

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE DAVID LOUIS, CHAIRMAN at
Chairperson

9:00 a.m. Friday, March 7, 1986 in room 527-S of the Capitol.
a.m./p.m. on _____,

All members were present except: - all present.

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

Representative Homer Jarchow; Representative Charles Laird; Gordon Self, Revisor's Office; Richard Ryan, Kansas Legislative Research Department; Marshall Crowther, Executive Director of KPERS; Charles Dodson, Kansas Association of Public Employees

The meeting was called to order by David Louis, Chairman, to hear House Bill 2856 and House Bill 2908. Committee discussion and possible action on matters previously heard was also scheduled.

House Bill 2908 - Hearing

Representative Jarchow explained HB 2908 would increase the monthly retirement benefit paid to retirants who were legislative employees from \$5 for each year of service in excess of 10 years to \$10. Attachment 1.

Richard Ryan, Kansas Legislative Research Department, said HB 2908 would increase expenditures for retirement benefits from the KPERS fund for FY 1987 by \$18,660. The initial impact upon the state general fund would not be incurred until FY 1988.

House Bill 2856 - Hearing

Representative Charles Laird and Gordon Self, Revisor's Office, discussed HB 2856 which would provide that on and after July 1, 1986, the normal retirement date for a KPERS member would be age 65 or the first day of the month coinciding with or following the date that the total number of years of credited service and the number of years of attained age is equal to or more than 90.

Charles Dodson, Kansas Association of Public Employees, stated that if HB 2856 passes, the State can save approximately 30% of the employees

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m. on March 7, 1986

House Bill 2856 - Hearing - con't.

salary if a long-term employee is replaced by an entry level employee. In addition, there are savings from reduced social security taxes, reduced retirement contributions, reduced overtime compensation and savings generated from vacation and sick leave policies. Attachment 2.

Chairman Louis mentioned a letter to the Committee from Claudia Smith Orton, Lobbyist, Regents Classified Council, supporting HB 2856.

Attachment 3.

Richard Ryan testified state costs of House Bill 2856 would be \$20.9 million and state general fund costs would be \$18.8 million. He added it would be impossible to estimate costs which could be offset by savings resulting from replacing employees retiring under provisions of HB 2856 with lower paid employees.

House Bill 2969 - Action

In referring to action taken yesterday on HB 2969 (the motion failed to pass the bill favorably 3-6-86), Representative Peterson asked the Committee to consider the bill again.

Representative Peterson moved for a conceptual amendment to retain only Sections B, C and E of HB 2969; seconded by Representative Laird. The motion carried.

Marshall Crowther, Executive Director of KPERS, said there are 76 individuals with a benefit payment lower than \$500 in the Kansas City KP&F plan. The lowest payment is \$349.

Representative Mayfield moved for a conceptual substitute amendment to change the word "shall" to "may" in Line 38, Section C; seconded by Representative Bob Ott. The motion carried.

Representative Peterson moved to report HB 2969 favorable for passage as amended; seconded by Representative Wisdom. The motion carried.

House Bill 2683 - Action

Representative Williams moved to adopt the balloon amendment (Attachment 4) and conceptual technical clean up for HB 2683; seconded by Representative Wisdom. The motion carried.

Representative Williams moved to report HB 2683 favorable for passage as amended; seconded by Representative Francisco. The motion carried.

The meeting adjourned at 10:00 a.m.



Page 2 of 2

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

Friday 3-7-86

NAME	ADDRESS	ORGANIZATION	BILL NO.
AK ANGVISH	TOPEKA	SRS	2856
C. Kohler	KC	KSTAI	3097
TERRY STEVENS	TOPEKA	TOPEKA P.D.	3092
RAY BAILEY	LEWELWORTH	KSTA	3097
Charles Johnson	TOPEKA	KAPE	2856
Jack Hams	Topeka	KPERS	
Marshall Keenher	Lawrence		
JERRY MARLATT	TOPEKA	KSCFF	3092

Fiscal Note
1986 Session
February 24, 1986

Bill No.

The Honorable David Louis, Chairperson
Committee on Pensions, Investments, and Benefits
House of Representatives
Third Floor, Statehouse

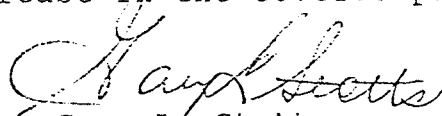
Dear Representative Louis:

SUBJECT: Fiscal Note for House Bill No. 2969 by
Representative Peterson

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2969 is respectfully submitted to your committee.

Enactment of this legislation would provide that any person who was a special police and fire member and who retired from employment with the City of Kansas City before July 1, 1986, would have their retirement benefit increased by 10 percent. In addition, the bill would further provide that if any retirant's benefit was less than \$500 per month, their monthly benefit would be increased to \$500. House Bill No. 2969 further provides that once a member retires, if there is a subsequent pay increase which affects the member's former position, a corresponding percentage increase would be made to the retired member's retirement benefit.

House Bill No. 2969 does provide that any additional costs resulting from these increased benefits is to be added to the employer contribution rate for the City of Kansas City. The KPERS actuary has advised that passage of House Bill No. 2969 would increase the employer contribution rate by approximately 1.5 percent. Utilizing the latest available covered payroll for the affected group of employees (through the third quarter of 1985), additional annual employer contributions of approximately \$288,000 would be incurred. This cost would escalate annually in direct proportion to the increase in the covered payroll.



Gary L. Stotts
Acting Director of the Budget

GLS:DW:dh

Fiscal Note

Bill No.

1986 Session

February 24, 1986

The Honorable David Louis, Chairperson
Committee on Pensions, Investments and Benefits
House of Representatives
Third Floor, Statehouse

Dear Representative Louis:

SUBJECT: Fiscal Note for House Bill No. 2908 by
Representative Jarchow

In accordance with K.S.A. 75-3715a, the following fiscal note concerning House Bill No. 2908 is respectfully submitted to your committee.

