

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE DAVID F. LOUIS at
Chairperson

9:00 a.m./p.m. on Friday, March 8, 1985 in room 527-S of the Capitol.

All members were present except:

Representative Williams - excused.

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

Marshall Crowther, Executive Secretary, KPERS
Judge William R. Carpenter, 3rd Judicial District

The meeting was called to order by Representative Louis, Chairman, for hearings on HB 2363, HB 2364 and HB 2325.

HOUSE BILL 2363 - HEARING AND ACTION

Representative Peterson explained that HB 2363 proposes an increase in retirement benefits for a select group of retirants whose retirement plan is funded by the city of Kansas City, Kansas. He asked that benefits be increased from \$200 a month to \$500 a month for that select group of elderly retirants. Attachment 1.

Marshall Crowther indicated HB 2363 deals with special members of KP&F. Costs would be paid by the city of Kansas City, Kansas.

Representative Peterson moved that House Bill 2363 be reported favorable for passage; seconded by Representative Wisdom. The motion failed.

HOUSE BILL 2325 - HEARING

Representative Peterson explained that HB 2325 would modify retirement benefits payable to judges and contributions made by judges when they reach the age of 65 and have attained 20 years of service. Attachment 2.

Judge William Carpenter said that the problem with current statutes relating to the judges retirement system is that although he has reached the top of his salary base, he is still contributing 6% of his salary.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. on March 8, 1985

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HOUSE BILL 2325 (con't.)

He recommended a reduction to 2% after a judge reaches the age of 65.

Marshall Crowther pointed out that the question in considering HB 2325 is whether or not to try to attract experienced judges to the bench at a certain age. He added that original intent was to attract judges to the bench at age 50.

HOUSE BILL 2364 - HEARING

Representative Peterson indicated HB 2364 would amend the normal KPERS retirement date for employees of Wyandotte County and the city of Kansas City. He mentioned the problem of one employee already accumulating 30 years of service but not being near the age of 65. Attachment 3.

Marshall Crowther stated that amending HB 2364 statewide or only for Wyandotte County would constitute a major policy change.

HOUSE BILL 2500 - ACTION

Representative Sand moved to amend HB 2500 to allow KPERS purchase of additional benefits by military personnel; seconded by Representative Peterson. The motion carried. Attachment 4.

Representative Peterson moved that HB 2500 be reported favorable for passage as amended; seconded by Representative Shore. The motion carried.

HOUSE BILL 2525 - ACTION

Representative Wisdom moved to amend HB 2525; seconded by Representative Sand. The motion carried. See Attachment 5.

Representative Wisdom moved that HB 2525 be reported favorable for passage as amended; seconded by Representative Sand. The motion carried.

The meeting adjourned at 10:05 a.m.



Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

3-8-85

| NAME | ADDRESS | ORGANIZATION | BILL NO. |
|------------------|---------|-----------------------------------|----------|
| Harold Pitts | Topeka | TARTA | |
| Basil Covey | " | KRTA | |
| Earl Flickinger | " | KAPE | 2362 |
| Stuart L. ... | " | MHP | 2521 |
| Joe Peterson | " | " | 2525 |
| William R. ... | " | KDJA | 2325 |
| Marion Van Buren | " | Office of Judicial Administration | 2325 |
| Bob Johnson | Topeka | United School Adm. | 2501 |

HOUSE BILL No. 2363

By Representative Peterson

2-13

Attachment I

Attachment I

0016 AN ACT concerning the Kansas police and firemen's retirement
0017 system; relating to ~~post-retirement benefit adjustments~~ for
0018 certain retirants.

minimum retirement benefits

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. (a) ~~The retirement benefit, pension or annuity~~
0021 ~~payments accruing after June 30, 1985, to each retirant, as de-~~
0022 ~~finied in subsection (b), entitled to receive such payments on~~
0023 ~~June 30, 1985, shall be increased by an amount equal to 10% of~~
0024 ~~the retirement benefit, pension or annuity payment in effect on~~
0025 ~~June 30, 1985.~~

0026 ~~(b)~~ As used in this section, "retirant" means (1) any person
0027 who is a special member of the Kansas police and firemen's
0028 retirement system and who retired before July 1, 1985, under a
0029 local police or fire pension plan, as defined in subsection (c) of
0030 K.S.A. 12-5001 and amendments thereto, which was maintained
0031 and funded by the city of Kansas City, Kansas, and (2) any person
0032 who is a joint annuitant or beneficiary of any special member
0033 described in clause (1) of this subsection.

