

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 Thursday, February 20, 1986 in room 527-S of the Capitol.

All members were present except:

Representatives Ott and Peterson-excused.

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

Raymond Bailiff, President, Kansas State Troopers Association;
Marshall Crowther, Executive Secretary of KPERS; Representative Williams

The meeting was called to order by Representative David F. Louis, Chairman, for committee discussion and possible action on bills previously heard.

Proposal

Chairman Louis asked Marshall Crowther to review a proposal requested by Judge Francis Donnelly, a member of KPERS and the Judges Retirement System, which would provide greater benefits to Judge Donnelly. The bill would affect only one person. Attachment 1.

It was moved by Representative Sand and seconded by Representative Shore that the bill be introduced and referred back to committee.

The motion failed.

Several committee members suggested that Judge Donnelly continue his case through the KPERS appeal process.

KP&F Proposal

Raymond Bailiff, President, Kansas State Troopers Association, stated KPERS benefits have improved in the last few years while KP&F benefits have stagnated. Attachment 2. He requested a bill be drafted to improve death and disability income protection for KP&F members.

It was moved by Representative Laird and seconded by Representative

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m./p.m. on February 20, 1986

KP&F Proposal (con't.)

Williams that the bill be introduced and referred back to committee.

The motion carried.

Proposal - Lean Year Gap

Representative Williams and Marshall Crowther discussed the "lean year gap" proposal and the need to clean up the technical aspects in bringing July 1 of the correct year into the statute.

It was moved by Representative Williams and seconded by Representative Francisco that the bill be introduced and referred back to committee.

The motion carried.

House Bill 2736 - Action

The committee and Marshall Crowther discussed HB 2736, heard by the committee on February 6, 1986, which would allow visually impaired employees of sheltered workshops to become members of KPERS.

Representative Williams moved to report HB 2736 favorable for passage as amended; seconded by Representative Wisdom. The motion carried.

House Bill 2635 - Discussion

After discussion of HB 2635, the committee decided to delay decision on the bill until next week when re-wording would be completed to match the bill with language from the municipal level.

Minutes were approved for meetings of February 4, 1986, and February 6, 1986.

The meeting adjourned at 9:50 a.m.



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

Discussion of Bills held, Feb. 20
& possible action

NAME	ADDRESS	ORGANIZATION	BILL NO.
Ruth Wilkin	Topeka	AAUP	
Harold C. Pitts	Topeka	TARTA	
Ron Wilson	Wichita	Farm Credit Council	
Dennis Williams	Topeka	Dir. of Budget	
Ken Milam	Olney, Ill.	Mem. for Missions (OMS)	Guest of Gayle Hollenback
W. K. Kistner	1421 S. Keok	name	

Judge Council
Proposal

AN ACT concerning the Kansas public employees retirement system;
relating to benefits of certain persons under the retirement
system for judges.

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

Section 1. Notwithstanding the provisions of subsection (b) of K.S.A. 20-2610 and amendments thereto to the contrary, an individual who was born May 2, 1919, and who last became a member of the Kansas public employees retirement system on April 1, 1966, and who became a member of the Kansas retirement system for judges on January 10, 1977, shall receive an annuity, each monthly payment of which shall be in an amount which is at least 50% of the final average salary of such individual, determined as provided in subsection (c) of K.S.A. 20-2610 and amendments thereto. Such benefit shall be effective May 2, 1984. Such individual's service credited under the provisions of K.S.A. 74-4913 and amendments thereto shall be reduced by eight years of service as a probate judge effective May 2, 1984. All benefits previously paid under any retirement system shall be taken into consideration in determining any benefits due under this section for the period May 2, 1984, through June 30, 1986.

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

Attch. 1
2/20/86 PIB
Attachment 1



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IMPROVEMENTS NEEDED IN KP&F BENEFITS

January-1986

Twenty years ago KP&F benefits were equal to and in some cases better than benefits available to state and local employees under the KPERS plan. Over the last few years, KPERS benefits have improved and KP&F benefits have stagnated. KP&F members now have alarmingly less death and disability income protection benefits than state and local employees who are under the KPERS plan.

The following Death, Disability and Retirement improvements will update and bring parity and equality to KP&F benefits. These recommended improvements will provide fair and impartial income security for KP&F members and their families.

Ray Bailiff

President-Kansas State Troopers Association

Atch. 2
2/20/86 PIB

Attachment 2

KPERS MEMBERS & KP&F MEMBERS BENEFIT COMPARISON
KP&F IMPROVEMENTS NEEDED
DEATH BENEFITS (SERVICE-CONNECTED)

KPERS Benefits Provide:

\$50,000 lump sum accidental death benefit, plus an insured death benefit of 100% of the members annual salary, plus a return of employee contributions plus interest. The KPERS members spouse, children under 18 or dependent parents receive at least 50% of the members final average salary per month. The members spouse and dependents will receive Social Security benefits up to \$1700 per month based on time and contributions.

