

SENATE SUBSTITUTE FOR HOUSE BILL No. 2194

By KPERs Select Committee

3-21

1 AN ACT concerning retirement and benefits; relating to the Kansas public
2 employees retirement system and systems thereunder; employer and
3 employee contributions; benefits; member election; KPERs study
4 commission; amending K.S.A. 74-4915 and 74-4919 and K.S.A. 2010
5 Supp. 74-4914d, 74-4920, 74-49,205, 74-49,210 and 74-49,213 and
6 repealing the existing sections.

7

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

9 Section 1. On July 1, 2012, and the date of publication in the Kansas
10 register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-
11 4914d is hereby amended to read as follows: 74-4914d. Any additional
12 cost resulting from the normal retirement date and retirement before such
13 normal retirement date for security officers as provided in K.S.A. 74-
14 4914c, and amendments thereto, and disability benefits as provided in
15 K.S.A. 74-4914e, and amendments thereto, shall be added to the employer
16 rate of contribution for the department of corrections as otherwise
17 determined under K.S.A. 74-4920, and amendments thereto, except that
18 the employer rate of contribution for the department of corrections
19 including any such additional cost added to such employer rate of
20 contribution pursuant to this section shall in no event exceed the employer
21 rate of contribution for the department of corrections for the immediately
22 preceding fiscal year by more than the following amounts expressed as a
23 percentage of compensation upon which security officers contribute during
24 the period: (a) For the fiscal year commencing in calendar year 2006, ~~an~~
25 ~~amount not to exceed more than 0.5% of the amount of the immediately~~
26 ~~preceding fiscal year; and (b) for the fiscal year commencing in calendar~~
27 ~~year 2007, and in each subsequent calendar year years 2010 through 2012,~~
28 an amount not to exceed more than 0.6% of the amount of the immediately
29 preceding fiscal year; and (b) for the fiscal year commencing in calendar
30 year 2013, and in each subsequent calendar year, an amount not to exceed
31 more than 1.1% of the amount of the immediately preceding fiscal year.

32 Sec. 2. On July 1, 2012, and the date of publication in the Kansas
33 register of the notice prescribed in section 10, K.S.A. 74-4915 is hereby
34 amended to read as follows: 74-4915. (1) Any member who retires on or
35 after such member's normal retirement date shall be entitled to receive an
36 annual retirement benefit equal to the sum obtained by adding an amount

1 for participating service and an amount for prior service determined as
2 provided in this section. The amount for prior service shall be equal to 1%
3 of the member's prior service annual salary multiplied by the number of
4 years of prior service entitled to credit as provided in K.S.A. 74-4913, and
5 amendments thereto, except that for members retiring on or after July 1,
6 1981, who were last employed by a participating employer which had
7 affiliated with the system under K.S.A. 74-4910, 74-4912, 74-4929 or 74-
8 4991, and amendments thereto, and for the period commencing January 1,
9 1986, for members retiring before July 1, 1981, who were last employed
10 by a participating employer which had affiliated with the system under
11 K.S.A. 74-4910, 74-4912, 74-4929 or 74-4991, and amendments thereto,
12 except that any increase in benefits under this section shall be reduced by
13 any postretirement benefit adjustments received by such member prior to
14 July 2, 1985, the amount for prior service shall be calculated using final
15 average salary in lieu of prior service annual salary and, in the case of any
16 such member who became a member under subsection (3) of K.S.A. 74-
17 4925, and amendments thereto, and for whom a final average salary cannot
18 be otherwise determined, such member's final average salary shall be
19 based on all service for which such member received assistance in a plan
20 under subsection (2) of K.S.A. 74-4925, and amendments thereto, as
21 certified by such employer upon request of the board. For any member
22 who retires on or after July 1, 1993, the amount for participating service
23 shall be equal to the total of 1.75% of the member's final average salary
24 multiplied by the number of years of participating service *earned prior to*
25 *January 1, 2014, and 1.85% of the member's final average salary*
26 *multiplied by the number of years of participating service earned on and*
27 *after January 1, 2014. Notwithstanding any provision of law to the*
28 *contrary, in no event shall service that is purchased under the provisions*
29 *of K.S.A. 74-4919a et seq., and amendments thereto, be credited at a rate*
30 *that exceeds 1.75% of the purchasing member's final average salary.*