(b) If a

0034 ~~(c) In any case in which the~~ retirant's monthly retirement
0035 benefit, pension or annuity payment accruing after June 30,
0036 1985, is less than \$500, the amount of such retirant's monthly
0037 retirement benefit, pension or annuity payment shall be in-
0038 creased to \$500.

(c)

0039 ~~(d)~~ Any additional costs resulting from the increased benefits
0040 provided in this act shall be added to the employer rate of
0041 contribution for the city of Kansas City, Kansas, as otherwise
0042 determined under K.S.A. 74-4967 and amendments thereto.

0043 Sec. 2. This act shall take effect and be in force from and
0044 after its publication in the statute book.

HOUSE BILL No. 2325

By Representatives Peterson and Knopp

2-13

0016 AN ACT relating to retirement benefits; concerning computation
0017 of retirement benefits for judges; contributions; amending
0018 K.S.A. 1984 Supp. 20-2603 and 20-2610 and repealing the
0019 existing sections.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 1984 Supp. 20-2603 is hereby amended to
0022 read as follows: 20-2603. (a) Except as otherwise provided in this
0023 section, each judge shall contribute 6% of the judge's salary for
0024 each payroll period to the fund. Commencing with the first
0025 payroll period after ~~20~~ years of service by the judge and after the
0026 judge reaches 65 years of age, and for each payroll period
0027 thereafter, such judge shall contribute 2% of such judge's salary
0028 to the fund.

15

and after the judge reaches 65 years of age,

0029 (b) The director of accounts and reports shall deduct the
0030 amount each judge is to contribute to the fund on the payroll of
0031 each judge for each payroll period showing the amount deducted
0032 and its credit to the fund. Such deductions shall be remitted
0033 quarterly, or as the board may otherwise provide, to the execu-
0034 tive secretary of the Kansas public employees retirement system
0035 for deposit in the fund to the credit of the judge's individual
0036 account therein.

0037 (c) Interest on each judge's accumulated contributions at the
0038 rate determined under subsection (1)(a) of K.S.A. 74-4922, and
0039 amendments thereto, shall be added annually to the judge's
0040 individual account in the fund for periods commencing after
0041 June 30, 1982.

0042 (d) No member who has retired under the retirement system
0043 for judges shall make contributions to that system or receive any
0044 service credit under that system for any service after the date of

HOUSE BILL No. 2364

By Representative Peterson

2-13

0016 AN ACT concerning the Kansas public employees retirement
0017 system; relating to the normal retirement date for certain
0018 persons.

early retirement incentive programs; amending K.S.A. 72-5395 and
72-5396 and repealing the existing sections

0019 *Be it enacted by the Legislature of the State of Kansas:*

0020 Section 1. (1) Notwithstanding the provisions of K.S.A. 74-
0021 4914, 74-4915 and subsection (23) of K.S.A. 74-4902 and amend-
0022 ments thereto, the normal retirement date for all employees of
0023 participating employers of the city of Kansas City and the county
0024 of Wyandotte county which affiliated with the Kansas public
0025 employees retirement system under the provisions of K.S.A.
0026 74-4910 and amendments thereto shall be: (a) For employees
0027 with 30 years of credited service, the first day of the month
0028 coinciding with or following the attainment of age 55; or (b) for
0029 employees with 25 years of credited service, the first day of the
0030 month coinciding with or following the attainment of age 60.
0031 (2) Any additional cost resulting from the normal retirement
0032 date for such employees as provided in subsection (1) shall be
0033 added to the employer rate of contribution as otherwise deter-
0034 mined under K.S.A. 74-4920 and amendments thereto.

