

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS

The meeting was called to order by REPRESENTATIVE VERNON WILLIAMS at
Chairperson

9:00 a.m./p.m. on Wednesday, January 21, 1987 in room 527-S of the Capitol.

All members were present except:

Representatives Wisdom and Sand—excused.

Committee staff present:

Richard Ryan
Alan Conroy
Gordon Self
Rosalie Black

Conferees appearing before the committee:

Richard Ryan, Kansas Legislative Research Department
Alan Conroy, Kansas Legislative Research Department
Gordon Self, Revisor's Office

The meeting was called to order by Representative Williams, Chairman, for introduction of staff to committee members and discussion of staff functions.

Alan Conroy, Kansas Legislative Research Department, said many bills in committee will pertain to KPERS which is a \$3 billion fund with contributions from 100,000 members. Pointing out the differences between the various KPERS funds, he presented a comparison of significant features of the Kansas Public Employees, Kansas Police and Fire, and Kansas Judges Retirement Systems. All are administered by the Board of Trustees of KPERS. Attachment 1.

Richard Ryan, Kansas Legislative Research Department, told committee members they might want to check with staff before initiating legislation to determine if previous attempts had been made concerning the same subject. Possibly, previous fiscal notes from the budget division may exist which would indicate cost of any change in legislation. He added that the committee usually had bills concerning jurisdiction over the State Monies Law (pool of monies managed by the pooled money investment board). Bills involving changed costs of KPERS or bills involving the State Monies Law which pass favorably in this committee go to the House Appropriations Committee rather than directly to the House floor. Local government investment bills

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON PENSIONS, INVESTMENTS AND BENEFITS,
room 527-S, Statehouse, at 9:00 a.m./p.m. on January 21, 1987

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pass directly from this committee to the House floor.

Gordon Self, Revisor's Office, explained that his primary responsibility is assisting committee members with drafting of bills and amendments. He indicated the deadline for individual members to initiate bills in committee is next Monday, January 26.

Minutes were approved for January 20, 1987.

Tuesday, January 27, the committee will meet to review interim committee bills.

The meeting adjourned at 9:50 a.m.

Rep. Tom Williams

May 20, 1986

COMPARISON OF SIGNIFICANT FEATURES OF THE KANSAS PUBLIC EMPLOYEES,
KANSAS POLICE AND FIRE, AND KANSAS JUDGES RETIREMENT SYSTEMS*
(All Administered by the Board of Trustees of KPERS)

COVERAGE - EMPLOYERS

- KPERS - Mandatory for the state. Optional for any city, county, township, special district or any instrumentality of any one or several of the aforementioned whose employees are covered by Social Security and not covered by or eligible for another retirement plan under the laws of the State of Kansas.
- KP&F - Optional, any political subdivision employing firemen or policemen (local units may affiliate for future service only). Includes Highway Patrol and KBI.
- JUDGES - State Judicial System.

COVERAGE - EMPLOYEES

- KPERS - Mandatory for all eligible employees (except elected officials), both current and future, whose employment is not seasonal or temporary and requires at least 1,000 hours per year. Future nonschool employees after entry date become eligible after one continuous year of service (except for first-day coverage for death and disability benefits).
- KP&F - Mandatory for all employees except sheriffs. Sheriff may elect membership.
- JUDGES - All justices of the Supreme Court, Court of Appeals and all judges and associate judges of the district courts of the State of Kansas automatically participate upon appointment. (In January 1987, associate district court judges become district court judges.) Supreme Court Commissioners were considered justices of the Supreme Court for the purpose of inclusion under the Judges Retirement System.

* Prepared by KPERS staff and Kansas Legislative Research Department.

Attachment I

EMPLOYER CONTRIBUTION

KPERS - Amount required to pay current service liabilities and to fund prior service costs. _ .

FY 1987	School	4.1%	FY 1988	School	4.1%
	Non-School	3.9%(a)		Non-School	3.9%

a) This rate applies to local government employees in CY 1987.

KP&F - Amount required to pay current service liabilities and to fund prior service costs. (16% for first year.) Each employer has a separate rate.

FY 1987	Local	16.4% (Avg.)	FY 1988	Local	16.3% (Avg.)
	KBI	14.3%		KBI	14.9%
	Patrol	15.9%		Patrol	16.6%

(For employers affiliating for future service only, the normal cost rate in FY 1987 is 12.0%.)