31 (2) (A) Any member who retires on or after July 1, 1993, but before
32 the normal retirement date and has attained age 60 but has not attained age
33 62 with the completion of 10 years of credited service, shall receive an
34 annual retirement benefit equal to the annual retirement benefit payable
35 had the member retired on the normal retirement date but based upon the
36 member's final average salary and years of participating and prior service
37 credited to the date of actual retirement reduced by an amount equal to the
38 product of (i) such annual retirement benefit payable had the member
39 retired on the normal retirement date, multiplied by (ii) the product of
40 .2% multiplied by the number of months' difference, to the nearest whole
41 month, between the member's attained age at the time of retirement and
42 age 62.

43 (B) Any member who retires on or after July 1, 1993, but before the

1 normal retirement date and has attained age 55 but has not attained age 60
2 with the completion of 10 years of credited service, shall receive an annual
3 retirement benefit equal to the annual retirement benefit payable had the
4 member retired on the normal retirement date but based upon the member's
5 final average salary and years of participating and prior service credited to
6 the date of actual retirement reduced by an amount equal to the total of: (i)
7 (a) The product of such annual retirement benefit payable had the member
8 retired on the normal retirement date, multiplied by (b) the product of .6%
9 multiplied by the number of months' difference, to the nearest whole
10 month, between the member's attained age at the time of retirement and
11 age 60; and

12 (ii) on and after July 1, 1993, the product of such annual retirement
13 benefit payable had the member retired on the normal retirement date,
14 multiplied by 4.8%.

15 (3) Upon death of a retirant, there shall be paid to such retirant's
16 beneficiary an amount equal to the excess, if any, of such retirant's
17 accumulated contributions over the sum of all retirement benefit payments
18 made.

19 (4) Such annual retirement benefits shall be paid in equal monthly
20 installments, except; that the board may provide for the payment of
21 retirement benefits which total less than \$240 a year on other than a
22 monthly basis.

23 (5) In the event that an application in such form as may be prescribed
24 by the board for any amount due under the provisions of this act, is not
25 filed with the office of the retirement system by the person entitled to same
26 within five years of the date such amount became due and payable, an
27 amount equal to same shall be transferred to the retirement benefit
28 accumulation reserve and such amount shall no longer be due and payable,
29 except that if any such person shall present evidence satisfactory to the
30 board that such person's failure to file such application within that time
31 period was due to lack of knowledge or incapacity on such person's part,
32 the amount equal to the amount originally due shall be transferred from the
33 retirement benefit accumulation reserve to the reserve or reserves from
34 which such transfer was initially made and the amount originally due shall
35 be paid to such person.

36 (6) The participating employer, when an employee files an
37 application for retirement, shall certify to the system all member
38 contributions of such employee which have not been reported previously.
39 In the event the amount certified results in an overpayment of retirement
40 benefits, the employer shall be held responsible for the contribution
41 amount previously certified from the time of commencement of the
42 overpayment of retirement benefits until the time that such overpayment is
43 discovered by the system. At the time that such overpayment of retirement

1 benefits is discovered by the system, the system shall adjust the amount of
2 retirement benefits paid to the employee to the correct amount based on
3 the participating employer's certification of member contributions which
4 had not been previously reported. The participating employer of the
5 employee who has had such member's retirement benefits adjusted as
6 provided in this subsection shall notify such employee of such
7 overpayment and such adjustment of retirement benefits. If the
8 contributions previously certified are lower than the actual amount
9 reported, the employer shall be responsible for remitting the correct
10 amount and the member's monthly benefit shall be recalculated based on
11 the amount reported by the employer. When an employee in school
12 employment files such an application, the participating employer
13 responsible for any such amounts as provided in this subsection shall be
14 the employee's eligible employer as specified in subsection (1), (2) or (3)
15 of K.S.A. 74-4931, and amendments thereto, and shall not be the state of
16 Kansas. The provisions of law in effect on the retirement date of a member
17 under the system shall govern the retirement benefit payable to the retirant,
18 any joint annuitant and any beneficiary.

