Approved May 6, 1992

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:46 a.m. on April 29, 1992 in Room 123-S of the Capitol.

All members were present except:

No one was absent

Conferees appearing before the committee:

None

INTRODUCTION OF BILLS

Senator Gaines moved, Senator Kerr seconded, that bill draft 1 RS 3088 be introduced as requested by Senator Webb. The motion carried on a voice vote.

It was moved by Senator Doyen and seconded by Senator Gaines that bill draft 1 RS 3065, 1 RS 3066, and 1 RS 3067 be introduced. Norman Furse, Revisor of Statutes, explained that these bill drafts are reconciliation measures. The motion carried.

It was moved by Senator Harder and seconded by Senator Gaines that the minutes of the March 26, and April 1, 2, 3, 6, 7, 8, 9, and 10, 1992 meetings be approved. The motion carried on a voice vote.

HB 2096 - Sub for H 2096 by Committee on Pensions, Investments and Benefits - KPERS, 90-point plan for normal retirement date.

Members of the KPERS subcommittee reviewed the report, Attachment 1.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

In answer to a question regarding item 1, Senator Salisbury stated that the current window for the period July 1, 1991 to July 15, 1992 age 60 or over with 30 years of service had caused no additional cost.

Senator Salisbury reviewed item 2 which contained the provisions of SB 669. She provided Attachment 2 which listed KPERS post-retirement benefit increases enacted by the Legislature over the past 10 years. She stated that the proposal was made in response to a survey in which respondents named predictability of income in retirement years as a top priority, and added that the expense of this proposal would have been less than the ad hoc increases that have been awarded over the last ten years.

Senator Gaines objected to item 2, noting his opinion that it would constitute a contractual agreement with the retirants that would create an unfunded liability against the state. It was Senator Kerr's belief that this proposal would obligate the state to provide benefits to this particular group before considering other recipients of state aid.

Senator Brady expressed his belief that although this bill would take the decision away from the Legislature, it would not dramatically change the impact on the fund. The Chairman commented that the greatest difference was that in the past, each increase in benefits was paid from earnings from the fund and did not burden the taxpayer. He stated that there was no indication that the fund would have a positive generation of money. In response, Senator Winter stated that the net increase in the fund should be sufficient to allow the guaranteed increases.

There was discussion regarding the state's contribution rate which was higher than the employee rate from 1962-1985 and lower than the employee rate from 1986-present. The state's current contribution rate is 3.3% (Attachment 3).

Senator Bogina expressed his reservation about passing the obligation of the extended amortization period to future employees (item 3).

It was moved by Senator Gaines and seconded by Senator Doyen that the subcommittee report be amended by striking items 2 and 3. The motion failed on a show of hands.

Senator Rock moved, Senator Gaines seconded, that item 5 be deleted from the subcommittee report. The motion carried on a show of hands.

Senator Doyen moved, Senator Gaines seconded, that the subcommittee report be amended by deleting item 6. Staff explained that the individual in item 6 left state employment before becoming vested, did not withdraw the contribution from the fund, is now employed parttime and would like to count the parttime work towards vesting. The motion failed.

Senator Brady explained that recommendation 7 would allow county officials the same opportunities provided to state officials.

Members discussed item 9, noting that the special KPERS-Correctional benefits have been extended on a yearly basis since 1981. It was moved by Senator Brady and seconded by Senator Gaines that the subcommittee report be amended by requesting that the KPERS Retirement Study Commission examine this issue and make recommendations. The motion carried on a voice vote.

KANSAS POLICE AND FIRE RETIREMENT SYSTEM
Senator Winter stated that the narcotics agents mentioned in item 2 were hired with federal grants and were not listed as members of KPERS because of their undercover status.

Senator Salisbury read a letter from Jack Hawn, Deputy Executive Secretary of KPERS, regarding nonpayment of benefits to minors (Attachment 4). It was moved by Senator Salisbury and seconded by Senator Parrish that K.S.A. 74-4960 and 74-4960a be amended to add "All payments due under this section to a minor shall be made to a legally appointed conservator of such minor." The motion carried on a voice vote.

JUDGES' RETIREMENT SYSTEM
Items 1 and 2 were reviewed by Senator Salisbury. There was no discussion.

In answer to Senator Moran, it was stated that legislators would receive the automatic post-retirement benefit increases. Senator Salisbury moved, Senator Winter seconded, that members of the Legislature be excluded from the provisions of the bill. The motion failed.