Enactment of this legislation would amend K.S.A. 1985 Supp. 46-1302 to increase the monthly retirement benefit paid to certain retirants who were legislative employees from \$5 for each year of service in excess of 10 years to \$10.

Based on information submitted by the Kansas Public Employees Retirement System, there are currently 25 former legislative employees receiving monthly retirement benefits totaling \$1,555 monthly or \$18,660 on an annual basis. Assuming continuation of the same number of retirants, House Bill No. 2908 would result in additional annual costs of \$18,660. The actual impact for any fiscal year will depend upon the number of persons to whom benefits are paid.

While these benefits are paid from the Kansas Public Employees Retirement Fund, this fund is annually reimbursed by a State General Fund appropriation equal to the amount of benefits paid in the immediately preceding fiscal year. Consequently, while House Bill No. 2908 would increase expenditures for retirement benefits from the KPERS fund for FY 1987 by an estimated \$18,660, the initial impact upon the State General Fund would not be incurred until FY 1988.

Ryan


Gary L. Stotts
Acting Director of the Budget

GLS:DW:sr

HOMER E. JARCHOW
REPRESENTATIVE, NINETY-FIFTH DISTRICT
SEDGWICK COUNTY
2121 WEST DOUGLAS
WICHITA, KANSAS 67213



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER ASSESSMENT AND TAXATION
COMMERCIAL AND FINANCIAL
INSTITUTIONS

March 6, 1986

HOUSE BILL NO. 2908

RETIREMENT BENEFITS FOR CERTAIN EMPLOYEES OF THE LEGISLATIVE BRANCH.

- REQUIREMENTS (1) ATTAINED AGE 65
- (2) BEEN EMPLOYED BY THE LEGISLATIVE BRANCH OF THE STATE OF KANSAS FOR 50 OR MORE DAYS IN 10 OR MORE CALENDAR YEARS
- (3) MADE APPLICATION FOR SUCH MONTHLY RETIREMENT BENEFITS TO THE KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM IN THE FORM AND MANNER REQUIRED BY THE RETIREMENT SYSTEM.

THIS GROUP OF EMPLOYEES ARE THOSE WHO MEET THE RETIREMENT REQUIREMENTS BY WORKING AS SECRETARIES, DOOR MEN, ETC., DURING THE ANNUAL SESSIONS AND INTERIM COMMITTEE MEETINGS.

HOUSE BILL NO. 2908 STATES THAT SUCH MONTHLY RETIREMENT BENEFIT SHALL BE EQUAL TO THE AMOUNT DETERMINED BY MULTIPLYING \$10 BY THE TOTAL NUMBER OF YEARS IN WHICH SUCH PERSON WAS EMPLOYED BY THE LEGISLATIVE BRANCH OF THE STATE OF KANSAS FOR 50 OR MORE DAYS.

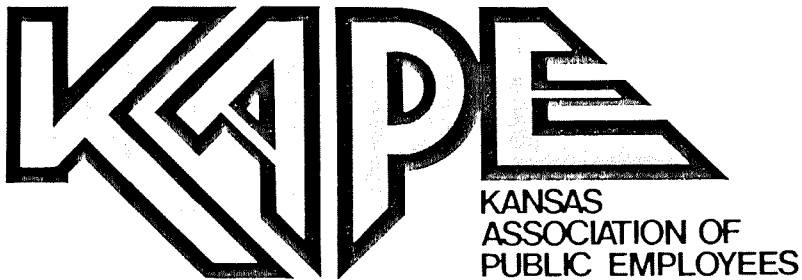
THE BILL CHANGES THE RETIREMENT RATE FROM \$5 TO \$10 PER YEAR.

I FEEL THAT THIS GROUP OF PEOPLE, WHO CAN BE RELIED ON TO WORK EACH YEAR DURING THE SESSION, ARE OF GREAT VALUE TO US AS LEGISLATORS. THE INCENTIVE PROVISIONS OF A REASONABLE RETIREMENT SYSTEM WILL INSURE A CONTINUANCE OF RELIABLE ASSISTANCE.

Atch. 1
3/7/86
H. P.I.B

A handwritten signature in black ink that reads "Homer E. Jarchow". The signature is written in a cursive, flowing style.

Attachment I



Presentation of Charles Dodson
to the Committee on Pensions, Investments and Benefits
March 7, 1986

The Kansas Association of Public Employees supports HB 2856 and the several other proposals which would allow for earlier retirement without penalty. We are concerned that the information provided to this committee always assigns a cost to the KPERS system without a full analysis of the fiscal impact on state government.

My brother is 52 years old. Last year he retired from the Levi Strauss Company on full benefits after only 25 years employment. My mother-in-law is 60 years old. Last month she retired from the Monsanto Company under their "Magic 80" program after 27 years employment. Neither of their positions were abolished. Yet, the companies considered these as cost containment retirements. They make no distinction between their retirement cost and payroll costs. Their total costs were reduced because the costs to the retirement system were less than their payroll savings.

If an employee who is 60 years old with 30 years of service was able to retire without additional penalty, their retirement pay would still be only 69% of what it would be if they waited until age 65. The state saves about 30% of the employees salary if a long-term employee is replaced by a entry level employee. In addition, there are savings from reduced social security taxes, reduced retirement contributions, reduced overtime compensation and the soft-dollar savings generated from vacation and sick leave policies. As a matter of fact, if an employee at the top of the range, earning \$2000 each month, retires and is replaced by an entry level employee in the same pay range, the payroll savings alone are about \$550 each month. This is many times over the costs of eliminating the .3% monthly penalty imposed for early retirement.

We would urge you to give a favorable consideration to either this bill or any of the other early retirement proposals that some of you have sponsored or that have come before this committee during the last two years.

Thank you for this opportunity to present our views to this committee.