JUDGES - Amount required to pay all liabilities which shall exist or accrue, including amortization of unfunded accrued liability.

FY 1987	8.7%	FY 1988	8.7%
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EMPLOYEE CONTRIBUTION

KPERS - 4% gross compensation.

KP&F - 7% gross compensation - after 35 years credited service or attainment of age 60 and 20 years credited service, drops to 2%.

JUDGES - 6% gross compensation - after 20 years credited service and attainment of age 65, drops to 2%.

(Beginning in the 3rd quarter of CY 1984, legislation enacted in 1984 requires member contributions to be "picked-up" by employers, i.e., treated, but not actually paid, as employer contributions, for federal income tax purposes to defer taxation of that part of a member's salary until contributions are withdrawn or retirement benefits begin.)

REQUIRED SERVICE

KPERS - No required number of years.

KP&F - 20 years.

JUDGES - No required number of years.

VESTING OF BENEFITS

KPERS - 10 years credited service.

KP&F - 20 years credited service.

JUDGES - 10 years credited service.

(Members of one of the above systems who were members of either of the other systems may combine service credit for vesting under all systems for which they have credit.)

RETIREMENT AGE

KPERS - 65 (normal retirement).*
60 (early retirement).* See Minimum Retirement Age, below.

KP&F - 55 (normal retirement).
50 (early retirement).

JUDGES - 65 (normal retirement).
62 (early retirement).

MINIMUM RETIREMENT AGE

KPERS - 60, early retirement with 10 years credited service (reduced benefit -- .3 percent per month). During the period 7-1-86 to 6-30-88, full benefits to those who retire at age 60 or over with 35 years of service or who have 40 years of service regardless of age. Exceptions for state correctional employees -- see Retirement Age.

KP&F - 50, after 20 years service (actuarially reduced benefit --.4 percent per month).

JUDGES - 62, early retirement with 10 years credited service (reduced benefit -- .3 percent per month).

MANDATORY RETIREMENT AGE

KPERS - None

* State correctional employees -- unit team personnel, correctional officers, and supervisors have a normal retirement age of 55 and an early retirement option at age 50. Power plant operators, correctional industries personnel, food service employees, and maintenance supervisors, who have regular contact with inmates, have a normal retirement age of 60 and an early retirement option at age 55. Early retirement is subject to actuarial reduction.

KP&F - No mandatory retirement age except for Highway Patrol (age 60) and KBI (age 65); however, no credit earned after 60 except for employees who do not have required 20 years service. Employee must make contributions as long as employed as policeman or fireman.

JUDGES - End of term in which age 70 is attained.

BASIS OF RETIREMENT BENEFIT

KPERS - Final average salary (FAS). Average highest 5 years of participating service (average of highest 4 years for persons retiring after 7/1/87). However, members eligible for a long-term disability benefit, who were disabled for at least five years immediately before retirement, will have their FAS adjusted upon retirement by the actuarial salary assumption rates existing during the period of disability.

KP&F - Final average salary (FAS). Average highest 3 of last 5 years of participating service.

JUDGES - Final average salary (FAS). Average highest 5 years of participating service. However, members eligible for a long-term disability benefit, who were disabled for at least five years immediately before retirement, will have their FAS adjusted upon retirement by the actuarial salary assumption rates existing during the period of disability.

BASIC RETIREMENT BENEFIT

KPERS - Prior service - 1% FAS for each year of prior service. Participating service - 1 1/4% FAS for each year of participating service; 1.4% for service credited after June 30, 1982; 1.4% FAS for all years of participating service for members who retire on or after July 1, 1988 with at least 10 years of such service. No minimum -- No maximum.

KP&F - 2% FAS per year of service (combined prior and participating) not to exceed 70% of FAS.

JUDGES - 5% FAS per year of service for up to 10 years and 3 1/3% for more than 10 years (combined prior and participating) not to exceed 65% of FAS.

OPTIONS

KPERS - OPTION A: A reduced monthly benefit payable for life with one-half this amount continued monthly to the joint annuitant upon the death of a retirant. The reduction factor is 88% minus .4% for each year the joint annuitant is younger than the retirant or plus .4% for each year older.