19 Sec. 3. On July 1, 2012, and the date of publication in the Kansas
20 register of the notice prescribed in section 10, K.S.A. 74-4919 is hereby
21 amended to read as follows: 74-4919. (1) *Except as otherwise provided,*
22 *each participating employer, beginning with the first payroll for services*
23 *performed after the entry date, shall deduct from the compensation of each*
24 *member 4% of such member's compensation as employee contributions.*
25 *Each participating employer, for services performed by an employee first*
26 *employed prior to July 1, 2009, shall deduct from the compensation of*
27 *each member, the following amounts expressed as a percentage of*
28 *compensation during the following periods: (a) Commencing January 1,*
29 *2014, 5% of such member's compensation as employee contributions; and*
30 *(b) commencing January 1, 2015, and in each subsequent calendar year,*
31 *6% of such member's compensation as employee contributions.* Such
32 deductions shall be remitted quarterly, or as the board may otherwise
33 provide, to the executive director for deposit in the Kansas public
34 employees retirement fund. Such deductions shall be credited to the
35 members' individual accounts and interest shall be added annually to such
36 accounts.

37 (2) (a) Subject to the provisions of K.S.A. 74-49,123, and
38 amendments thereto, each participating employer, pursuant to the
39 provisions of section 414(h)(2) of the federal internal revenue code, shall
40 pick up and pay the contributions which would otherwise be payable by
41 members as prescribed in subsection (1) commencing with the third
42 quarter of 1984. The contributions so picked up shall be treated as
43 employer contributions for purposes of determining the amounts of federal

1 income taxes to withhold from the member's compensation.

2 (b) Member contributions picked up by the employer shall be paid
3 from the same source of funds used for the payment of compensation to a
4 member. A deduction shall be made from each member's compensation
5 equal to the amount of the member's contributions picked up by the
6 employer, provided that such deduction shall not reduce the member's
7 compensation for purposes of computing benefits under the system.

8 (c) Member contributions picked up by the employer shall be
9 remitted quarterly, or as the board may otherwise provide, to the executive
10 director for credit to the Kansas public employees retirement fund. Such
11 contributions shall be credited to a separate account within the member's
12 individual account so that amounts contributed by the member
13 commencing with the third quarter of 1984 may be distinguished from the
14 member contributions picked up by the employer. Interest shall be added
15 annually to members' individual accounts.

16 Sec. 4. On July 1, 2012, and the date of publication in the Kansas
17 register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-4920
18 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of
19 each annual actuarial valuation and appraisal as provided for in subsection
20 (3)(a) of K.S.A. 74-4908, and amendments thereto, the board shall certify,
21 on or before July 15 of each year, to the division of the budget in the case
22 of the state and to the agent for each other participating employer an
23 actuarially determined estimate of the rate of contribution which will be
24 required, together with all accumulated contributions and other assets of
25 the system, to be paid by each such participating employer to pay all
26 liabilities which shall exist or accrue under the system, including
27 amortization of the actuarial accrued liability as determined by the board.
28 The board shall determine the actuarial cost method to be used in annual
29 actuarial valuations, to determine the employer contribution rates that shall
30 be certified by the board. Such certified rate of contribution, amortization
31 methods and periods and actuarial cost method shall be based on the
32 standards set forth in subsection (3)(a) of K.S.A. 74-4908, and
33 amendments thereto and shall not be based on any other purpose outside of
34 the needs of the system.

35 (b) (i) For employers affiliating on and after January 1, 1999, upon
36 the basis of an annual actuarial valuation and appraisal of the system
37 conducted in the manner provided for in K.S.A. 74-4908, and amendments
38 thereto, the board shall certify, on or before July 15 of each year to each
39 such employer an actuarially determined estimate of the rate of
40 contribution which shall be required to be paid by each such employer to
41 pay all of the liabilities which shall accrue under the system from and after
42 the entry date as determined by the board, upon recommendation of the
43 actuary. Such rate shall be termed the employer's participating service

1 contribution and shall be uniform for all participating employers. Such
2 additional liability shall be amortized as determined by the board. For all
3 participating employers described in this section, the board shall determine
4 the actuarial cost method to be used in annual actuarial valuations to
5 determine the employer contribution rates that shall be certified by the
6 board.