In answer to Senator Moran, Senator Brady stated that all the provisions of the bill can indirectly affect legislators, but there is an option that allows officials to not continue as a KPERS members if any legislator so chooses.

Senator Kerr moved, Senator Doyen seconded, that the post-retirement benefit increases equal the U.S. Consumer Price Index for all urban consumers in all sections of the bill (item 2 of KPERS, item 1 of KP&F, and item 1 of the judges' section).

Senator Parrish offered a substitute motion which was seconded by Senator Brady to adopt the subcommittee report as amended. Senator Doyen requested a roll call vote. The motion carried on a roll call vote.

It was moved by Senator Brady and seconded by Senator Parrish that Sub. 2096 as amended be recommended favorable for passage. The motion failed on a roll call vote.

The Chairman adjourned the meeting at 1:10 p.m.

GUEST LIST

COMMITTEE: SENATE WAYS AND MEANS DATE: April 29, 1992

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Marlin Rein	Law	KU
Craig Grant	Topeka	KNEA
Melvin J. Gruentzel	Topeka	KSBE
LINDA McGILL	"	PETE McGILL & ASSOC
Jacie Dunlap	Topeka	
Mary V. Bagall	Topeka	
Joyce Hanschu	Topeka	Dept. of Admin
Leonard Hanschu	Topeka	RoLIDO
Bill Yoakum	Vassar	DISC
Gene James	Topeka	
Jim Langford	Topeka	DOB
Bobbi Mariani	Topeka	Dept of Adm.
BASIL COVEY	TOPEKA	KRTA
T. Maple	TOPEKA	KHP
Jerry Sloan	"	OJA
Woody Konrade	" "	Shawnee Co Public Works
MERRIC GOODRICH	TOPEKA	KDHR
EARL OLBERDING	"	"
John Warren	Topeka	KS Sec Comm
Charles Dodson	TOPEKA	KAPE

SENATE SUBCOMMITTEE REPORT

Retirement Bills and Issues

Senator Alicia L. Salisbury
Subcommittee Chairperson

Wm R. Brady
Senator William R. Brady

Senator Wint Winter, Jr.

SWAM
April 29, 1992
Attachment 1

SUBCOMMITTEE REPORT

Agency: Retirement Issues **Bill No.** Sub. H.B. 2096

Analyst: Conroy/Ryan

The Senate Subcommittee on retirement consisting of Senators Salisbury, Brady and Winter conducted meetings to review the Kansas Public Employees Retirement System (KPERS) budget, specific retirement bills, and general policy issues. Information was received from Mr. Meredith Williams, Executive Secretary of KPERS and from other various interested parties concerning retirement issues.

The member and retirant survey conducted by the KPERS Retirement Study Commission played a big part in the Subcommittee's recommendation for benefit enhancements. The Subcommittee recognizes that the recommended permanent changes for FY 1993 do not directly benefit active KPERS members. However, the Subcommittee does note that the Retirement Study Commission will conduct statewide hearings on KPERS benefits and review retirement policy during this summer and fall. The Subcommittee anticipates the Retirement Study Commission will present a major retirement benefit enhancement package to the 1993 Legislature which should receive serious legislative review.

Based on the available information, the Subcommittee recommends the following changes and enhancements for retirants and active members of KPERS, Kansas Police and Fire (KP&F), and the Judge's Retirement System. The changes have an annual actuarial cost to the State of $40.9 million of which $35.2 will be from the State General Fund and first be reflected in FY 1995. The changes will also require an annual increase to the local units of government of $19.0 million and would first be reflected in calendar year 1994. The Subcommittee does recommend two changes to the Kansas Police and Fire Retirement System (KP&F) that the actuarial cost would first be reflected in FY 1993 which have a total annual cost of $47,761, of which $4,900 would be financed from the State General Fund. The Subcommittee recommends that all of the following enhancements be placed into Substitute for H.B. 2096 to form an omnibus retirement bill:

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

1. Provide for a one-year "window" of opportunity for KPERS early retirement at unreduced benefits. The bill provides for a 90 point plan or when an individual's combination of age and years of service (*i.e.*, age 56 with 34 years of service or age 63 with 27 years of service) reach 90, normal retirement would be possible from KPERS. The temporary "window" would be in effect from July 1, 1992 to July 1, 1993. Normal retirement for KPERS members is currently at age 65; or age 60 or over with 35 years of service; or 40 years of service regardless of age; or for the period July 1, 1991 to July 15, 1992 age 60 or over with 30 years of service. No cost. (H.B. 2096)*

* References to Senate or House Bills indicates only that the subject is contained in the bill. Subjects above may or may not reflect the full actual provisions of the bills.