*Atch. 2
3/7/86
H. P. B*

Attachment 2

REGENTS CLASSIFIED EMPLOYEES
EMPLOYEES OF KANSAS

March 5, 1986

Chairperson Louis & Members of Pensions, Investments & Benefits Committee
527-S State Capitol Building
Topeka, KS 66612

Dear Committee Members:

On behalf of classified employees from Wichita State University, Pittsburg State University, Fort Hays State University and the University of Kansas, I would like to thank you for the opportunity to voice opinion on HB 2856 commonly known as the 90 point plan.

HB 2856: Classified employees lend their support to the 90 point plan and HB 2856 provides for those long-term, experienced, loyal employees who have dedicated their working lives to the state. This bill is beneficial to those employees trapped by the two pay plans in effect for the past 6 years. These are employees whose salaries fall outside the present pay matrix. Employees whose salaries are "frozen" and must rely on cost-of-living increases to augment their pay. This bill would not penalize potential retirants with decreased benefits, but instead would reward them for steadfast service to the state.

It appears that HB 2856 would not demand an extravagant fiscal note--few employees would be qualified, since eligibility to retire under this bill requires an established work record in excess of 30 years. Perhaps KPERS can speculate on the number of employees this bill might affect. The employee is not the only one this bill benefits, there are advantages for the state, too: replacements for the vacated positions could be hired at conceivably cheaper rates than the incumbents.

The only ill effects of this 90 point plan might be an adverse affect on the office/facility/department where the long-term employee has worked. For it is a well known fact that the experienced employee is familiar with procedures to follow to obtain results quickly and efficiently, knows the protocol and regulations regarding that area/facility/department, knows the ins and outs of the building/facility/department, and the idiosyncracies of his/her employees. In this respect, the older, more experienced employee does command an advantage, but with the adoption of HB 2856, "pre-planned" retirement could occur. The replacment would learn from the incumbent all facets of the job and could be eased into the incumbent's position.

Classified employees from Regents institutions support the intent of this bill and recognize that any enhancement in the retirement system would indeed be beneficial for the employee.

Respectfully submitted,

Claudia Smith Orton

Claudia S. Orton
Lobbyist, Regents Classified Council

*Atch. 3
3/7/86
H. P. I. B*

Attachment 3

HOUSE BILL No. 2683

By Representatives Williams, Acheson, Baker, Bowden,
Francisco, Polson, Pottorff and Wilbert

1-13

Proposed Amendments to House Bill No. 2683

Rep. Williams

Attachment 4

0018 AN ACT concerning benefits of members of Kansas public em-
0019 ployees retirement system; relating to retirement date and
0020 benefits; ~~accumulated contributions, retirement health care~~
0021 ~~program assessment~~ amending K.S.A. 74-4902, 74-4914, 74-
0022 4915, ~~74-4919~~, 74-4989 ~~and 75-651~~ and repealing the existing
0023 sections.

and

0024 *Be it enacted by the Legislature of the State of Kansas:*

0025 Section 1. K.S.A. 74-4902 is hereby amended to read as fol-
0026 lows: 74-4902. As used in K.S.A. 74-4901 to 74-4929, ~~both sec-~~
0027 ~~tions inclusive, as amended and supplemented and amendments~~
0028 *thereto*, the following words and phrases have the following
0029 meanings respectively ascribed to each of them, unless a dif-
0030 ferent meaning is plainly required by the context:

0031 (1) "Accumulated contributions," the sum of all contribu-
0032 tions by a member to the system which are credited to the
0033 member's account, with interest allowed thereon;

0034 (2) "Acts," K.S.A. 74-4901 to 74-4929, ~~both sections~~ inclusive,
0035 ~~as amended and supplemented and amendments thereto~~;

0036 (3) "Actuarial equivalent," an annuity or benefit of equal
0037 value to the accumulated contributions, annuity or benefit, when
0038 computed upon the basis of the actuarial tables in use by the
0039 system;

0040 (4) "Actuarial tables," the actuarial tables approved and in
0041 use by the board at any given time;

0042 (5) "Actuary," the actuary or firm of actuaries employed or
0043 retained by the board at any given time;

0044 (6) "Agent," the individual designated by each participating
0045 employer through whom system transactions and communica-
0046 tion are directed;

*Atch. 4
3/7/84
H. P. B*

Attachment 4

0047 (7) "Beneficiary," any natural person or persons or estate
0048 named by a member to receive any benefits as provided for by
0049 this act. Except as otherwise provided by subsection (33) of this
0050 section, if there is no named beneficiary living at time of
0051 member's death, any benefits provided for by this act shall be
0052 paid to: (A) The member's surviving spouse; (B) the member's
0053 dependent child or children; (C) the member's dependent
0054 parent or parents; (D) the member's nondependent child or
0055 children; (E) the member's nondependent parent or parents; (F)
0056 the estate of the deceased member; in the order of preference as
0057 specified in this subsection. Any payment made to a named
0058 beneficiary shall be a full discharge and release to the system
0059 from any further claims. Any payment made to a beneficiary as
0060 provided in clauses (A), (B), (C), (D), (E) or (F) of this subsection,
0061 as determined by the board, shall be a full discharge and release
0062 to the system from any further claims. Whenever any payment is
0063 payable to more than one beneficiary such payment shall be
0064 made to such beneficiaries jointly. Any benefits payable to a
0065 beneficiary or beneficiaries who are minor children or incompe-
0066 tent persons shall be made in the name of the beneficiary or
0067 beneficiaries and delivered to the lawfully appointed conserva-
0068 tor of such beneficiaries who was nominated by will or as
0069 otherwise provided by law, except that in those cases where the
0070 benefit involves only the payment of the member's accumulated
0071 contributions with interest as provided by this act in an amount
0072 not to exceed \$500, the board is hereby authorized in its discre-
0073 tion without the appointment of a conservator or the giving of a
0074 bond to pay such amount as is due to the minor or minors
0075 themselves, any payment so made shall be a full discharge and
0076 release to the system from any further claims;