7 (ii) The board shall determine for each such employer separately an
8 amount sufficient to amortize all liabilities for prior service costs which
9 shall have accrued at the time of entry into the system. On the basis of
10 such determination the board shall annually certify to each such employer
11 separately an actuarially determined estimate of the rate of contribution
12 which shall be required to be paid by that employer to pay all of the
13 liabilities for such prior service costs. Such rate shall be termed the
14 employer's prior service contribution.

15 (2) The division of the budget and the governor shall include in the
16 budget and in the budget request for appropriations for personal services
17 the sum required to satisfy the state's obligation under this act as certified
18 by the board and shall present the same to the legislature for allowance and
19 appropriation.

20 (3) Each other participating employer shall appropriate and pay to the
21 system a sum sufficient to satisfy the obligation under this act as certified
22 by the board.

23 (4) Each participating employer is hereby authorized to pay the
24 employer's contribution from the same fund that the compensation for
25 which such contribution is made is paid from or from any other funds
26 available to it for such purpose. Each political subdivision, other than an
27 instrumentality of the state, which is by law authorized to levy taxes for
28 other purposes, may levy annually at the time of its levy of taxes, a tax
29 which may be in addition to all other taxes authorized by law for the
30 purpose of making its contributions under this act and, in the case of cities
31 and counties, to pay a portion of the principal and interest on bonds issued
32 under the authority of K.S.A. 12-1774, and amendments thereto, by cities
33 located in the county, which tax, together with any other fund available,
34 shall be sufficient to enable it to make such contribution. In lieu of levying
35 the tax authorized in this subsection, any taxing subdivision may pay such
36 costs from any employee benefits contribution fund established pursuant to
37 K.S.A. 12-16,102, and amendments thereto. Each participating employer
38 which is not by law authorized to levy taxes as described above, but which
39 prepares a budget for its expenses for the ensuing year and presents the
40 same to a governing body which is authorized by law to levy taxes as
41 described above, may include in its budget an amount sufficient to make
42 its contributions under this act which may be in addition to all other taxes
43 authorized by law. Such governing body to which the budget is submitted

1 for approval, may levy a tax sufficient to allow the participating employer
2 to make its contributions under this act, which tax, together with any other
3 fund available, shall be sufficient to enable the participating employer to
4 make the contributions required by this act.

5 (5) (a) The rate of contribution certified to a participating employer as
6 provided in this section shall apply during the fiscal year of the
7 participating employer which begins in the second calendar year following
8 the year of the actuarial valuation.

9 (b) (i) Except as specifically provided in this section, for fiscal years
10 commencing in calendar year 1996 and in each subsequent calendar year,
11 the rate of contribution certified to the state of Kansas shall in no event
12 exceed the state's contribution rate for the immediately preceding fiscal
13 year by more than 0.2% of the amount of compensation upon which
14 members contribute during the period.

15 (ii) Except as specifically provided in this subsection, for the fiscal
16 years commencing in the following calendar years, the rate of contribution
17 certified to the state of Kansas and to the participating employers under
18 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
19 state's contribution rate for the immediately preceding fiscal year by more
20 than the following amounts expressed as a percentage of compensation
21 upon which members contribute during the period: (A) For the fiscal year
22 commencing in calendar year 2005, an amount not to exceed more than
23 0.4% of the amount of the immediately preceding fiscal year; (B) for the
24 fiscal year commencing in calendar year 2006, an amount not to exceed
25 more than 0.5% of the amount of the immediately preceding fiscal year;
26 and (C) for the fiscal year commencing in calendar year 2007 and in each
27 subsequent calendar year years 2010 through 2012, an amount not to
28 exceed more than 0.6% of the amount of the immediately preceding fiscal
29 year; and (B) for the fiscal year commencing in calendar year 2013, and
30 in each subsequent calendar year, an amount not to exceed more than
31 1.1% of the amount of the immediately preceding fiscal year.

