

Approved: 5-8-12
Date

MINUTES OF THE OF SENATE SELECT COMMITTEE ON KPERS

The meeting was called to order by Chairman Senator Morris at 1:30 p.m. on March 19, 2012, in Room 548-S of the Capitol.

All members were present.

Committee staff present:

Julian Efird, Kansas Legislative Research Department
David Wiese, Kansas Revisor of Statutes
Daniel Yoza, Kansas Revisor of Statutes
Connie Burns, Committee Assistant

Conferees appearing before the Committee:

Alan Conroy, Kansas Public Employees Retirement System

Others attending:

See attached list.

Alan Conroy, Executive Director, Kansas Public Employees Retirement System, (KPERS) provided a worksheet for review on policy issues on the Cash Balance Plan Design (Attachment 1) The key points in relationship to the existing plan:

- Establish as a new tier within existing defined benefit plan
- Eligibility applies to future hire only as of January 1, 2014
- Employee Contribution Rate is 6%
- Employer Credit – fixed rate of 4% throughout career
- Interest Credit Rate – fixed amount of 6% in statute – Consider including flexibility for the Board to reduce if determined necessary due to adverse market conditions and investment returns that threaten KPERS funding status in the absence of change
- Frequency of Crediting – quarterly
- Discretionary Dividends – Board to have discretion within guidelines established by statute, including: Member must have a minimum of 10 years of service to be eligible for dividend, maximum dividend of 4%, and Board to consider funding, market conditions, investment returns, and other related factors
- Employer Contributions – Single, actuarially determined rate for all KPERS tiers
- 5 years vesting
- Termination before vesting (non-vested, inactive)
- Termination when vest (vested inactive)
- Death Prior to Retirement
- Normal Retirement Age (non-forfeitable): Standard – 65 years of service – and – five years of service (vested) or age 60 with 30 years of service

CONTINUATION SHEET

The minutes of the Senate Select Committee at 4:20 p.m. on March 19, 2012, in Room 548-S of the Capitol.

- Normal Retirement Age (Non-forfeitable) Correctional Officers Group A (primarily correction officers and supervisors) age 55 with 10 years of service – Group B (other correction institution employees that generally have regular contact with inmates) age 60 with 10 years of employment
- Nature of Retirement Benefit – default form of distribution, calculation of benefit – annuity conversion factor, calculation of benefit for mortality factor, benefit options, retirement benefits for members on disability
- Retiree Death Benefit – provide death benefit of \$4,000

The committee requested cost information for the Cash Balance plan, and to look at local fire employees along with police officers. This does not affect TPA.

The Committee requested a status update on the House Bill. Mr. Conroy stated that the House bill is still a work in progress, some of the highlights are: it is a Cash Balance plan; the House Committee has amended in the provisions from **HB 2194**, eliminated the election portion, deleted the trigger, put the contents into **SB 259**, and on the floor amended in an option for a Defined Contribution plan. Mr. Conroy addressed questions from the Committee on the House plan.

Chairman Morris stated that the next meeting would depend on if the new bill was drafted and ready to discuss, and if Committee members had amendments to present, they should be ready to go by early next week.

The meeting was adjourned at 2:12 p.m.