2. Provide for an automatic post-retirement benefit increase equal to one-half of the U.S. Consumer Price Index for all urban consumers (CPI-U). However, the annual increase could be no more than four percent. In addition, the increases would first take place after the member had been retired for a period of three years. The increases would apply to all members of KPERS, local school annuitants in Kansas City, Kansas with 10 or more years of service and KPERS insured disability recipients. The CPI-U for calendar year 1991 was 4.2 percent, which would provide then a post-retirement benefit increase of 2.1 percent for FY 1993. The fiscal cost for the enhancement is an additional employer contribution to the State (School and Non-School) of 1.6 percent and 1.3 percent for local units of government with the increased rates being first reflected in FY 1995 for the state and calendar year 1994 for local units of government. The currently certified employer contribution rates for FY 1993 for the State is 3.3 percent and 1.8 percent for local units of government (CY 1992). The actual increased annual cost to the state will be $48.3 million of which $41.1 million will be financed from the State General Fund. The increased annual cost to local units of government will be $9.5 million and would first be reflected in calendar year 1994. (S.B. 669)*

3. Extend the amortization period on the unfunded prior service liability for KPERS-School and KPERS-Nonschool by 15 years. Unfunded prior service liability occurs when an employer affiliates with KPERS and employees who had service with the employer prior to affiliation receive service credit. The current KPERS prior service benefit formula is 1.0 percent. The state affiliated with KPERS for state employees in 1962 and for local school employees in 1971. The unfunded liability is being amortized over a 40-year period, so KPERS-Nonschool is currently scheduled to be fully amortized in 2002, this extends it to 2017 and KPERS-School is scheduled to be fully amortized in 2011 which will change to 2026. By extending the amortization period there is a reduction in the employer contribution of 0.4 percent for the State (School and Non-school) and local units of government. The savings will first be reflected in FY 1995 for the State and calendar year 1994 for local units of government. The actual savings for the State will be $9.7 million with $8.2 million financed from the State General Fund and $2.2 million to local units of government. (H.B. 669)*

4. Allow the beneficiary of a KPERS retirant to assign the lump-sum death benefit to a funeral establishment providing funeral services for the retirant. The assignment by the beneficiary would be required to be made within 30 days after the death of the retirant. The lump-sum death benefit is currently $2,500 for KPERS members. (H.B. 2752)* No cost.

5. Change the definition of an eligible KPERS employer to include the following: any nonprofit community facility for the mentally retarded, any nonprofit independent living agency, any nonprofit countywide economic development corporation certified by the United States Small Business Administration which receives state or local funds or grants to provide services offered by the organization, any community action agency established by the United States, and any private not-for-profit group boarding homes for children. However, such organizations would have to request affiliation with KPERS. No direct cost to state, but the change could have an impact on the KPERS local rate. (H.B. 2773)*

6. Provide that any individual who is a member of KPERS and who did not receive a refund of their accumulated retirement contribution upon leaving employment shall receive participating service credit for service after January 1, 1991, as an employee of the legislative branch of Kansas. No cost. (H.B. 2773)*

7. Provides that if an existing KPERS member becomes an elected official they may elect to continue as a member of KPERS or not to continue as a KPERS member. If the newly elected official fails to file the election, it will be presumed that they have elected to continue as a KPERS member. In addition, a member who elects to continue may revoke the election at a later date. Under current law, elected officials may elect to participate or not participate in KPERS. If however, the individual is already a member of KPERS at the time of election to public office, no such option is available and the individual must continue to participate in KPERS. No cost. (S.B. 638)*

8. Raise from $9,720 to $10,200 the calendar year earnings limitation applicable to retirants under KPERS who are subject to an earnings limitation. The increased amount is the same as the Social Security limit for 1992 for beneficiaries whose ages are 65 through 69. Currently, there is no earnings limitation for KPERS retirants who retired before July 1, 1988. For those who retired after June 30, 1988, there also is no limitation unless the retirant is employed by the same employer for whom he or she worked during the last two years of KPERS participation. In such cases, retirants may receive KPERS benefits until earnings equal $9,720 in a calendar year, and at that point they may elect to terminate employment and continue to receive benefits, or continue employment with benefits suspended, or revoke their retirement and again become a participating member of KPERS. Currently exempted from the earnings restriction are substitute teachers, elected officials, and officers, employees, and appointees of the Legislature. No cost.