0077 (8) "Board of trustees," "board" or "trustees," the managing
0078 body of the system which is known as the Kansas public em-
0079 ployees retirement system board of trustees;

0080 (9) "Compensation," all salary, wages and other remunera-
0081 tion payable to a member for personal services performed for a
0082 participating employer, including maintenance or any allowance
0083 in lieu thereof provided a member as part of compensation, but

0084 not including reimbursement for traveling or moving expenses.
0085 Unless otherwise provided by law, beginning with the em-
0086 ployer's fiscal year coinciding with or following July 1, 1985,
0087 compensation shall include any amounts for tax sheltered an-
0088 nuities or deferred compensation plans;

0089 (10) "Credited service," the sum of participating service and
0090 prior service and in no event shall credited service include any
0091 service which is credited under another retirement plan autho-
0092 rized under any law of this state;

0093 (11) "Dependent," a parent or child of a member who is
0094 dependent upon the member for at least 1/2 of such parent or
0095 child's support;

0096 (12) "Effective date," the date upon which the system be-
0097 comes effective by operation of law;

0098 (13) "Eligible employer," the state of Kansas, and any
0099 county, city, township, special district or any instrumentality of
0100 any one or several of the aforementioned whose employees are
0101 covered by social security. If a class or several classes, of em-
0102 ployees of any above defined employer are not covered by social
0103 security, such employer shall be deemed an eligible employer
0104 only with respect to such class or those classes of employees who
0105 are covered by social security;

0106 (14) "Employee," any appointed or elective officer or em-
0107 ployee of a participating employer whose employment is not
0108 seasonal or temporary and whose employment requires at least
0109 1,000 hours of work per year, but not including: (A) Any person
0110 covered by or eligible for or who will become eligible for a
0111 retirement annuity under the provisions of K.S.A. 74-4925 and
0112 amendments thereto except as otherwise specifically provided in
0113 subsection (3) of K.S.A. 74-4925 and amendments thereto and
0114 this subsection; (B) any employee who is a contributing member
0115 of the United States civil service retirement system; (C) any
0116 employee of an eligible employer who is a participant in public
0117 service employment under title II and title VI of the federal
0118 comprehensive employment and training act of 1973; (D) any
0119 employee or class of employees specifically exempted by law.
0120 After June 30, 1975, no person who is otherwise eligible for

4
0121 membership in the Kansas public employees retirement system
0122 shall be barred from such membership by reason of coverage by,
0123 eligibility for or future eligibility for a retirement annuity under
0124 the provisions of K.S.A. 74-4925 and amendments thereto, except
0125 that no person shall receive service credit under the Kansas
0126 public employees retirement system for any period of service for
0127 which benefits accrue or are granted under a retirement annuity
0128 plan under the provisions of K.S.A. 74-4925 and amendments
0129 thereto. After June 30, 1982, no person who is otherwise eligible
0130 for membership in the Kansas public employees retirement
0131 system shall be barred from such membership by reason of
0132 coverage by, eligibility for or future eligibility for any benefit
0133 under another retirement plan authorized under any law of this
0134 state, except that no such person shall receive service credit
0135 under the Kansas public employees retirement system for any
0136 period of service for which any benefit accrues or is granted
0137 under any such retirement plan;

0138 (15) "Entry date," the date as of which an eligible employer
0139 joins the system. The first entry date pursuant to this act is
0140 January 1, 1962;

0141 (16) "Executive secretary," the managing officer of the sys-
0142 tem employed by the board under this act;

0143 (17) "Final average salary," in the case of a member who
0144 retires prior to January 1, 1977, and in the case of a member who
0145 retires after January 1, 1977, and who has less than five years of
0146 participating service after January 1, 1967, the average highest
0147 annual compensation paid to such member for any five years of
0148 the last 10 years of participating service immediately preceding
0149 retirement or termination of employment, or in the case of a
0150 member who retires on or after January 1, 1977, and who has five
0151 or more years of participating service after January 1, 1967, the
0152 average highest annual compensation paid to such member on or
0153 after January 1, 1967, for any five years of participating service
0154 preceding retirement or termination of employment, or, in any
0155 case, if participating service is less than five years, then the
0156 average annual compensation paid to the member during the full
0157 period of participating service, or, in any case, if the member has

0158 less than one calendar year of participating service such
 0159 member's final average salary shall be computed by multiplying
 0160 such member's highest monthly salary received in that year by
 0161 12; in the case of a member who became a member under
 0162 subsection (3) of K.S.A. 74-4925 and amendments thereto, or who
 0163 became a member with a participating employer as defined in
 0164 subsection (3) of K.S.A. 74-4931 and amendments thereto and
 0165 who elects to have compensation paid in other than 12 equal
 0166 installments, such compensation shall be annualized as if the
 0167 member had elected to receive 12 equal installments for any
 0168 such periods preceding retirement; in the case of a member who
 0169 retires on or after July 1, 1988 ~~January 1, 1987,~~ the average
 0170 highest annual compensation paid to such member for any ~~four~~
 0171 ~~three~~ years of participating service preceding retirement or ter-
 0172 mination of employment;

July 1, 1987,

four

0173 (18) "Fiscal year," of the Kansas public employees retire-
 0174 ment system, the period commencing July 1 of any year and
 0175 ending June 30 of the next;

0176 (19) "Kansas public employees retirement fund," the fund
 0177 created by this act for payment of expenses and benefits under
 0178 the system and referred to ~~herein~~ as the "fund";

0179 (20) "Leave of absence," a period of absence from employ-
 0180 ment without pay, authorized and approved by the employer,
 0181 and which after the effective date does not exceed one year;

0182 (21) "Member," an eligible employee who is in the system
 0183 and is making the required employee contributions, or any
 0184 former employee who has made the required contributions to the
 0185 system and has not received a refund;