Section 1. K.S.A. 72-5395 is hereby amended to read as follows:
72-5395. The board of education of any school district or any
participating employer as defined in K.S.A. 74-4902 and amendments
thereto may establish an early retirement incentive program for the
benefit of the employees of the district or the participating employer
for the purpose of reducing, in whole or in part, the penalty under
the federal insurance contributions act or the Kansas public employees
retirement system, or both, for retirement prior to the normal
retirement age of 65 years. As used in this act, an "early retirement
incentive program" is a program that provides cash payments, either in
the form of a lump sum payment at the beginning of the fiscal year, or
in regular payments during the fiscal year.

0035 Sec. 2. This act shall take effect and be in force from and
0036 after its publication in the statute book.

Sec. 2. K.S.A. 72-5396 is hereby amended to read as follows:
72-5396. The board of education or the participating employer is
hereby authorized to budget and expend such amounts for early
retirement incentive programs as the board or the participating
employer may deem to be necessary and desirable.

Sec. 3. K.S.A. 72-5395 and 72-5396 are hereby repealed.

Attachment 4

"Section 1. K.S.A. 74-4919h is hereby amended to read as follows: 74-4919h. (1) In addition to any military service credited under the provisions of K.S.A. 74-4913 or 74-4936 and amendments thereto, or in the event that an active contributing member does not qualify for credit for military service as defined in subsection (22) of K.S.A. 74-4902 and amendments thereto, such member may purchase participating credit for periods of active service in the armed forces of the United States which are not otherwise creditable, which when added to any creditable military service do not exceed six ~~(6)~~ years and which are not the basis for military pension rights. Such purchase shall be effected by the member submitting proof of such service acceptable to the board and electing in writing to have employee contributions as provided in K.S.A. 74-4919 and amendments thereto deducted at ~~eight--percent--(8%)~~ 8% of such member's compensation. Such deductions shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased.

(2) Eligible members on ~~the-effective-date-of-this-act~~ July 1, 1985, must elect to start purchasing such participating service credit ~~on-or-before--July--17--1978~~ during the period commencing January 1, 1986, and ending on January 1, 1987, and future members must elect to start purchasing such participating service credit within four ~~(4)~~ years after becoming a member.

(3) In the event such member has elected to purchase participating service credit as provided in K.S.A. 74-4919a to 74-4919e, inclusive, and any amendments thereto, the increased employee contributions and purchase of participating service credit provided herein shall not commence until after the purchase of participating service credit under K.S.A. 74-4919a to 74-4919e, inclusive, and any amendments thereto, has been completed. If a member terminates employment before completing the purchase of all participating service credit as such member

may be entitled to, such member shall only receive such credit for those full quarters as the ~~eight-percent--(8%)~~ 8% has been deducted from such member's compensation.

(4) Any member of the retirement system who has not retired may purchase participating service credit for military service as described in this section by electing to effect such purchase by means of a single lump-sum payment in lieu of employee contributions at ~~eight--percent--(8%)~~ 8% as provided in this section. The lump-sum payment shall be an amount determined by the actuary using the member's then current annual rate of compensation, or if not actively employed, the member's annual rate of compensation when last participating, the actuarial assumptions and tables currently in use by the retirement system and the member's attained age. No participating employer shall pay all or any part of the cost of any additional participating service credit to be purchased by means of a lump-sum payment by a member under this section."

AN ACT concerning the Kansas police and firemen's retirement system; relating to eligibility and crediting of service for certain communication operators; amending K.S.A. 74-4972 and K.S.A. 1984 Supp. 74-4914 and 74-4915 and repealing the existing sections.

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

Section 1. K.S.A. 74-4972 is hereby amended to read as follows: 74-4972. "Patrolman" or "patrolmen" means all troopers, examiners, communication operators and officers of the Kansas highway patrol, but shall not include the superintendent or administrative employees of the Kansas highway patrol, except that such terms shall include the superintendent of the Kansas highway patrol if the superintendent was a member of the Kansas police and firemen's retirement system at the time of appointment to the office of superintendent. As used in this section, "communication operator" means any person who is employed on or after the effective date of this act as an employee of the Kansas highway patrol in the communication operator I, II and III job class, as all such job classes are described on the effective date of this act in the state job classification plan in effect for the classified service under the Kansas civil service act or who is in a position in any successor job class or classes that have been approved under K.S.A. 75-2938, and amendments thereto, and that have substantially the same duties and responsibilities. Wherever the word "policeman" is used in K.S.A. 74-4951 et seq., and amendments thereto, it shall be construed to include the word patrolman as defined ~~herein~~ in this section.