9. Extended for one year the special disability coverage and early retirement options for KPERS-Correctional until June 30, 1993. The current special KPERS-Correctional benefits are scheduled to expire on June 30, 1992.

10. Delete the five-year waiting period for non-duty caused disability for members of KPERS-Correctional and establish a minimum benefit for such disability of 25 percent. The non-duty caused disability benefits of KPERS-Correctional were originally establish to mirror the provisions of the Kansas Police and Fire (KP&F) Retirement System. The provisions included a five-year waiting period and no minimum benefit. In 1987 KP&F benefits were amended to provide non-duty disability benefit coverage during the first five years of employment and also establish a minimum benefit of 25 percent. This change would provide conformity of the non-duty caused disability benefits of KPERS-Correctional and KP&F.

11. Provide for continuation of benefits if a surviving spouse remarries. Under current law KPERS service connected death benefits cease when the surviving spouse remarries. The section also provides that any individuals who have had their benefits terminated because of marriage will have their benefits prospectively reinstated. No cost. (H.B. 2961)*

12. Delete language that requires the KPERS Board of Trustees to utilize a custodial bank located in the city and state of New York or with one or more banks in the State of Kansas. Currently, KPERS contracts for custodial services with a local bank for domestic securities and a New York bank for international securities. The actual FY 1991 KPERS custodial bank fees were $1,505,623. The Board of Trustees recently received bid proposals for one global master custodial bank arrangement. The three bids which are under review by the Board are in the $525,000 range, or a potential savings of approximately $1.0 million. However, two of the three finalists selected by the Board are located in Boston and do not fall within the existing geographical requirements of the statute.

KANSAS POLICE AND FIRE RETIREMENT SYSTEM

1. Provide for an automatic post-retirement benefit increase equal to one-half of the U.S. Consumer Price Index for all urban consumers (CPI-U). However, the annual increase could be no more than four percent. In addition, the increases would first take place after the member had been retired for a period of three years. The increases would apply to all members of KP&F, local as well as state members. The CPI-U for calendar year 1991 was 4.2 percent which would provide a post-retirement benefit increase of 2.1 percent for FY 1993. The fiscal cost for the enhancement is an additional employer contribution to the State and local units of government of 7.6 percent with the increased rates first being reflected in FY 1995 for the state and calendar year 1994 for local units of government. The current state employer contribution rate is 7.7 percent for the Kansas Bureau of Investigation, 8.8 percent for the Kansas Highway Patrol and 5.7 percent for Regents' institutions law enforcement officers. The current **average** local government employer contribution rate is 9.2 percent. The actual increased annual cost to the state will be $1.8 million, almost entirely financed from the State General Fund and for local units of government the actual increased annual cost will be $11.7 million. (S.B. 669)*

2. Allows members who have at least ten years of participating service with the KBI, to elect to receive prior service credit for all service with the KBI as a narcotic violation investigator or a narcotics special agent. The election by the member must be made by September 30, 1992. There are presently five KBI agents that will be affected by this section of the bill. If all of the members elect to transfer this service to KP&F from, KPERS, it will require an increase in the employer contribution rate for the KBI by 0.2 percent or approximately $4,900 annually, financed entirely from the State General Fund. (H.B. 2597)*

3. Transfer securities investigators of the Office of Securities Commissioner from regular KPERS to KP&F. The fiscal cost for the enhancement is an additional employer contribution to the State of 12.7 percent or $42,861 beginning in FY 1993. The entire amount will be financed from the Securities Act Fee Fund. However, any balance above $500,000 in the Securities Act Fee Fund by statute is transferred at the end of the fiscal year to the State General Fund. Annual transfers to the State General Fund have been approximately $1.1 million. The

potential amount to be transferred to the State general Fund at the end of the fiscal year will be decreased by the additional employer cost associated with KP&F, instead of KPERS. The employee contribution for members of KP&F is 7 percent versus the 4 percent for KPERS. The Subcommittee does note the Governor is opposed to the transfer of the securities investigators from KPERS to KP&F and has already vetoed one bill concerning the Office of Securities Commissioner. (S.B. 777)*

4. Provide for the continuation of benefits if a surviving spouse remarries. Under current law, benefits under KP&F cease when the surviving spouse remarries. In addition provide for the continuation of benefits to surviving child who marries. Current statutes provides that benefits to a surviving child shall cease when the child reaches age 18, or age 23 if a full-time student or if they marry. The section also provides that any individuals who have had their benefits terminated because of marriage will have their benefits prospectively reinstated. No cost. (H.B. 2961)*

5. Allow the beneficiary of a KP&F retirant to assign the lump-sum death benefit to a funeral establishment providing funeral services for the retirant. The assignment by the beneficiary would be required to be made within 30 days after the death of the retirant. The lump-sum death benefit is currently $2,500 for KPERS members. (H.B. 2752)* No cost.