0186 (22) "Military service," service in the armed forces of the
 0187 United States in time of war or national emergency, which
 0188 service is immediately preceded by a period of employment as
 0189 an employee with a participating employer and is followed by
 0190 return to employment as an employee with the same or another
 0191 participating employer within 12 months immediately following
 0192 discharge from such military service, except that if the board
 0193 determines that such return within 12 months was made impos-
 0194 sible by reason of a service-connected disability, the period

0195 within which the employee must return to employment with a
0196 participating employer shall be extended not more than two
0197 years from the date of discharge or separation from military
0198 service;

0199 (23) "Normal retirement date," the date on or after which a
0200 member may retire with full retirement benefits pursuant to this
0201 act, namely, the first day of the month coinciding with or fol-
0202 lowing such member's 65th birthday;

0203 (24) "Participating employer," an eligible employer who has
0204 agreed to make contributions to the system on behalf of its
0205 employees;

0206 (25) "Participating service," the period of employment after
0207 the entry date for which credit is granted a member;

0208 (26) "Prior service," the period of employment of a member
0209 prior to such member's entry date for which credit is granted a
0210 member under this act;

0211 (27) "Prior service annual salary," the highest annual salary
0212 (not including any amounts received as payment for overtime or
0213 as reimbursement for traveling or moving expense) received for
0214 personal services by the member from the current employer in
0215 any one of the three calendar years immediately preceding
0216 January 1, 1962, or the entry date of the employer, whichever is
0217 later, except that if a member entered the employment of the
0218 state during the calendar year 1961, the prior service annual
0219 salary shall be computed by multiplying such member's highest
0220 monthly salary received in that year by 12;

0221 (28) "Retirant," a member who has retired under this system;

0222 (29) "Retirement benefit," a monthly income or the actuarial
0223 equivalent thereof paid in such manner as specified by the
0224 member pursuant to this act or as otherwise allowed to be paid at
0225 the discretion of the board, with benefits accruing from the first
0226 day of the month coinciding with or following retirement and
0227 ending on the first day of the month in which death occurs,
0228 unless the retirant is survived by the retirant's spouse, in which
0229 case the surviving spouse shall be paid the retirement benefit
0230 which would have been payable had the retirant lived until the
0231 end of the month, and upon proper identification such surviving

0232 spouse may negotiate the warrant issued in the name of the
0233 retirant, but if there is no surviving spouse no benefit will be
0234 payable for the month in which the death of the retirant oc-
0235 curred;

0236 (30) "Retirement system" or "system," the Kansas public
0237 employees retirement system as established by this act and as it
0238 may be amended;

0239 (31) "Social security," the old age, survivors and disability
0240 insurance section of the federal social security act;

0241 (32) "Total disability," a physical or mental disability which
0242 prevents the member from engaging, for remuneration or profit,
0243 in any occupation for which the member is reasonably suited by
0244 education, training or experience;

0245 (33) "Trust," an express trust, created by a trust instrument,
0246 including a will, designated by a member to receive payment of
0247 the insured death benefit under K.S.A. 74-4927 and amendments
0248 thereto and payment of the member's accumulated contributions
0249 under subsection (1) of K.S.A. 74-4916 and amendments thereto.
0250 A designation of a trust shall be filed with the board. If there is a
0251 designated trust at the time of the member's death, the insured
0252 death benefit for the member under K.S.A. 74-4927 and amend-
0253 ments thereto and the member's accumulated contributions
0254 under subsection (1) of K.S.A. 74-4916 and amendments thereto
0255 shall be paid to the trust in lieu of the member's beneficiary. If
0256 no will is admitted to probate within nine months after the death
0257 of the member or no trustee qualifies within such nine months or
0258 if the designated trust fails, for any reason whatsoever, the
0259 insured death benefit under K.S.A. 74-4927 and amendments
0260 thereto and the member's accumulated contributions under
0261 subsection (1) of K.S.A. 74-4916 and amendments thereto shall
0262 be paid in accordance with the provisions of subsection (7) of this
0263 section as in other cases where there is no named beneficiary
0264 living at the time of the member's death and any payments so
0265 made shall be a full discharge and release to the system from any
0266 further claims.

0267 Sec. 2. K.S.A. 74-4914 is hereby amended to read as follows:
0268 74-4914. (1) The normal retirement date for a member of the

0269 system shall be the first day of the month coinciding with or
 0270 following the attainment of age 65 or ~~at any age with the~~
 0271 ~~completion of 40 years of credited service~~ ~~or, on and after July 1,~~
 0272 ~~1987, age 62 with completion of 35 years of credited service~~. In
 0273 no event shall a normal retirement date for a member be before
 0274 six months after the entry date of the participating employer by
 0275 whom such member is employed. A member may retire on the
 0276 normal retirement date or on the first day of any month thereafter
 0277 upon the filing with the office of the retirement system of an
 0278 application in such form and manner as the board shall prescribe.
 0279 Nothing herein shall prevent any person, member or retirant
 0280 from being employed, appointed or elected as an employee,
 0281 appointee, officer or member of the legislature. Elected officers
 0282 may retire from the system on any date on or after the attainment
 0283 of the normal retirement date, but no retirement benefits payable
 0284 under this act shall be paid until the member has terminated
 0285 such member's office.

, during the period commencing July 1, 1986, and ending on June 30,
 1988, age 65 or

0286 (2) No retirant shall make contributions to the system or
 0287 receive service credit for any service after the date of retirement.

0288 (3) Any member may retire before such member's normal
 0289 retirement date on the first day of any month coinciding with or
 0290 following the attainment of age 60 or, ~~on and after July 1, 1987,~~
 0291 ~~age 55 with completion of 30 years of credited service or, on and~~
 0292 ~~after July 1, 1987, age 55 with completion of 10 years of credited~~
 0293 ~~service or completion of 10 years of credited service, whichever~~
 0294 ~~occurs later, but in no event before six months after the entry~~
 0295 ~~date, upon the filing with the office of the retirement system of~~
 0296 ~~an application for retirement in such form and manner as the~~
 0297 ~~board shall prescribe.~~

35

0298 (4) Any member who is an employee of an affiliating em-
 0299 ployer pursuant to K.S.A. 74-4954b *and amendments thereto* and
 0300 has not withdrawn such member's accumulated contributions
 0301 from the Kansas police and firemen's retirement system may
 0302 retire before such member's normal retirement date on the first
 0303 day of any month coinciding with or following the attainment of
 0304 age 55.