OPTION B: A reduced monthly benefit payable for life with the same amount continuing monthly to the joint annuitant upon the retirant's death. The reduction factor is 79% minus .6% for each year the joint annuitant is younger than the retirant or plus .6% for each year older.

OPTION C: A reduced monthly benefit payable for life and if death occurs within 10 years of the retirement date, the same amount is payable to the beneficiary for the remainder of the 10 year period. The reduction factor is 94%.

OPTION D: A reduced monthly benefit payable for life with three-fourths of this amount continued monthly to the joint annuitant upon the death of a retirant. The reduction factor is 83% minus .5% for each year the joint annuitant is younger than the retirant or plus .5% for each year older.

KP&F - OPTION A: Same as KPERS except reduction factor is 92% plus or minus .2% for age differential.

OPTION B: Same as KPERS except reduction factor is 85% plus or minus .4% for age differential.

OPTION C: Same as KPERS except reduction factor is 97%.

OPTION D: Same as KPERS except reduction factor is 88% plus or minus .3% for age differential.

JUDGES - OPTION A: Same as KPERS.

OPTION B: Same as KPERS.

OPTION C: Same as KPERS.

OPTION D: Same as KPERS.

POST RETIREMENT ADJUSTMENTS

KPERS - 1972 - 5% across the board. (Permanent)

1973 - Graduated percentage increase based on year of retirement ranging from 3.2% to 2%. (Permanent)

1976 - 5% of annual benefit; maximum \$200, minimum \$20. (13th Check)

1977 - 5% of annual benefit; maximum \$200, minimum \$20. (13th Check)

1978 - Graduated percentage increase based on year of retirement ranging from 7.34% to 1.1%. (Permanent)

- 1980 - Retirement Dividend Payment not to exceed 8.33% of annual benefit (13th Check). (Permanent for all who retire through July 1, 1987)
- 1982 - 10% increase in monthly benefits for retirants who were entitled to benefits as of 6-30-81. (Permanent)
- 1984 - 10% increase in monthly benefits for retirants who were entitled to benefits as of 6-30-81. (Permanent)
- 1985 - 5% increase in monthly benefits for retirants who were entitled to benefits as of 6-30-84. (Permanent)
- 1986 - 3% increase in monthly benefits for retirants who retired prior to 1-1-85. (Permanent)

- KP&F
- 1972 - Same as KPERS.
 - 1973 - Same as KPERS except 50% to those who retired before 1962.
 - 1976 - Same as KPERS.
 - 1977 - Same as KPERS.
 - 1978 - Same as KPERS.
 - 1980 - Same as KPERS.
 - 1982 - Same as KPERS.
 - 1984 - Same as KPERS.
 - 1985 - Same as KPERS.
 - 1986 - Same as KPERS.

- JUDGES
- 1972 - Same as KPERS.
 - 1973 - None.
 - 1974 - Integration with social security removed.
 - 1976 - Same as KPERS.
 - 1977 - Same as KPERS.
 - 1978 - Same as KPERS.
 - 1980 - Same as KPERS.
 - 1982 - Same as KPERS.
 - 1984 - Same as KPERS.
 - 1985 - Same as KPERS.
 - 1986 - Same as KPERS.

RESTRICTIONS ON POST RETIREMENT EARNINGS

KPERS - None.

KP&F - Retirants may not be employed by the same department of the employer from which they retired for more than 30 days in any calendar year.

JUDGES - None.

TERMINATION BENEFIT

- KPERS - Return member's actual contributions plus credited interest (must be repaid by employee or employer if reemployed by same employer within 60 days); 31-day conversion provision on life insurance. Vested benefit with 10 years of service, if no withdrawal.
- KP&F - Return member's actual contributions plus interest credited after June 30, 1982 (must be repaid by employee or employer if reemployed by same employer within 60 days). Vested benefit with 20 years, if no withdrawal.
- JUDGES - Return member's contributions plus interest credited after June 30, 1982; 31-day conversion provision on life insurance. Vested benefit with 10 years of service.

DEATH BENEFITS DEFINITION (DUTY CAUSED)

- KPERS - Service-connected accident.
- KP&F - Service-connected accident; for members with 5 or more years of credited service heart and lung disease is presumed service-connected.
- JUDGES - Death from any cause while in service as a judge.