KP&F Benefits Provide:

NO lump sum benefits. Spouse receives 50% of final average salary, plus an additional 10% for each unmarried child under 18 up to a maximum of 75%.

The Following Improvements Are Needed In The (Service-Connected) Death Benefits. Needed improvements outlined.

If a KP&F member dies from causes service-connected, the member's spouse, children under 18, or dependent parents will receive a lump sum benefit of 50,000 dollars.

The surviving spouse of a member who dies from service-connected causes prior to retirement will be entitled to an annual benefit of 60% of the member's final salary plus an additional 10% for each unmarried child under age 18, the total benefit cannot exceed 75%.

The spouse's benefit shall continue until death or remarriage, the children's benefit shall continue until age 18 or their earlier death or marriage. If there is no spouse or unmarried children under 18, the beneficiary will receive the member's accumulated contributions.

EXAMPLE

A KP&F member and a KPERS member are both killed in a car accident while they are on-duty. Both members make \$1800 per month.

KPERS Benefits Would Provide:

A \$71,600 lump sum death benefit plus a return of the KPERS members contributions. The dependents would receive approximately \$900 per month from KPERS, plus Social Security benefits of up to \$1700 per month.

KP&F Benefits Would Provide:

NO lump sum benefits. Spouse would receive approximately \$900 per month. The maximum benefit would be less than \$1350 per month if the member had three or more dependent children.

Recommended Improvements In KP&F Would Provide:(using above example)

A \$50,000 lump sum death benefit. The KP&F member's spouse would receive \$1080 per month. A maximum benefit of \$1350 would be paid if the member had three dependent children under age 18.

Fiscal Impact: .4% for \$50,000 death benefit.
.4% for 60% of final salary.

KPERs MEMBERS & KP&F MEMBERS BENEFIT COMPARISON
KP&F IMPROVEMENTS NEEDED
TOTAL AND PERMANENT DISABILITY BENEFIT (SERVICE-CONNECTED)

KPERs Benefits Provide:

No less than 60% of members annual rate of compensation, Plus Social Security Benefits.

KP&F Benefits Provide:

50% of final average salary, plus an additional 10% for each unmarried child under 18. 75% maximum.

The Following Improvements Are Needed In The (Service-Connected) Disability Benefit. Needed improvements outlined.

A member who becomes totally and permanently disabled due to service-connected causes will receive an annual retirement benefit equal to 60% of final salary, plus an additional 10% for each unmarried child under age 18. The total disability benefit may not, however, exceed 75%. Under the retirement act, "service-connected" includes any death or disability resulting from a heart disease or disease of the lung or respiratory tract provided the member has at least five (5) years of credited service.

In the event a regular member receiving a service-connected disability benefit dies following the disability, benefits are payable to the spouse and children. (See Service-Connected Death Benefit)

EXAMPLE

A KP&F member and a KPERs member both make \$1800 per month and both suffer a (Service-Connected) disability.

KPERs Benefits Would Provide:

At least \$1080 per month (Social Security may enhance benefits up to \$1413 per month) in disability income. After the death of the disabled member, Social Security would provide up to \$1700 per month in spousal and dependent benefits.

KP&F Benefits Would Provide:

Less than \$900 if the member had no children and less than \$1350 if the member had the maximum benefit with three children. Benefits would continue to children under certain conditions.

Recommended Improvement In KP&F Would Provide: (using above example)

\$1080 per month in disability income to the member. The maximum benefit of \$1350 would not change. The benefit would continue to the spouse and the children after the disabled members death.

Fiscal Impact: 1%

KPERs MEMBERS & KP&F MEMBERS BENEFIT COMPARISON
KP&F IMPROVEMENTS NEEDED
DEATH BENEFIT (NOT SERVICE-CONNECTED)

KPERs Benefits Provide:

100% of annual salary as a death benefit, plus a return of all the member's contributions to the beneficiary. Social Security would provide spousal and dependent benefits up to \$1700 based on the member's time and contributions to Social Security.

KP&F Benefits Provide:

50% of member's final average salary as a lump sum death benefit. Spouse would receive 2% of member's final average salary multiplied by the number of years of service as long as there are unmarried children under 18. If there are no children under 18, the spouse receives no monthly benefit until age 50. If the member has less than five years of service there is no benefit, the member's contributions are returned to the beneficiary.

The Following Improvements Are Needed In The (Not Service-Connected) Death Benefits. Needed improvements outlined.

If a member dies from causes not service-connected, the surviving spouse or dependents will receive a lump sum benefit of 100% of the member's final salary. When the spouse attains age 50 an annual benefit of 2% of the member's final average salary multiplied by the number of years of credited service accrued to the date of death will be payable. This benefit continues until the spouse's death or remarriage.