32 (iii) Except as specifically provided in this section, for fiscal years
33 commencing in calendar year 1997, and in each subsequent calendar year,
34 the rate of contribution certified to participating employers other than the
35 state of Kansas shall in no event exceed such participating employer's
36 contribution rate for the immediately preceding fiscal year by more than
37 0.15% of the amount of compensation upon which members contribute
38 during the period.

39 (iv) Except as specifically provided in this subsection, for the fiscal
40 years commencing in the following calendar years, the rate of contribution
41 certified to participating employers other than the state of Kansas shall in
42 no event exceed the contribution rate for such employers for the
43 immediately preceding fiscal year by more than the following amounts

1 expressed as a percentage of compensation upon which members
2 contribute during the period: (A) For the fiscal year commencing in
3 calendar year 2006, an amount not to exceed more than 0.4% of the
4 amount of the immediately preceding fiscal year; (B) for the fiscal year
5 commencing in calendar year 2007, an amount not to exceed more than
6 0.5% of the amount of the immediately preceding fiscal year; and (C) for
7 the fiscal year commencing in calendar year 2008 and in each subsequent
8 calendar year years 2010 through 2013, an amount not to exceed more
9 than 0.6% of the amount of the immediately preceding fiscal year; and (B)
10 for the fiscal year commencing in calendar year 2014, and in each
11 subsequent calendar year, an amount not to exceed more than 1.1% of the
12 amount of the immediately preceding fiscal year.

13 (v) As part of the annual actuarial valuation, there shall be a separate
14 employer rate of contribution calculated for the state of Kansas, a separate
15 employer rate of contribution calculated for participating employers under
16 K.S.A. 74-4931, and amendments thereto, a combined employer rate of
17 contribution calculated for the state of Kansas and participating employers
18 under K.S.A. 74-4931, and amendments thereto, and a separate employer
19 rate of contribution calculated for all other participating employers.

20 (vi) There shall be a combined employer rate of contribution certified
21 to the state of Kansas and participating employers under K.S.A. 74-4931,
22 and amendments thereto. There shall be a separate employer rate of
23 contribution certified to all other participating employers.

24 (vii) If the combined employer rate of contribution calculated for the
25 state of Kansas and participating employers under K.S.A. 74-4931, and
26 amendments thereto, is greater than the separate employer rate of
27 contribution for the state of Kansas, the difference in the two rates applied
28 to the actual payroll of the state of Kansas for the applicable fiscal year
29 shall be calculated. This amount shall be certified by the board for deposit
30 as additional employer contributions to the retirement benefit
31 accumulation reserve for the participating employers under K.S.A. 74-
32 4931, and amendments thereto.

33 (6) The actuarial cost of any legislation enacted in the 1994 session of
34 the Kansas legislature will be included in the June 30, 1994, actuarial
35 valuation in determining contribution rates for participating employers.

36 (7) The actuarial cost of the provisions of K.S.A. 74-4950i will be
37 included in the June 30, 1998, actuarial valuation in determining
38 contribution rates for participating employers. The actuarial accrued
39 liability incurred for the provisions of K.S.A. 74-4950i shall be amortized
40 over 15 years.

41 (8) Except as otherwise provided by law, the actuarial cost of any
42 legislation enacted by the Kansas legislature, except the actuarial cost of
43 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the

1 employer contribution rates certified for the employer contribution rate in
2 the fiscal year immediately following such enactment.

3 (9) Notwithstanding the provisions of subsection (8), the actuarial
4 cost of the provisions of K.S.A. 74-49,109 et seq., and amendments
5 thereto, shall be first reflected in employer contribution rates effective with
6 the first day of the first payroll period for the fiscal year 2005. The
7 actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109
8 et seq., and amendments thereto, shall be amortized over 10 years.

9 (10) The cost of the postretirement benefit payment provided
10 pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114b, and
11 amendments thereto, for retirants other than local retirants as described in
12 subsection (11) or insured disability benefit recipients shall be paid in the
13 fiscal year commencing on July 1, 2007.