DEATH BENEFITS (DUTY CAUSED)

- KPERS - SPOUSE: 50% FAS less any amount paid or payable under Workers' Compensation (\$100 minimum per month), until death or remarriage, and a \$50,000 lump sum payment.
- EACH CHILD: NONE.
- FAMILY MAXIMUM: 50% FAS.
- CHILDREN, NO SPOUSE: Same as spouse, until youngest child attains age 18.
- BENEFICIARY: Return member's actual contributions plus interest. Insured death benefit-100% annual rate of compensation (ARC) if member under age 70 (100% limitation eliminated in 1982, subject to availability of funds and KPERS Board approval). If no spouse or children, service-connected accident benefits payable to dependent parents.

KP&F - SPOUSE: 50% FAS, until death or remarriage.
EACH CHILD: 10% FAS, until youngest attains age 18.
FAMILY MAXIMUM: 75% FAS.
CHILDREN, NO SPOUSE: 50% FAS + 10% FAS per child.
BENEFICIARY: If no spouse or children, return member's contributions plus interest credited after June 30, 1982, to beneficiary.

(Current federal law provides a death benefit of \$50,000 within certain limitations for law enforcement officers killed in the line of duty.)

JUDGES -

PAYABLE TO ANY
NAMED BENEFICIARY:

Return member's actual contributions plus interest. Insured death benefit of 100% ARC payable to beneficiary if member under age 70 (100% limitation eliminated in 1982 subject to availability of funds and KPERS Board approval). If over age 60, with 10 years credited service and spouse is sole beneficiary, spouse may elect payment under Option A rather than lump sum return of actual contributions.

DEATH BENEFITS (NON DUTY)

KPERS - Return member's actual contributions plus interest. Insured death benefit of 100% ARC payable to beneficiary if member under age 70 (100% limitation eliminated in 1982 subject to availability of funds and KPERS Board approval). Members eligible for long-term disability benefits, who are disabled at least 5 years immediately preceding death, will have their ARC adjusted by actuarial salary assumption rates existing during the period of disability. If over age 60, with 10 years credited service and spouse is sole beneficiary, spouse may elect payment under Option A rather than lump sum return of actual contributions.

KP&F - UNDER 5 YEARS SERVICE: Return member's actual contributions (with interest credited after June 30, 1982) to beneficiary.

5 YEARS OR MORE: Spouse receives lump sum of 100% FAS plus 2% FAS per year of service (payable at spouse's age 50 unless there are unmarried children under age 18). If no spouse or children, return member's actual contributions without interest to beneficiary.

JUDGES - Same as above (duty caused).

DEATH BENEFITS AFTER RETIREMENT

KPERS - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. Lump sum death benefit of \$2,000.

KP&F - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. For disability retirements if no other benefits are provided then a lump sum benefit of 50% FAS and 50% of member's monthly benefit to beneficiaries. Lump sum death benefit same as KPERS in any event.

JUDGES - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. Lump sum death benefit same as KPERS.

DISABILITY BENEFIT DEFINITION (DUTY CAUSED)

KPERS - Totally and permanently disabled after 180 consecutive days regardless of cause. May be either physical or mental.

KP&F - Totally and permanently disabled as a policeman or fireman, may be physical or mental but must be caused by service-connected accident. For members with 5 or more years of credited service heart and lung disease is presumed service-connected.

JUDGES - Totally and permanently disabled as a judge, may be physical or mental from any cause. Also available to vested, inactive judges.

DISABILITY BENEFITS (DUTY CAUSED)

KPERS - EMPLOYEE: 60% ARC, reduced by 1/2 Workers' Compensation and total of primary social security or any other employer provided benefits after 180 days disability (\$50 minimum). Continued

group life insurance coverage. Participating service credit granted during period of total disability. Insurance benefits and coverage ends at age 70 or retirement, whichever first occurs. Disabilities occurring after age 60 receive benefits to the earlier of (1) termination, (2) age 70, (3) 5 years.

EACH CHILD: None.

FAMILY MAXIMUM: 60% ARC.

(Certain state correctional employees have the same benefits as under KP&F from July 1, 1982 to July 1, 1987, except such benefits are reduced by any disability benefits received under Social Security or Workers' Compensation but not to less than \$50 per month.)

KP&F - EMPLOYEE: 50% FAS.

EACH CHILD: 10% FAS.

FAMILY MAXIMUM: 75% FAS.

JUDGES - EMPLOYEE: Same as normal retirement benefits; benefits recalculated upon attainment of retirement age with additional credit granted for the period of disability.