JUDGES' RETIREMENT SYSTEM

1. Provide for an automatic post-retirement benefit increase equal to one-half of the U.S. Consumer Price Index for all urban consumers (CPI-U). However, the annual increase could be no more than four percent. In addition, the increase would first take place after the member had been retired for a period of three years. The CPI-U for calendar year 1991 was 4.2 percent, which would provide then a post-retirement benefit increase of 2.1 percent for FY 1993. The fiscal cost for the enhancement is an additional employer contribution to the State of 3.9 percent with the increased rate being first reflected in FY 1995. The currently certified employer contribution rate for FY 1993 is 7.1 percent. The actual increased annual cost to the state is $479,500, financed entirely from the State General Fund. (S.B. 669)*

2. Allow the beneficiary of a Judge's System retirant to assign the lump-sum death benefit to a funeral establishment providing funeral services for the retirant. The assignment by the beneficiary would be required to be made within 30 days after the death of the retirant. The lump-sum death benefit is currently $2,500 for KPERS members. (H.B. 2752)* No cost.

SB 669

KPERS POST-RETIREMENT BENEFIT INCREASES

Calendar Year	Increase in CPI-U*	Actual KPERS Post-Retirement Benefit Incr.	Increase if S.B. 669 Was Previously Enacted
1982	6.2%	10.0%	3.10%
1983	3.2	--	1.60
1984	4.3	10.0	2.15
1985	3.6	5.0	1.80
1986	1.9	3.0	0.95
1987	3.6	2.0	1.80
1988	4.1	3.0	2.05
1989	4.8	4.0	2.40
1990	5.4	4.0	2.70
1991	4.2	1.0% or $10 per month whichever is greater	2.10

* U.S. Consumer Price Index for All Urban Consumers

92-2368/ac

SWAM
April 29, 1992
Attachment 2

TABLE I

EMPLOYER CONTRIBUTION RATES UNDER KPERS*

A. State Nonschool**

Fiscal Year	Participating Service	Amortization	Group Insurance	Admin.	Total Rate (Rounded)
1962			--		5.35[a]
1963			--		5.35[a]
1964			--		5.35[a]
1965	2.311	1.489	--	0.200	4.00
1966	2.282	1.518	--	0.200	4.00
1967	2.214	1.586	0.50	0.200	4.50
1968	1.721	2.079	0.50	0.200	4.50
1969	1.634	2.166	0.50	0.200	4.50
1970	1.806	3.294	0.50	0.200	5.80
1971	3.508	1.892	0.50	0.200	6.10
1972	3.613	1.787	0.50	0.200	6.10
1973	3.732	1.568	0.50	0.200	6.00
1974	4.300	1.400	0.50	0.200	6.40
1975	5.000	1.400	0.50	0.200	7.10
1976	5.250	1.400	0.60	0.150	7.40
1977	5.550	1.000	0.60	0.150	7.30
1978	5.005	0.920	0.60	0.175	6.70
1979	4.525	0.900	0.60	0.175	6.20
1980	4.615	0.810	0.60	0.175	6.20
1981	4.025	0.700	0.60	0.175	5.50
1982	3.820	0.680	0.60	0.100	5.20[b]
1983			0.60	--[d]	4.80[c]
1984			0.60	--	4.60[c]
1985	2.900	1.100	0.60	--	4.60
1986			0.60	--	4.30[c]
1987	2.540	0.760	0.60	--	3.90
1988	0.700	1.740	0.60	--	3.04[e]
1989	0.700	1.740	0.60	--	3.04[e]
1990	0.791	1.737	0.60	--	3.10[e]
1991	0.864	1.732	0.60	--	3.20[e]
1992	0.823	1.896	0.60	--	3.30[e,g]
1993	0.823	1.896	0.60	--	3.30[e]
Average	2.67	1.51	0.57	--[d]	5.02