0305 Sec. 3. K.S.A. 74-4915 is hereby amended to read as follows:

0306 74-4915. (1) Any member who shall retire on or after such
0307 member's normal retirement date shall be entitled to receive an
0308 annual retirement benefit equal to the sum obtained by adding
0309 an amount for participating service and an amount for prior
0310 service determined as provided in this section. The amount for
0311 prior service shall be equal to 1% of the member's prior service
0312 annual salary multiplied by the number of years of prior service
0313 entitled to credit as provided in K.S.A. 74-4913 and amendments
0314 thereto, except that for members retiring on or after July 1, 1981,
0315 who were last employed by a participating employer which had
0316 affiliated with the system under K.S.A. 74-4910, 74-4912, 74-4929
0317 or 74-4991 and amendments thereto, and for the period com-
0318 mencing January 1, 1986, for members retiring before July 1,
0319 1981, who were last employed by a participating employer
0320 which had affiliated with the system under K.S.A. 74-4910,
0321 74-4912, 74-4929 or 74-4991 and amendments thereto, except
0322 that any increase in benefits under this section shall be reduced
0323 by any post retirement benefit adjustments received by such
0324 member prior to July 2, 1985, the amount for prior service shall
0325 be calculated using final average salary in lieu of prior service
0326 annual salary and, in the case of any such member who became a
0327 member under subsection (3) of K.S.A. 74-4925 and amendments
0328 thereto and for whom a final average salary cannot be otherwise
0329 determined, such member's final average salary shall be based
0330 on all service for which such member received assistance in a
0331 plan under subsection (2) of K.S.A. 74-4925 and amendments
0332 thereto as certified by such employer upon request of the board.
0333 The amount for participating service shall be equal to the total of
0334 1.25% of the member's final average salary multiplied by the
0335 number of years of participating service prior to July 1, 1982,
0336 which are entitled to credit as provided in K.S.A. 74-4913 and
0337 amendments thereto and 1.4% of the member's final average
0338 salary multiplied by the number of years of participating service
0339 after June 30, 1982, which are entitled to credit as provided in
0340 K.S.A. 74-4913 and amendments thereto.

0341 (2) (A) Except as otherwise provided in paragraph (B), (C) or
0342 (D) of this subsection, any member who retires before the normal

0343 retirement date shall receive an annual retirement benefit equal
0344 to the annual retirement benefit payable had the member retired
0345 on the normal retirement date but based upon the member's final
0346 average salary and years of participating and prior service cred-
0347 ited to the date of actual retirement reduced by an amount equal
0348 to the product of (i) such annual retirement benefit payable had
0349 the member retired on the normal retirement date, multiplied by
0350 (ii) the product of .6% multiplied by the number of months'
0351 difference, to the nearest whole month, between the member's
0352 attained age at the time of retirement and age 65.

0353 (B) Any member who retires on or after July 1, 1981, but
0354 before the normal retirement date and has attained age 60, shall
0355 receive an annual retirement benefit equal to the annual retire-
0356 ment benefit payable had the member retired on the normal
0357 retirement date but based upon the member's final average
0358 salary and years of participating and prior service credited to the
0359 date of actual retirement reduced by an amount equal to the
0360 product of (i) such annual retirement benefit payable had the
0361 member retired on the normal retirement date, multiplied by (ii)
0362 the product of .3% multiplied by the number of months' differ-
0363 ence, to the nearest whole month, between the member's at-
0364 tained age at the time of retirement and age 65.

0365 (C) Any member who retires on or after July 1, 1987, but
0366 before the normal retirement date and has attained age 55 with
0367 completion of ~~30~~ years of credited service, shall receive an
0368 annual retirement benefit equal to the annual retirement ben-
0369 efit payable had the member retired on the normal retirement
0370 date but based upon the member's final average salary and
0371 years of participating and prior service credited to the date of
0372 actual retirement reduced by an amount equal to the product of
0373 (i) such annual retirement benefit payable had the member
0374 retired on the normal retirement date, multiplied by (ii) the
0375 product of .3% multiplied by the number of months' difference,
0376 to the nearest whole month, between age 60 and age 65 and the
0377 product of (i) such annual retirement benefit payable had the
0378 member retired on the normal retirement date, multiplied by (ii)
0379 the product of .4% multiplied by the number of months' differ-

0380 *ence, to the nearest whole month, between the member's at-*
 0381 *tained age at the time of retirement and age 60.*

0382 (D) *Any member who retires on or after July 1, 1987, but*
 0383 *before the normal retirement date and has attained age 55 with*
 0384 *completion of 10 years of credited service, shall receive an*
 0385 *annual retirement benefit equal to the annual retirement ben-*
 0386 *efit payable had the member retired on the normal retirement*
 0387 *date but based upon the member's final average salary and*
 0388 *years of participating and prior service credited to the date of*
 0389 *actual retirement reduced by an amount equal to the product of*
 0390 (i) *such annual retirement benefit payable had the member*
 0391 *retired on the normal retirement date, multiplied by (ii) the*
 0392 *product of .3% multiplied by the number of months' difference,*
 0393 *to the nearest whole month, between age 60 and age 65 and the*
 0394 *product of (i) such annual retirement benefit payable had the*
 0395 *member retired on the normal retirement date, multiplied by (ii)*
 0396 *the product of .6% multiplied by the number of months' differ-*
 0397 *ence, to the nearest whole month, between the member's at-*
 0398 *tained age at the time of retirement and age 60.*