EACH CHILD: Not applicable.

FAMILY MAXIMUM: Same as normal retirement benefits.

DISABILITY BENEFITS (NON-DUTY)

KPERS - Same as duty caused. (For certain state correctional employees, disability benefits are generally the same as for KP&F, both duty and nonduty caused.)

KP&F - UNDER 5 YEARS SERVICE: Return member's actual contributions (with interest credited after June 30, 1982).

5 YEARS OR MORE: 2% FAS per year of service, after 180 days disability. (Limit of 50% FAS).

JUDGES - Same as duty caused.

RELATIONSHIP TO SOCIAL SECURITY

- KPERS - None except offset for primary social security under insured disability.
- KP&F - None except select group covered under Brazelton vs. KPERS law suit.
- JUDGES - None, integration with social security removed in 1974.

BACKGROUND

KANSAS SCHOOL RETIREMENT SYSTEM (KSRS) ANNUITANTS

In 1971 all of the active members (and most inactive vested members) of the KSRS became members of KPERS. KSRS members who were retired at that time and certain classes of inactive employees with vested rights did not come under KPERS. Instead, payments to these members continued under the provisions of KSRS through separate reserves maintained specifically for that purpose.

KSRS provided a benefit related to the amount of employee contributions, and a separate benefit, paid by the state, based solely on years of school service as follows:

Savings annuity - is the annuity amount which could be provided by the employee's contribution account at retirement (1984 legislation increased the savings annuity by 50%).

Service annuity - the service related benefit - is a level dollar amount based on years of service at retirement. The service annuity rates at the time of the merger and prior to 1973 were as follows:

<u>Years of Service</u>	<u>Monthly Service Annuity Per Year of Service Prior to 1973</u>
less than 10	\$ 1.00
10 but less than 20	1.50
20 but less than 25	2.00
25 to 35	3.50

Effective in 1973, this benefit was increased to \$6.50 per year of service for all employees with at least 10 years of service; a further increase to \$6.85 became effective October 1, 1978. Effective September 1, 1979, the 35-year limit on service was removed and benefits were increased accordingly. Legislation enacted in 1985 raised the service annuity rate to \$2 for persons with less than 10 years of service, and provided that KSRS retirants with 10 or more years of credited and noncredited service shall receive an additional \$3 monthly for each year of Kansas school service not previously used in a benefit calculation. Inclusion of the 1982, 1984, and

1985 post-retirement adjustments results in the following monthly annuity rates:

Less than 10 years of service	\$ 2.32
10 or more years of service	
a) no noncredited service	\$ 8.70
b) with noncredited service	\$ 11.85

Although all currently active school employees are covered under KPERS, a small number of former school employees continue to qualify for benefits each year under KSRS.

The obligation of the state of Kansas for payment of School Service Annuities was originally to be amortized over a period of 10 years commencing July 1, 1973. The sum of \$10,220,000 was transferred from the State General Fund on July 1, 1973, and annual transfers of \$10 million were made each year from 1974 through 1983.

Legislation enacted in 1984 eliminated annual transfers from the State General Fund (which would have been \$10 million in 1984 and approximately \$3.4 million in 1985), made members of the old KSRS special members of KPERS, and provided that the state's remaining obligation for service annuities be amortized over 27 years.

The increase in the benefit level to \$6.85 effective October 1, 1978 produced an additional liability of \$4,507,900 as of that date. To finance this benefit increase, separate appropriations were made in 1978 of \$700,000 for FY 1979 and of \$1,269,300 for each of the fiscal years 1980, 1981, and 1982. Removal of the 35 year limitation in 1979 was funded by an appropriation in 1979 from the General Fund of \$2.8 million for both FY 1980 and FY 1981.

BACKGROUND

KANSAS CITY, KANSAS SCHOOL EMPLOYEES RETIREMENT FUND

The only Kansas school employees presently covered by a local retirement system are those of the Kansas City Unified School District No. 500 who were hired before 1964. Employees of that school district hired after January 1, 1964 -- like all other active Kansas school employees -- became members of the Kansas Public Employees Retirement System (KPERS) on January 1, 1971, the effective date of the merger of the Kansas School Retirement System (KSRS) into KPERS.