SWAM
April 29, 1992
Attachment 3

B. State School

Fiscal Year	Participating Service	Amortization	Group Insurance	Admin.	Total Rate (Rounded)
1971			0.50		5.05[a]
1972			0.50		5.05[a]
1973	0.010	3.690	0.50	0.200	4.40
1974	0.570	3.430	0.50	0.200	4.70
1975	1.470	3.430	0.50	0.200	5.60
1976	1.670	3.380	0.60	0.150	5.80
1977	4.060	3.090	0.60	0.150	7.90
1978	3.675	2.850	0.60	0.175	7.30
1979	2.745	2.580	0.60	0.175	6.10
1980	3.335	2.190	0.60	0.175	6.30
1981	2.325	2.100	0.60	0.175	5.20
1982	2.450	1.550	0.60	0.100	4.70
1983			0.60	--[d]	4.50[c]
1984			0.60	--	4.40[c]
1985	1.200	2.600	0.60	--	4.40
1986			0.60	--	4.00[c]
1987	1.500	2.000	0.60	--	4.10
1988	0.700	1.740	0.60	--	3.04[e]
1989	0.700	1.740	0.60	--	3.04[e]
1990	0.791	1.737	0.60	--	3.10[e]
1991	0.864	1.732	0.60	--	3.20[e]
1992	0.823	1.896	0.60	--	3.30[e,g]
1993	0.823	1.896	0.60	--	3.30[e]
Average	1.65	2.42	0.58	--[d]	4.72

C. Local

Calendar Year	Participating Service	Amortization	Group Insurance	Admin.	Total Rate (Rounded)
1989					2.00[a]
1990	1.280	0.708	0.60	--[d]	2.60
1991	0.873	0.897	0.60	--	2.40
1992	0.115	1.059	0.60	--	1.80[g]
Average	0.756	0.888	0.60	--	2.20

D. Special State-Elected Official Class

Fiscal Year	Participating Service	Amortization	Group Insurance	Admin.	Total Rate (Rounded)
1989			0.60	--[d]	7.74[f]
1990			0.60	--	7.80[f]
1991			0.60	--	7.90[f]
1992	3.252	4.031	0.60	--	7.90[g]
1993	3.252	4.031	0.60	--	7.90

* Source: Actuarial and annual reports of the Kansas Public Employees Retirement System (KPERS).

** Excluding contributions for TIAA covered employees and certain employees of state correctional institutions.

a) Statutorily required rate during the initial years of KPERS, KPERS School, or KPERS Local.

b) Rate applicable to state government; total rate for local governments was 5.80.

c) Total rate prescribed by retirement legislation; no accurate breakdown available for participating service and amortization.

d) A law enacted in 1982 provided that, beginning in FY 1983, administrative expenses shall not be included in the employers' contribution rate, the effect being to require payment of such expenses from investment income after an accumulated expense reserve balance had been reduced.

e) 1987 legislation provided that the employer contribution rate shall be the same for KPERS-Nonschool and School.

f) Breakdown of total rate between participating service cost and amortization costs is not available.

g) Total rate prescribed by retirement legislation approved by the 1991 Legislature.

Kansas Legislative Research Department
July 23, 1991

91-652/ADC

KPERS
Kansas Public Employees Retirement System

Alan Conroy
Legislative Research
Capitol Building

April 28, 1992

Dear Alan;

As I mentioned the other day there are a couple of technical amendments that need to be made to the KP&F retirement act regarding payments to minors. Under current law certain benefit payments to minors are paid directly to the parents which has created problems if that payment is not passed on to the benefit of the minor.

As an example, we currently have a situation in which a divorced member is receiving an additional 10% disability benefit because he has a minor child. The member kept the additional funds and nothing was set aside for the minor child. The attorney general is issuing an opinion that will direct us to pay a lump sum to the child and recover this by reducing the members monthly benefit .

To alleviate this in the future we feel the act should be amended to allow payment to a conservator. We suggest that K.S.A. 74-4960 and 74-4960a be amended to add "All payments due under this section to a minor shall be made to a legally appointed conservator of such minor.". We would appreciate it if you would bring this to the attention of the legislature so it can be included in the KPERS omnibus bill.

Thank you in advance and if you have any questions please let me know.

Very truly yours,

Jack L. Hawn
Deputy Executive Secretary

SWAM
April 29, 1992
Attachment 4

Capitol Tower ■ 2nd Floor ■ 400 W. 8th ■ Topeka, Kansas 66603-3911 ■ Phone (913) 232-6665
KPERS Telephone Facsimile (913) 296-2422
In Kansas, Call Toll Free 1-800-228-0366