14 (11) The actuarial accrued liability incurred for the provisions of
15 K.S.A. 2010 Supp. 74-49,114b, and amendments thereto, for the KPERS
16 local group and retirants who were employees of local employers which
17 affiliated with the Kansas police and firemen's retirement system shall be
18 amortized over 10 years.

19 (12) The cost of the postretirement benefit payment provided
20 pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114c, and
21 amendments thereto, for retirants other than local retirants as described in
22 subsection (13) or insured disability benefit recipients shall be paid in the
23 fiscal year commencing on July 1, 2008.

24 (13) The actuarial accrued liability incurred for the provisions of
25 K.S.A. 2010 Supp. 74-49,114c, and amendments thereto, for the KPERS
26 local group and retirants who were employees of local employers which
27 affiliated with the Kansas police and firemen's retirement system shall be
28 amortized over 10 years.

29 (14) The board with the advice of the actuary may fix the contribution
30 rates for participating employers joining the system after one year from the
31 first entry date or for employers who exercise the option contained in
32 K.S.A. 74-4912, and amendments thereto, at rates different from the rate
33 fixed for employers joining within one year of the first entry date.

34 (15) For employers affiliating on and after January 1, 1999, the rates
35 of contribution certified to the participating employer as provided in this
36 section shall apply during the fiscal year immediately following such
37 certification, but the rate of contribution during the first year following the
38 employer's entry date shall be equal to 7% of the amount of compensation
39 on which members contribute during the year. Any amount of such first
40 year's contribution which may be in excess of the necessary current service
41 contribution shall be credited by the board to the respective employer's
42 prior service liability.

43 (16) Employer contributions shall in no way be limited by any other

1 act which now or in the future establishes or limits the compensation of
2 any member.

3 (17) Notwithstanding any provision of law to the contrary, each
4 participating employer shall remit quarterly, or as the board may otherwise
5 provide, all employee deductions and required employer contributions to
6 the executive director for credit to the Kansas public employees retirement
7 fund within three days after the end of the period covered by the
8 remittance by electronic funds transfer. Remittances of such deductions
9 and contributions received after such date are delinquent. Delinquent
10 payments due under this subsection shall be subject to interest at the rate
11 established for interest on judgments under subsection (a) of K.S.A. 16-
12 204, and amendments thereto. At the request of the board, delinquent
13 payments which are due or interest owed on such payments, or both, may
14 be deducted from any other moneys payable to such employer by any
15 department or agency of the state.

16 Sec. 5. On July 1, 2012, and the date of publication in the Kansas
17 register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-
18 49,205 is hereby amended to read as follows: 74-49,205. For any member
19 who is first employed by a participating employer on or after July 1, 2009,
20 and who retires on or after such member's normal retirement date, the
21 amount for participating service shall be equal to the total of 1.75% of the
22 member's final average salary multiplied by the number of years of
23 participating service *earned prior to January 1, 2014*, to be used in
24 determining such member's annual retirement benefit, *and, subject to the*
25 *provisions of subsection 8, and amendments thereto, 1.85% of the*
26 *member's final average salary multiplied by the number of years of*
27 *participating service earned on and after January 1, 2014, to be used in*
28 *determining such member's annual retirement benefit. Notwithstanding*
29 *any provision of law to the contrary, in no event shall service that is*
30 *purchased under the provisions of K.S.A. 74-4919a et seq., and*
31 *amendments thereto, be credited at a rate that exceeds 1.75% of the*
32 *purchasing member's final average salary.*

33 Sec. 6. On July 1, 2012, and the date of publication in the Kansas
34 register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-
35 49,210 is hereby amended to read as follows: 74-49,210. ~~(a) Except as~~
36 ~~otherwise provided, each participating employer who was a participating~~
37 ~~employer under the provisions of K.S.A. 74-4901 et seq., and amendments~~
38 ~~thereto, before July 1, 2009, beginning with the first payroll for services~~
39 ~~performed by an employee first employed on or after July 1, 2009, shall~~
40 ~~deduct from the compensation of each member 6% of such member's~~
41 ~~compensation as employee contributions. Each participating employer, for~~
42 ~~services performed by an employee subject to the Kansas public~~
43 ~~employees retirement system act of 2009, shall deduct from the~~

