beneficiary.
  - B. Income for lifetime of beneficiary.
  - C. Income for lifetime of beneficiary with minimum number of payments guaranteed in 10 or 20 years.
  - D. Income for a fixed period of years.
  - E. Interest income received on accumulated funds with option to start monthly annuity later.
8. If an employee terminates employment, they can withdraw their accumulated contributions from either system. Under KPERS, the employee would receive his or her contributions plus interest. Under TIAA, the employee would receive both employee and employer contributions plus interest. TIAA covered employees may continue to put money into their contracts even after termination if they wish to continue to build this program. KPERS contributions can only be made if working for a participating employer of KPERS.
9. A comparison of monthly retirement benefits under both KPERS and TIAA was made on an employee who recently retired. This employee had 19 years of service with the University. He was going to receive \$129.00 more a month from TIAA than he would have received had he participated in KPERS.