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MEMORANDUM

To: Chair Dietrich and the Senate Committee on Financial Institutions and Insurance
From: Office of Revisor of Statutes
Date: March 13, 2025
Subject: SB 282, as introduced.

SB 282 establishes the Kansas retirement investment and savings plan, a defined contribution retirement plan, as the default plan for new members on and after July 1, 2027.

Section 1 of the bill provides the citation to the act. Section 1 also provides that any employee who is first employed by a participating employer, and who elects to participate in Kansas retirement investment and savings plan or who fails to make an election pursuant to section 5 of the bill, shall be a member of Kansas retirement investment and savings plan. The plan shall not apply to members of the Kansas police and Firemen's retirement system, the retirement system for judges, and security officers as provided in K.S.A. 74-4914a.

Section 2 of the bill provides the definitions section of the bill.

Section 3 of the bill directs the board to establish the Kansas retirement investment and savings plan in accordance with the provisions of the bill, as well as the plan's ancillary components, including a deferred compensation plan, and a qualified Roth contribution plan. The section also provides the specifics of the loan mechanism by which the startup and administrative costs of the plan are funded.

Section 4 states that the legislature is permitted to prospectively change the statutory provisions governing the plan and expressly reserves the right to do so.

Section 5 provides that an employee who is first employed by a participating employer on or after July 1, 2027 may elect to become a member of the Kansas retirement investment and savings plan. The section also provides for different options for certain current and former employees to elect to become members of the Kansas retirement investment and savings plan.

Section 6 of the bill states that the board shall except rollovers of contributions and the income on those contributions from other eligible retirement plans to the member's rollover account to the extent allowed by the IRS.

Section 7 of the bill describes the requirements regarding member and employer contributions and the vesting of those moneys.

Section 8 of the bill provides for a member's required contribution to the member's mandatory contribution account and the member's deferred compensation account. The section also establishes the

participating employer's contribution amount. Finally, the section stipulates how the plan can use funds that are derived from forfeited employer contributions and investment income.

Section 9 requires the board to establish an investment policy structured to meet the plan's objectives and describes the different investments that may be offered to members. The section also requires the board to select certain indexes that shall be used as the benchmark for each index's associated portfolio.

Section 10 establishes how, after termination of service, a plan member or the plan member's beneficiary may terminate plan membership and remove the vested account balance.

Section 11 describes how, subject to provisions of the plan and after termination of service, a member may elect to leave the plan member's vested account balance in the plan and make application to select any distribution option provided by the plan document, including certain lifetime annuity options.

Section 12 states that a plan member's beneficiary shall be determined as provided in the defined benefit plan regulations.

Section 13 states that before termination of service, a plan member shall not receive a refund of any portion of the plan member's vested account balance.

Section 14 states that a Kansas retirement investment and savings plan member shall be eligible for death and disability benefits provided to members of the deferred benefit plan.

Section 15 creates in the state treasury the Kansas public employees retirement system defined contribution fund, to be administered by the Kansas public employees retirement system, in accordance with the provisions of this bill.

Section 16 amends K.S.A. 74-4920 to require that, on and after July 1, 2027, the board shall certify a contribution rate required to amortize the unfunded actuarial liability of the defined benefit plan. Each participating employer shall appropriate and pay such contribution rate as applied to the total compensation of employees participating in the Kansas retirement investment and savings plan act and the defined benefit plan.