Approved 2/16/84
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments and Benefits.

The meeting was called to order by Representative Bob Ott at
Chairperson

9:05 a.m.~~p.m.~~ on January 26, 1984 in room 527-S of the Capitol.

All members were present except:
Rep. Meacham - E
Rep. R.H. Miller - E
Rep. Sand - E
Rep. Shriver - E

Committee staff present:
Richard Ryan, Legislative Research
Alan Conroy, Legislative Research
Gordon Self, Revisor's Office

Conferees appearing before the committee:
Representative Tom Walker
Darrell Slabaugh, Friendly Acres, Newton, Kansas
Stu Entz, Kansas Association of Homes for the Aged, Topeka, Kansas

The meeting was called to order at 9:05. Rep. D. Miller suggested that the name of Rep. Ed Rogers be added to the introduction of new members in the minutes of the previous meeting. Rep. Williams moved the minutes be approved with the change, Rep. Dyck seconded the motion, motion carried.

In opening the hearing on HB 2669, the Chairman asked Rep. Tom Walker to speak to the bill and to introduce the conferees he had brought to appear before the Committee. Conferees were Darrell Slabaugh (Attachment A); who spoke in favor of the bill. The reason Rep. Walker had introduced this bill was in response to a request from Mr. Slabaugh because Friendly Acres has a resident who wishes to bequeath her KPERS death benefit to the care home where she resides. The Committee discussed briefly the testimony offered by Mr. Slabaugh.

The next conferee was Stewert Entz, representing the Kansas Association of Homes for the Aged. He spoke in support of the bill. A brief question and answer period and discussion followed his testimony. (No written copy of testimony was provided for these minutes).
The Chairman passed out a letter from Marshall, Kansas Public Employees Retirement System (Executive Director) and briefly explained the problems KPERS has with this bill--if there is a living spouse but with no connection at the time, how to cut out the spouse. (Attachment B).

There being no further business, the meeting was adjourned.

GUEST LIST

COMMITTEE: Pensions & Investments DATE: Jan. 26, 1984

PLEASE PRINT

NAME	ADDRESS	COMPANY/ORGANIZATION
Joanne Klesath	Topeka	KAPE
Stu Entz	Topeka	Ks. Assn. of Homes for Aged
Darrell Slabaugh	Newton	Friendly Acres
Tom Walker	Newton	Representative, Kansas Legislature

Attachment . A

Representative Ott, members of the Pension Investment Committee, and Friends:

I am thankful for this opportunity to meet with you today and present the rational and reasoning that has stimulated this request for a change in legislation, submitted for consideration as House Bill number 2669.

Indeed it is a people story that I am here.

In November 1982 a resident of our Friendly Acres retirement community came into my office with several sheets of paper and some forms.

When this lady walks in you know she has something on her mind. She is in her late 70's and lives in our self-care unit. She has that unique ability to communicate very directly. She doesn't mince words nor lay her story on you easy. Wishy-washy would never be used to describe Helen.

As she placed these forms on my desk she explained. "I've decided to make Friendly Acres the final beneficiary of my KPER fund. And I would like you to fill out these forms."

As a development officer I rarely have refused to take someone's gift so the forms were completed, signed by Helen and her closest relative, a cousin, and mailed.

A few weeks later they returned with a rather lengthy explanation explaining that care homes or not-for-profit organizations did not qualify to become final beneficiaries of KPERS funds.

After a telephone call to the claims section I was assured that I had interpreted the letter correctly and that a change in legislation was the only way to make this gift possible. It was then that I contacted Representative Tom Walker and this proposed change was drafted.

I would like to make three specific points.

1. It seems reasonable that a licensed not-for-profit care home or perhaps other non-profit agencies should be allowed to be the recipient of these funds if the member desires. Insurance policies and IRA's provide for distributions to be made to 501C-3 organizations. While this draft reflects my request to Representative Tom Walker I'm reasonably sure that higher education public and private schools, hospitals and many others would benefit from an amendment to include other 501C-3 or not-for-profit organizations.

Atch. A

2. In Helen's case, she has no immediate family. Her husband died in 1969. She served many years as a teacher and later as an administrative secretary at Emporia State. I'm sure she is not the only individual who has worked hard and has great appreciation for those agencies she has served. This is a meaningful way that she can say thanks.

3. Our non-profit retirement homes like many other non-profit agencies are experiencing challenging times. We are finding that residents move in older and sicker, more and more are living longer than their financial resources. Limitations of Medicaid funding make philanthropic support increasingly important. This is one way you can assist that effort.

I should like to close with a statement Helen gave me yesterday when I asked her permission to share her example. She said simply, "This fund represents part of my salary and life's work. I should be allowed to give it where I want to."

Your consideration and support of House Bill number 2669 is appreciated.

Presented by

Darrell E. Slabaugh
Director of Development
Friendly Acres
A Home of the United Methodist Church
P. O. Box 648
Newton, KS 67114
316-283-8301

KPERS
Kansas Public Employees Retirement System
MARSHALL CROWTHER, Executive Secretary

Attachment B

January 25, 1984

Representative Bob Ott
Statehouse, Room 431-N
Topeka, Kansas 66612

Re: House Bill 2669

Dear Representative Ott:

Because of a conflict, I will not be able to appear at the hearing scheduled January 26, 1984 on the above captioned bill. However, I had indicated that there were certain facets of the bill that I thought merited bringing to the attention of the Committee.

I would first note that any member who had not yet retired at the time of death and utilized the provisions of the proposed legislation, should they be enacted, would deprive their surviving spouse the opportunity to elect lifetime monthly benefits under Option A in lieu of the return of the deceased member's accumulated contributions. To put the matter in prospective, it should be noted that this situation does exist in the case of any individual who has designated a trust as a beneficiary under the existing statutes.

My recollection of the discussion at the time of the amendment which provided for the designation of a trust as a member's beneficiary did not speak to this issue and, in all honesty, we cannot report to the committee that we have had instances of this happening that have been brought to our attention.

The area which we feel needs greatest scrutiny is the question presented by the form of the amendment proposed in the above legislation. Any designation other than a natural person as a beneficiary presents those charged with the responsibility of making payments with two problems. The first is to correctly identify the nonperson entity to be paid. The second is to establish that if such an entity did, in fact, exist that it still exists at the time payment is due.

It is our understanding that adult care homes as described in the bill are required to furnish at least two state registrations. The first is with the SRS and the second is with the office of the Secretary of State. It would

Atch. B

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appear that some consideration might be given to adding provisions (similar to those provisions relating to the designation of a trust as a KPERS beneficiary) which define conditions under which an adult care home would no longer be in existence. From an administrative viewpoint, this would be a superior situation to being forced to make choices and determinations should one or both of the filing requirements not be met at the time payment would be due.

While it does not pertain directly to the amendment contained in the bill, we would have the same concerns regarding expansion of the opportunities for KPERS members to designate beneficiaries other than natural persons.

The bill would certainly have no actuarial impact on KPERS. However, a change in permissible beneficiary designation authority would require some administrative expense of the cost of printing of beneficiary designation forms, revision of instructions and postage and other distribution to the membership through the designated agents. We have advised the Budget Division that an estimated cost would be approximately $5,875.

Very truly yours,

Marshall Crowther
bw

Marshall Crowther
Executive Secretary

MC:bw