0399 (3) *Any member who is an employee of an affiliating em-*
 0400 *ployer pursuant to K.S.A. 74-4954b and amendments thereto and*
 0401 *who retires before the normal retirement date under the provi-*
 0402 *sions of subsection (4) of K.S.A. 74-4914 and amendments thereto*
 0403 *shall receive an annual retirement benefit equal to the annual*
 0404 *retirement benefit payable had the member retired on the nor-*
 0405 *mal retirement date but based upon the member's final average*
 0406 *salary and years of participating and prior service credited to the*
 0407 *date of actual retirement, reduced by an amount equal to the*
 0408 *product of (i) such annual retirement benefit payable had the*
 0409 *member retired on the normal retirement date, multiplied by (ii)*
 0410 *the product of .6% multiplied by the number of months' differ-*
 0411 *ence, to the nearest whole month, between the member's at-*
 0412 *tained age at the time of retirement and age 60.*

0413 (4) *Any member who shall retire retires, on or after July*
 0414 *January 1, 1988, with 10 or more years of participating service*
 0415 *shall be entitled to receive an annual retirement benefit for*
 0416 *participating service [and prior service] equal to the total of 1.4%*

July

with 10 or more years of participating service

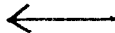
0417 of the member's final average salary multiplied by the number of
0418 years of participating service ~~[and prior service]~~.

0419 (5) Upon death of a retirant, there shall be paid to such
0420 retirant's beneficiary an amount equal to the excess, if any, of
0421 such retirant's accumulated contributions over the sum of all
0422 retirement benefit payments made.

0423 (6) Such annual retirement benefits shall be paid in equal
0424 monthly installments except, that the board may provide for the
0425 payment of retirement benefits which total less than \$240 a year
0426 on other than a monthly basis.

0427 (7) In the event that an application in such form as may be
0428 prescribed by the board for any amount due under the provisions
0429 of this act, is not filed with the office of the retirement system by
0430 the person entitled to same within five years of the date such
0431 amount became due and payable, an amount equal to same shall
0432 be transferred to the retirement benefit accumulation reserve
0433 and such amount shall no longer be due and payable, except that
0434 if any such person shall present evidence satisfactory to the
0435 board that such person's failure to file such application within
0436 that time period was due to lack of knowledge or incapacity on
0437 such person's part, the amount equal to the amount originally
0438 due shall be transferred from the retirement benefit accumula-
0439 tion reserve to the reserve or reserves from which such transfer
0440 was initially made and the amount originally due shall be paid to
0441 such person.

0442 ~~Sec. 4. K.S.A. 74-4919 is hereby amended to read as follows:~~
0443 ~~74-4919. (1) Each participating employer, beginning with the~~
0444 ~~first payroll for services performed after the entry date, shall~~
0445 ~~deduct from the compensation of each member 4% of such each~~
0446 ~~member's compensation as employee contributions. Such de-~~
0447 ~~ductions shall be remitted quarterly, or as the board may other-~~
0448 ~~wise provide, to the executive secretary for deposit in the Kansas~~
0449 ~~public employees retirement fund. Such deductions shall be~~
0450 ~~credited to the members' member's individual accounts account~~
0451 ~~and interest shall be added annually to such accounts account,~~
0452 ~~except that interest shall not be credited to the account of a~~
0453 ~~member who commenced employment with a participating em~~



0454 ~~employer after July 1, 1986, other than an elected official, until such~~
0455 ~~member has 10 years of credited service.~~

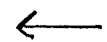
0456 (2) (a) Each participating employer, pursuant to the provi-
0457 sions of section 414(h)(2) of the United States internal revenue
0458 code, shall pick up and pay the contributions which would
0459 otherwise be payable by members as prescribed in subsection
0460 (1) ~~commencing with the third quarter of 1984.~~ The contributions
0461 so picked up shall be treated as employer contributions for
0462 purposes of determining the amounts of federal income taxes to
0463 withhold from the member's compensation.

0464 (b) Member contributions picked up by the employer shall
0465 be paid from the same source of funds used for the payment of
0466 compensation to a member. A deduction shall be made from each
0467 member's compensation equal to the amount of the member's
0468 contributions picked up by the employer, provided that such
0469 deduction shall not reduce the member's compensation for pur-
0470 poses of computing benefits under the system.

0471 (c) Member contributions picked up by the employer shall
0472 be remitted quarterly, or as the board may otherwise provide, to
0473 the executive secretary for deposit in the Kansas public employ-
0474 ees retirement fund. Such contributions shall be credited to a
0475 separate account within the member's individual account so that
0476 amounts contributed by the member ~~commencing with the third~~
0477 ~~quarter of 1984~~ may be distinguished from the member con-
0478 tributions picked up by the employer. ~~Subject to the provisions~~
0479 ~~of subsection (1),~~ interest shall be added annually to members'
0480 individual accounts.

0481 Sec. [5] K.S.A. 74-4989 is hereby amended to read as follows:
0482 74-4989. (1) Upon the death of a retirant, the board of trustees of
0483 the Kansas public employees retirement system shall pay a
0484 ~~lump-sum death benefit~~ [an amount for funeral expenses] which
0485 shall not exceed \$1,500 [3,000] for such retirant, less any amount
0486 payable for funeral benefits under the applicable provisions of
0487 any local police or fire pension plan, as defined by in subsection
0488 (c) of K.S.A. 12-5001 and amendments thereto.

0489 (2) As used in this section, "retirant" means any person who
0490 is a member or special member of the Kansas public employees



4.

a lump-sum death benefit

\$2,000

0491 retirement system, the Kansas police and firemen's retirement
0492 system, the state school retirement system or the retirement
0493 system for judges and who has retired.

0494 [Sec. 6. K.S.A. 75-6511 is hereby amended to read as follows:

0495 75-6511. (a) Except as provided in subsection (b) or in section 7,
0496 the director of accounts and reports shall make periodic deduc-
0497 tions from state retirement or other benefit payments to retired
0498 state officers and employees and other persons who are qualified
0499 to participate in the state health care benefits program for the
0500 costs of the state health care benefits program which are payable
0501 by such retired state officers and employees and other persons.