New Sec. 2. (a) Each communication operator employed by the Kansas highway patrol on the effective date of this act shall become a member of the Kansas police and firemen's retirement

system on the first day of the payroll period commencing August 18, 1985.

(b) Every person who is employed as a communication operator on or after August 18, 1985, shall become a member of the Kansas police and firemen's retirement system on the first day of such employment.

New Sec. 3. For the purposes of determining and computing retirement benefits and death and disability benefits computed upon the basis of credited service of communication operators appointed under the provisions of this act, the term "credited service," as used in K.S.A. 74-4951 et seq. and amendments thereto, means and includes only participating service with the participating employer, except as hereinafter provided.

(a) Credited service of any employee with any participating employer prior to becoming a member under the provisions of this act shall be considered and included in determining if the death or disability of such employee was service connected under the provisions of subsection (10) of K.S.A. 74-4952 and amendments thereto and for the purposes of determining the eligibility of such officer for nonservice-connected death and disability benefits under the provisions of subsection (2) of K.S.A. 74-4959 and amendments thereto and subsection (2) of K.S.A. 74-4960 and amendments thereto.

(b) Notwithstanding the provisions of K.S.A. 74-4957 and 74-4963 and amendments thereto, all credited service of any employee with any participating employer prior to becoming a member under these provisions shall be included and counted together with credited participating service for the meeting of requirements of years of service fixed under the provisions of such sections.

Any rights and benefits accruing to any employee of an agency prior to the effective date of this act shall be determined and computed pursuant to the provisions of K.S.A. 74-4901 et seq. and amendments thereto. Any member who becomes a member pursuant to this section, who has a vested retirement benefit pursuant to

K.S.A. 74-4917 and amendments thereto and who terminates employment prior to attaining a vested benefit pursuant to K.S.A. 74-4963 and amendments thereto may have such service credited for purposes of determining and computing retirement benefits pursuant to K.S.A. 74-4901 et seq. and amendments thereto.

Sec. 4. K.S.A. 1984 Supp. 74-4914 is hereby amended to read as follows: 74-4914. (1) The normal retirement date for a member of the system shall be the first day of the month coinciding with or following the attainment of age 65. In no event shall a normal retirement date for a member be before six months after the entry date of the participating employer by whom such member is employed. A member may retire on the normal retirement date or on the first day of any month thereafter upon the filing with the office of the retirement system of an application in such form and manner as the board shall prescribe. Nothing herein shall prevent any person, member or retirant from being employed, appointed or elected as an employee, appointee, officer or member of the legislature. Elected officers may retire from the system on any date on or after the attainment of the normal retirement date, but no retirement benefits payable under this act shall be paid until the member has terminated such member's office.

(2) No retirant shall make contributions to the system or receive service credit for any service after the date of retirement.

(3) Any member may retire before such member's normal retirement date on the first day of any month coinciding with or following the attainment of age 60 or completion of 10 years of credited service, whichever occurs later, but in no event before six months after the entry date, upon the filing with the office of the retirement system of an application for retirement in such form and manner as the board shall prescribe.

(4) Any member who is a communication operator employed with the Kansas highway patrol pursuant to this act and has not withdrawn such member's accumulated contributions from the Kansas

police and firemen's retirement system may retire before such member's normal retirement date on the first day of any month coinciding with or following the attainment of age 55.

