

SENATE BILL No. 256

By Committee on Ways and Means

2-15

Proposed Amendment to SB 256
Senate Committee on Financial Institutions and Insurance
3/15/2023
Prepared by Office of Revisor of Statutes

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system; Kansas public employees retirement
3 system act of 2015; providing an additional interest credit of ~~1%~~ and
4 removing the current additional interest credit calculation for calendar
5 year 2023; amending K.S.A. 74-49,306 and 74-49,308 and repealing
6 the existing sections.

2%

years 2022 and

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 74-49,306 is hereby amended to read as follows:
10 74-49,306. (a) A member's annuity savings account is the sum of the
11 member's mandatory contributions plus the interest credits on those
12 contributions, which shall be credited no less frequently than quarterly
13 based on the account balances as of the last day of the preceding quarter.
14 ~~Effective January 1, 2015,~~ The interest credits are 4% per annum. The
15 legislature may from time to time prospectively change the interest credits,
16 and expressly reserves the right to do so.

17 (b) The board shall provide for an annual additional interest credit.
18 The additional interest credit shall be posted to the member's annuity
19 savings account on March 31 or as soon thereafter as practicable, based on
20 the member's account value as of December 31 of the preceding year. The
21 additional interest credit shall be determined as follows:

22 ~~(1) For the additional interest credit based on the member's annuity~~
23 ~~savings account balance as of December 31, 2015, the dividend shall be~~
24 ~~equal to 75% of the average net rate of return as determined by the board~~
25 ~~for calendar year 2015 on the market value of the system's assets that is~~
26 ~~above 6%, except that such additional interest credit shall not exceed~~
27 ~~1.5%;~~

28 ~~(2) for the additional interest credit based on the member's annuity~~
29 ~~savings account balance as of December 31, 2016, the dividend shall be~~
30 ~~equal to 75% of the average net rate of return as determined by the board~~
31 ~~for calendar years 2015 and 2016 on the market value of the system's~~
32 ~~assets that is above 6%, except that such additional interest credit shall not~~
33 ~~exceed 1.5%;~~

34 ~~(3) for the additional interest credit based on the member's annuity~~
35 ~~savings account balance as of December 31, 2017, the dividend shall be~~
36 ~~equal to 75% of the average net rate of return as determined by the board~~

1 ~~for calendar years 2015, 2016 and 2017 on the market value of the~~
2 ~~system's assets that is above 6%, except that such additional interest credit~~
3 ~~shall not exceed 1.5%;~~

4 (4) For the additional interest credit based on the member's annuity
5 savings account balance as of December 31, ~~2018~~ 2023, the dividend shall
6 be equal to ~~75% of the average net rate of return as determined by the~~
7 ~~board for calendar years 2015, 2016, 2017 and 2018 on the market value~~
8 ~~of the system's assets that is above 6%, except that such additional interest~~
9 ~~credit shall not exceed 1.5% 1%; and~~

2022

2%;

10 (5)(2) for the additional interest credit based on the member's annuity
11 savings account balance as of December 31, ~~2019~~ 2024, and all calendar
12 years thereafter, the dividend shall be equal to 75% of the five-year
13 average net compound rate of return as determined by the board for that
14 calendar year and the previous four calendar years on the market value of
15 the system's assets that is above 6%.

for the additional interest credit based on the member's annuity
savings account balance as of December 31, 2023, the dividend
shall be 2%; and
(3)

16 (c) The member's annuity savings account is vested from the date that
17 the employee becomes a member of the plan.

18 (d) Interest credits under subsections (a) and (b) shall not be granted
19 on the member's annuity savings account following the end of the second
20 plan year following the member's termination of employment under the
21 plan without vesting in the retirement annuity account as provided in
22 K.S.A. 74-49,312, and amendments thereto.

23 (e) For a member to be eligible for an additional interest credit, the
24 member shall have an account balance at the time the interest credit is
25 posted to the account.

26 Sec. 2. K.S.A. 74-49,308 is hereby amended to read as follows: 74-
27 49,308. (a) A member's retirement annuity account is the sum of all
28 employer credits to the account plus the interest credits on the account,
29 which shall be credited no less frequently than quarterly, based on the
30 account balances as of the last day of the preceding quarter. ~~Effective~~
31 ~~January 1, 2015;~~ The interest credits are 4% per annum. The legislature
32 may from time to time prospectively change the interest credits, and
33 expressly reserves the right to do so.

34 (b) The board shall provide for an annual additional interest credit.
35 The additional interest credit shall be posted to the member's retirement
36 annuity account on March 31 or as soon as practicable, based on the
37 member's account value as of December 31 of the preceding year. The
38 additional interest credit shall be determined as follows:

39 (1) ~~For the annual additional interest credit based on the member's~~
40 ~~retirement annuity account balance as of December 31, 2015, the dividend~~
41 ~~shall be equal to 75% of the average net rate of return as determined by the~~
42 ~~board for calendar year 2015 on the market value of the system's assets~~
43 ~~that is above 6%, except that such additional interest credit shall not~~

1 exceed 1.5%;

2 ~~(2) for the annual additional interest credit based on the member's~~
3 ~~retirement annuity account balance as of December 31, 2016, the dividend~~
4 ~~shall be equal to 75% of the average net rate of return as determined by the~~
5 ~~board for calendar years 2015 and 2016 on the market value of the~~
6 ~~system's assets that is above 6%, except that such additional interest credit~~
7 ~~shall not exceed 1.5%;~~

8 ~~(3) for the additional interest credit based on the member's retirement~~
9 ~~annuity account balance as of December 31, 2017, the dividend shall be~~
10 ~~equal to 75% of the average net rate of return as determined by the board~~
11 ~~for calendar years 2015, 2016 and 2017 on the market value of the~~
12 ~~system's assets that is above 6%, except that such additional interest credit~~
13 ~~shall not exceed 1.5%;~~

14 (4) For the additional interest credit based on the member's retirement
15 annuity account balance as of December 31, ~~2018-2023~~, the dividend shall
16 be equal to ~~75%~~ of the average net rate of return as determined by the
17 board for calendar years 2015, 2016, 2017 and 2018 on the market value
18 of the system's assets that is above 6%, except that such additional interest
19 credit shall not exceed 1.5% ~~1%~~; and

2022

2%;

20 ~~(5)~~(2) For the additional interest credit based on the member's
21 retirement annuity account balance as of December 31, ~~2019~~ 2024, and all
22 calendar years thereafter, the dividend shall be equal to 75% of the five-
23 year average net compound rate of return as determined by the board for
24 that calendar year and the previous four calendar years on the market value
25 of the system's assets that is above 6%.

for the additional interest credit based on the member's retirement
annuity account balance as of December 31, 2023, the dividend
shall be 2%; and
(3)

26 (c) For a member to be eligible for an additional interest credit, the
27 member shall have an account balance at the time the interest credit is
28 posted to the account.

29 (d) Interest credits under subsections (a) and (b) shall not be granted
30 on the member's non-vested retirement annuity account following the end
31 of the second plan year following the member's termination of
32 employment covered under the plan.

33 Sec. 3. K.S.A. 74-49,306 and 74-49,308 are hereby repealed.

34 Sec. 4. This act shall take effect and be in force from and after its
35 publication in the statute book.