0502 (b) No deductions shall be made under this section in cases
0503 (1) where the retired state officer or employee or other person
0504 submits a written request in accordance with procedures pre-
0505 scribed by the commission that the deductions not be made, or
0506 (2) where the commission has directed that the deductions not be
0507 made.

0508 (c) No deductions made under this section shall be construed
0509 to be an assignment of any annuity, benefits, funds, property or
0510 rights of any person under K.S.A. 20-2618, 74-4923 or 74-49,105
0511 and amendments to these sections.

0512 New Sec. 7. (a) The amount payable for periods commenc-
0513 ing after December 31, 1986, under K.S.A. 75-6511 and amend-
0514 ments thereto by a person, who is a member of the Kansas public
0515 employees retirement system and who is a retirant thereunder,
0516 for the cost of participation in the state health care benefits
0517 program is hereby reduced by 1/2 of such cost which shall be paid
0518 as provided in this section. The amount of such reduction in the
0519 cost attributable to such person shall be paid from the moneys
0520 collected for the retirant health care assessment under this sec-
0521 tion.

0522 (b) Each active member of the Kansas public employees
0523 retirement system shall pay the retirant health care program
0524 assessment imposed by this section. Each participating em-
0525 ployer under the Kansas public employees retirement system,
0526 commencing with the first payroll period commencing after
0527 December 31, 1986, shall deduct from the compensation of each

0528 member of the system the amount equal to .5% of the member's
0529 compensation for the payroll period as the retirant health care
0530 program assessment. All such moneys deducted from such com-
0531 pensation shall be remitted to the Kansas state employees health
0532 care commission in accordance with the directions of the com-
0533 mission.

0534 (c) All moneys received by the Kansas state employees
0535 health care commission for the retirant health care program
0536 assessment under this section shall be deposited in the state
0537 treasury to the credit of the health care benefits program fund in
0538 accordance with K.S.A. 75-6507 and amendments thereto. All
0539 such moneys shall be expended to pay 1/2 of the costs of the
0540 participation of retirants of the Kansas public employees retire-
0541 ment system in the state health care benefits program which are
0542 otherwise payable by such retirants under K.S.A. 75-6511 and
0543 amendments thereto.]

and

(SEE ATTACHMENT) New Sec. 5.

0544 ~~Sec. 8.] K.S.A. 74-4902, 74-4914, 74-4915, 74-4919, 74-4989~~

6.

0545 ~~and 75-6511] are hereby repealed.~~

0546 Sec. 9.] This act shall take effect and be in force from and
0547 after its publication in the statute book.

7.

New Sec. 5. (a) The retirement benefit, pension or annuity payments accruing after June 30, 1986, to each retirant and each local school annuitant entitled to receive such payments on January 1, 1985, shall be increased by an amount equal to 3% of the retirement benefit, pension or annuity payment in effect on July 1, 1986, from the retirant's retirement system or the local school annuitant's separate retirement system maintained by a local school district and shall be paid by such retirement system to the retirant or by such separate retirement system maintained by a local school district to the local school annuitant during such period. All such increased payments to local school annuitants shall be paid by the local school district maintaining a separate retirement system and such payments shall be made at no additional cost to any employer other than the local school district.

(b) As used in this section:

(1) "Retirant" means (A) any person who is a member of a retirement system and who retired prior to January 1, 1985, (B) any person who is a special member of a retirement system and who retired prior to January 1, 1985, and (C) any person who is a joint annuitant or beneficiary of any member described in clause (A) or any special member described in clause (B).

(2) "Retirement system" means the Kansas public employees retirement system, the Kansas police and firemen's retirement system, the state school retirement system and the retirement system for judges.

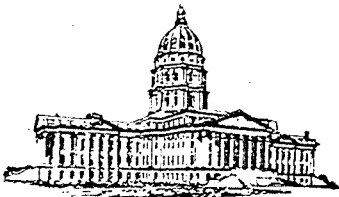
(3) "Local school annuitant" means (A) any person who is an annuitant with 10 or more years of service, who is receiving an annuity from a school district maintaining a separate retirement system, whose annuity is not included, in whole or in part, in payments made to such school district under K.S.A. 72-5512b and amendments thereto and who is not a member of a group I or of group II as defined in K.S.A. 72-5518 and amendments thereto, and

(B) any person who is receiving an annuity from a school district maintaining a separate retirement system which is receiving an aggregate payment from the Kansas public employees retirement system under K.S.A. 72-5512b and amendments thereto and who retired prior to September 1, 1981.

STATE OF KANSAS

DAVID F. LOUIS
REPRESENTATIVE, EIGHTEENTH DISTRICT
JOHNSON COUNTY
11211 JOHNSON DRIVE
SHAWNEE, KANSAS 66203

TOPEKA OFFICE
STATE CAPITOL BUILDING
TOPEKA, KANSAS 66612



TOPEKA

HOUSE OF
REPRESENTATIVES

April 10, 1986

COMMITTEE ASSIGNMENTS
CHAIRMAN PENSIONS, INVESTMENTS AND
BENEFITS
MEMBER COMMERCIAL AND FINANCIAL
INSTITUTIONS
WAYS AND MEANS
JOINT COMMITTEE ON STATE
BUILDING CONSTRUCTION

TO: Pensions, Investments and Benefits Committee Members.

RE: Committee Minutes
2/11, 2/26, 3/4, 3/5, 3/6, 3/7

Attached please find copies of the referenced minutes. If you have any corrections, please advise the committee secretary, Rose Black (7667), by the first day of our veto override Session.

Barring any comments from you, I'll assume the minutes are approved. Thanks.

A handwritten signature in black ink, appearing to read 'David F. Louis', written in a cursive style.

df1/r