Sec. 5. K.S.A. 1984 Supp. 74-4915 is hereby amended to read as follows: 74-4915. (1) Any member who shall retire on or after such member's normal retirement date shall be entitled to receive an annual retirement benefit equal to the sum obtained by adding an amount for participating service and an amount for prior service determined as provided in this section. The amount for prior service shall be equal to 1% of the member's prior service annual salary multiplied by the number of years of prior service entitled to credit as provided in K.S.A. 74-4913 and amendments thereto, except that for members retiring on or after July 1, 1981, who were last employed by a participating employer which had affiliated with the system under K.S.A. 74-4910, 74-4912, 74-4929 or 74-4991 and amendments thereto, the amount for prior service shall be calculated using final average salary in lieu of prior service annual salary and, in the case of any such member who became a member under subsection (3) of K.S.A. 74-4925 and amendments thereto and for whom a final average salary cannot be otherwise determined, such member's final average salary shall be based on all service for which such member received assistance in a plan under subsection (2) of K.S.A. 74-4925 and amendments thereto as certified by such employer upon request of the board. The amount for participating service shall be equal to the total of 1.25% of the member's final average salary multiplied by the number of years of participating service prior to July 1, 1982, which are entitled to credit as provided in K.S.A. 74-4913 and amendments thereto and 1.4% of the member's final average salary multiplied by the number of years of participating service after June 30, 1982, which are entitled to credit as provided in K.S.A. 74-4913 and amendments thereto.

(2) (A) Except as otherwise provided in paragraph (B) of this subsection, any member who retires before the normal

retirement date shall receive an annual retirement benefit equal to the annual retirement benefit payable had the member retired on the normal retirement date but based upon the member's final average salary and years of participating and prior service credited to the date of actual retirement reduced by an amount equal to the product of (i) such annual retirement benefit payable had the member retired on the normal retirement date, multiplied by (ii) the product of .6% multiplied by the number of months difference, to the nearest whole month, between the member's attained age at the time of retirement and age 65.

(B) Any member who retires on or after July 1, 1981, but before the normal retirement date and has attained age 60, shall receive an annual retirement benefit equal to the annual retirement benefit payable had the member retired on the normal retirement date but based upon the member's final average salary and years of participating and prior service credited to the date of actual retirement reduced by an amount equal to the product of (i) such annual retirement benefit payable had the member retired on the normal retirement date, multiplied by (ii) the product of .3% multiplied by the number of months difference, to the nearest whole month, between the member's attained age at the time of retirement and age 65.

(3) Any member who is a communication operator employed with the Kansas highway patrol pursuant to this act and who retires before the normal retirement date under the provisions of subsection (4) of K.S.A. 74-4914 and amendments thereto shall receive an annual retirement benefit equal to the annual retirement benefit payable had the member retired on the normal retirement date but based upon the member's final average salary and years of participating and prior service credited to the date of actual retirement, reduced by an amount equal to the product of (i) such annual retirement benefit payable had the member retired on the normal retirement date, multiplied by (ii) the product of .6% multiplied by the number of months' difference, to the nearest whole month, between the member's attained age at the

time of retirement and age 60.

~~(3)~~ (4) Any member who shall retire, on or after July 1, 1989, with 25 or more years of participating service shall be entitled to receive an annual retirement benefit for participating service equal to the total of 1.4% of the member's final average salary multiplied by the number of years of participating service.

~~(4)~~ (5) Upon death of a retirant, there shall be paid to such retirant's beneficiary an amount equal to the excess, if any, of such retirant's accumulated contributions over the sum of all retirement benefit payments made.

~~(5)~~ (6) Such annual retirement benefits shall be paid in equal monthly installments except, that the board may provide for the payment of retirement benefits which total less than \$240 a year on other than a monthly basis.

~~(6)~~ (7) In the event that an application in such form as may be prescribed by the board for any amount due under the provisions of this act, is not filed with the office of the retirement system by the person entitled to same within five years of the date such amount became due and payable, an amount equal to same shall be transferred to the retirement benefit accumulation reserve and such amount shall no longer be due and payable, except that if any such person shall present evidence satisfactory to the board that such person's failure to file such application within that time period was due to lack of knowledge or incapacity on such person's part, the amount equal to the amount originally due shall be transferred from the retirement benefit accumulation reserve to the reserve or reserves from which such transfer was initially made and the amount originally due shall be paid to such person.

Sec. 6. K.S.A. 74-4972 and K.S.A. 1984 Supp. 74-4914 and 74-4915 are hereby repealed.

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