If there are unmarried children of the member under the age of 18 who are in the care of the surviving spouse, an annual benefit of at least 60% of the member's average salary will become payable until the youngest child reaches age 18 or until their earlier death or remarriage. The benefit then ceases until the spouse reaches age 50. If there is no eligible spouse or if after the spouse's death or remarriage there remains unmarried children of the member under age 18, the spouse's annual benefit will be paid in equal shares to the children until they reach age 18 or until their earlier death or marriage.

EXAMPLE

A KP&F member and a KPERs member are both killed in a car accident while they are off-duty. Both members make \$1800 per month. Both have at least one dependent child under 18. Both members have five years of credited service.

KPERs Benefits Would Provide:

A \$21,600 lump sum death benefit. Social Security spousal and dependent benefits of up to 1700 dollars per month.

KP&F Benefits Would Provide:

Less than \$10,600 in lump sum death benefits. Less than \$180 per month in spousal and dependent benefits.

NOTE: A KP&F member with less than five years of service would not be eligible for the above benefits.

Recommended Improvements In KP&F Would Provide(using above example):

A \$21,600 lump sum death benefit. Less than \$1080 in spousal and dependent benefit per month.

Fiscal Impact: For 100% death benefit.
For 60% monthly benefit.

KPERS MEMBERS & KP&F MEMBERS BENEFIT COMPARISON
KP&F IMPROVEMENTS NEEDED
TOTAL AND PERMANENT DISABILITY BENEFIT (NOT-SERVICE-CONNECTED)

KPERS Benefits Provide:

No less than 60% of members annual rate of compensation; Plus Social Security Benefits.

KP&F Benefits Provide:

Members with less than five(5) years service receive nothing but a return of their KP&F contributions. Members with more than five(5) years service receive an annual benefit of 2% of final average salary multiplied by the number of years of service. This benefit is not to exceed 50% of final average salary.

The Following Improvements Are Needed In The (Not-Service-Connected) Disability Benefit. Needed improvements outlined.

If a KP&F member becomes totally and permanently disabled from causes not service-connected and the disability continues for a period of 180 days, an annual benefit of 2% of final average salary multiplied by the number of years of credited service will be payable, accruing from the last day on the payroll.

If the KP&F member is disabled from any job for which they were reasonably qualified, the benefit would not be less than 60% of the final salary. Benefits to members with less than five(5) years of credited service will be subject to reduction for benefits received from primary social security, one-half worker's compensation, or any other employer-provided disability benefit.

In the event a regular member receiving a not service-connected disability benefit dies following the disability, benefits are payable to the spouse and children. (See Not Service-Connected Death Benefits)

EXAMPLE

A KP&F member and a KPERS member both have 4 years of service, both make \$1800 per month, and both become disabled from any job for which they were reasonably qualified.

KPERS Benefits Would Provide:

At least \$1080 per month (Social Security may enhance benefits up to \$1413 per month) in disability income. After the death of the disabled member, Social Security would provide up to \$1700 per month in spousal and dependent benefits.

KP&F Benefits Would Provide:

A return of KP&F contributions. NO monthly benefit.

KP&F Benefits For Members With More Than Five(5) Years Provides:

2% of final average salary multiplied by the years of service. A member with 10 years of service would receive less than \$340 per month.

Recommended Improvements In KP&F Would Provide:(using above example)
\$1080 per month disability income for KP&F member with spousal and dependent benefits after the disabled members death.

Fiscal Impact: .6%

KP&F RETIREMENT COMPARISON BETWEEN KP&F TRANSFER MEMBERS
(PRE-1968) AND KP&F MEMBERS (POST-1968)

EXAMPLE

- Conditions:
1. Final average salary is \$2100 per month.
 2. Retiree is age 50.
 3. Retiree has 25 years of service.
 4. Retiree and spouse are the same age.

Transfer Member(Pre-1968) will receive: \$1050 per month in retirement benefits and the spouse would receive \$862.50 per month after the retirees death.

Regular Member (Post-1968) would receive:

Under Option A: \$734.16 per month retirement.
Spouse would receive \$367.08 after retirees death.

Under Option B: \$678.30 per month retirement.
Spouse would receive \$678.30 after retirees death.

Under Option C: \$774.06 per month retirement.
Spouse would receive \$774.06 per month until the 10th anniversary of the deceased retirees retirement date.

Under Option D: \$702.24 per month retirement.
Spouse would receive \$526.68 after retirees death.

Maximum Benefit: \$798 per month retirement.
No spousal benefit.

Recommended Retirement Improvements

All members could retire at age 50 with 25 years of service with no reduction in benefits.

SUMMARY

The above example shows that Post-1968 KP&F members will not be able to afford the option of retirement at age 50 with 25 years of service.

This means that police officers who are now retiring at age 50 because of the increased pressures and demands of police work are being replaced by officers who will still be fighting 18-20 year old drunks when they are 55 years old.

Fiscal Impact: 1.7%