The 1953 legislation was passed to permit first-class city school retirement systems to transfer into KSRS. Employees covered by such city systems that joined the state system were given prior service credit under KSRS, and

their contributions to the local systems after September 1, 1941 were transferred to KSRS. First-class cities that entered KSRS were permitted to retain their local school systems as supplemental retirement plans, so as to bring monthly benefits to a maximum of \$125 if a lesser amount was payable under KSRS.

The first-class city systems that transferred into KSRS in 1953 were those in Atchison, Coffeyville, Fort Scott, Leavenworth, Parsons, Pittsburg and Topeka. (A special act resulted in Hutchinson entering KSRS in 1951.) When Salina joined KSRS in 1954, Kansas City remained as the only first-class city with a separate school employees retirement system.

In 1963 the Kansas School Retirement Law (K.S.A. 72-5512a) was amended to provide that employees of the Kansas City school district hired after January 1, 1964 would become members of KSRS. The separate city system -- the Kansas City School Employees Retirement Fund -- continued to cover the closed group of employees hired before 1964. As of August 31, 1973 the Kansas City Plan covered only 407 active school employees.

The 1963 legislation also provided that the State School Retirement Fund would reimburse the Kansas City Fund for its members who retired after July 1, 1963, in the amount that such employees would have received had they retired under KSRS. Payments from the State Fund to the Kansas City Fund were made semiannually on March 1 and September 1 of each year on the basis of the service annuities payable for the preceding six month period.

The substantial increase in KSRS service annuities effective July 1, 1973, did not apply to retirants receiving benefits from the Kansas City Fund. (The only exceptions to this general rule are a few Kansas City Plan retirants who are receiving direct payments from KSRS as Group II and Group III annuitants.) State payments to the Kansas City Fund continued to be based on the schedule of KSRS service annuity amounts effective July 1, 1965, up to a maximum of \$122.50 a month for Kansas City Plan retirants with 35 or more years of service. The State payment for the first 30 years of service (up to \$105 a month per retirant) was used to help finance the Kansas City Plan, but any amounts in excess of \$105 a month are paid to eligible Kansas City Plan retirants in addition to local plan benefits (up to \$17.50 a month passes through to the direct benefit of the retirant).

Chapter 293, Session Laws of 1974, amended K.S.A. 72-1759 and 74-4932 to provide members of the Kansas City School Employees Retirement Fund with the opportunity of electing membership in KPERS. The election had to be made prior to September 1, 1974. For those who elected to become members of KPERS, the Kansas City Board of Education was required to transfer from the local retirement fund to KPERS an amount equal to the aggregate of all employee contributions of those so transferring. Employees were to be granted prior service credit in accordance with K.S.A. 74-4936 except that service between January 1, 1971 and September 1, 1974 was credited as participating service. Those electing membership in KPERS are no longer covered under the local retirement fund (K.S.A. 72-1758 to 72-1769) and are now governed by all the provisions of law applicable to employees who became members under K.S.A. 74-4935.

The 1974 legislation further provided for the KPERS actuary to compute the remaining obligation of the state for the retirants and employees who

elected to remain under the local retirement fund and the level annual payments that were to be made by the state over a period of 10 years commencing July 1, 1975. This level annual payment amounted to \$404,900, the last one being made in FY 1985.

In 1978, 1979, and 1980, legislation was enacted which provided post-retirement benefits for certain members of the Kansas City system.

A bill enacted in 1981 lowered from \$125 to \$75 the maximum amount of primary social security benefits which are deducted from the monthly annuity paid to a member of the Kansas City system.

A bill enacted in 1982 provides for a 10 percent increase in the monthly benefits of retirants, but this must be financed by the Kansas City System.

Legislation enacted in 1984 provides that annuities paid by the Kansas City system shall begin on the first day of the month following retirement rather than on September 1 of the year in which retirement occurs.

The 1985 Legislature (1) gave pre-1981 retirants the benefits of the 1982, 1984, and 1985 post-retirement adjustments, all of which must be financed by the school district, and extended the retirement divided payment (13th check) to all who retire through 7/1/87 and (2) allowed the remaining active members of the local system to elect membership in KPERS. There were 44 active members of the local plan as of May 16, 1985, and there were 35 on the same date in 1986.

In 1986, the Legislature granted a 3 percent increase in retirants' benefits for all individuals who retired prior to January 1, 1985.

J86-95/RWR