

SESSION OF 2004

SUPPLEMENTAL NOTE ON SENATE BILL NO. 381

As Amended by Senate Committee on
Ways and Means

Brief*

The bill, as amended, would allow active members of the Kansas Public Employees Retirement System (KPERS), Kansas Police and Firemen's (KP&F) Retirement System, and the Retirement System for Judges to designate separate beneficiaries for their retirement and for their life insurance benefits, if they desire to name different beneficiaries. The amended bill would allow members with special medical or financial needs to request early approval before the January 1, 2005, implementation date for all other members. The amended bill would be effective upon publication in the *Kansas Register*.

Background

Under current law, active KPERS, KP&F, and Judges retirement systems members may name any natural person, trust, or estate to receive retirement and life insurance benefits upon the member's death. The law further specifies that the named beneficiary or beneficiaries must receive all benefits payable, including accumulated retirement contributions, retirement benefits, and life insurance benefits.

KPERS and its 1,450 participating employers maintain beneficiary records for approximately 160,500 individuals, including:

- ! 147,000 active Retirement System members;
- ! 4,000 future members currently completing their required year of service; and
- ! 9,500 unclassified staff members at Board of Regents' institutions who are not KPERS members but receive KPERS life insurance benefits.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Because of the need to coordinate with 1,450 participating employers, the Senate Committee amended the bill to provide a phased implementation:

- ! ***Publication in Kansas Register — December 31, 2004:*** Allow individuals with special medical or financial needs to request approval for separate beneficiaries by submitting a written request to the Executive Director of the Retirement System.

- ! ***Beginning January 1, 2005:*** Allow all individuals to designate separate beneficiaries for retirement benefits and life insurance benefits.

The fiscal note estimates indicate that KPERS would incur one-time administrative costs of approximately \$50,000 for the additional programming, forms, and educational activities necessary to implement SB 381. According to the agency, these costs can be absorbed within the FY 2005 operating budget.