1 compensation of each member, the following amounts expressed as a
2 percentage of compensation: (a) For members first hired on and after July
3 1, 2013, 6% of such member's compensation as employee contributions;
4 (b) for members hired before July 1, 2013, and who elected not to receive
5 a permanent annual cost-of-living adjustment pursuant to section 8, and
6 amendments thereto, or who did not make an election pursuant to section
7 8, and amendments thereto, 6% of such member's compensation as
8 employee contributions; and (c) for member's hired before July 1, 2013,
9 and who elected to receive an annual cost-of-living adjustment pursuant to
10 section 8, and amendments thereto, commencing on January 1, 2014, 7%
11 of such member's compensation as employee contributions, and
12 commencing January 1, 2015, and in each subsequent calendar year, 8%
13 of such member's compensation as employee contributions.

14 ~~(b) Each participating employer who affiliates for any purpose on or~~
15 ~~after July 1, 2009, beginning with the first payroll for services performed~~
16 ~~by an employee first employed on or after July 1, 2009, shall deduct from~~
17 ~~the compensation of each member 6% of such member's compensation as~~
18 ~~employee contributions.~~

19 Sec. 7. On July 1, 2012, and the date of publication in the Kansas
20 register of the notice prescribed in section 10, K.S.A. 2010 Supp. 74-
21 49,213 is hereby amended to read as follows: 74-49,213. (a) Beginning on
22 July 1, 2010, and on each July 1 thereafter, the retirement benefit, pension
23 or annuity payments to each retirant who retires under this act shall be
24 increased by an annual cost-of-living adjustment in an amount equal to
25 2.0% multiplied by the retirement benefit, pension or annuity payment in
26 effect on that date and shall be paid by the system to the retirant during
27 each such period. The first increase for such a retirant shall be on the
28 second July 1 following such retirant's retirement date. Subsequent
29 increases shall occur on each July 1 thereafter.

30 (b) As used in this section, "retirant" means: (A) Any person who is a
31 member of the Kansas public employees retirement system pursuant to this
32 act *and who made an election pursuant to section 8, and amendments*
33 *thereto, to receive an annual cost-of-living adjustment*, who is retired
34 under the provisions of this act, and who is at least 65 years of age; and
35 (B) any person who is a joint annuitant or beneficiary of any member
36 described in clause (A).

37 New Sec. 8. (a) The provisions of this section and any related
38 provisions shall not be implemented until the board of trustees of the
39 Kansas public employees retirement system has obtained approval for the
40 election and related provisions specified in this section from the federal
41 internal revenue service. The board may implement the remainder of this
42 act prior to implementation of this section. To that end, this section and
43 provisions related thereto are severable from the remainder of this act and

1 shall be repealed if the federal internal revenue service refuses to grant
2 such approval or issues an adverse decision.

3 (b) Except as otherwise provided in this act, a member of the system
4 under the provisions of the Kansas public employees retirement act of
5 2009 on July 1, 2013, may elect to: (1) Contribute, commencing January 1,
6 2014, 7% of such member's compensation as employee contributions, and
7 commencing January 1, 2015, and each subsequent calendar year, 8% of
8 such member's compensation as employee contributions pursuant to
9 K.S.A. 74-49,210, and amendments thereto, and to receive an annual cost-
10 of-living adjustment pursuant to K.S.A. 2010 Supp. 74-49,213, and
11 amendments thereto. Members who make this election to contribute at the
12 higher 7% and 8% amount pursuant to this subsection shall receive an
13 amount for participating service equal to the total of 1.85% of the
14 member's final average salary; or (2) continue to contribute 6% of such
15 member's compensation as employee contributions and not be eligible to
16 receive an annual cost-of-living adjustment pursuant to K.S.A. 2010 Supp.
17 74-49,213, and amendments thereto. Members who make this election to
18 contribute at the 6% amount pursuant to this subsection shall receive an
19 amount for participating service equal to the total of 1.75% of the
20 member's final average salary. Members shall make such election within a
21 90-day period established by the board.

22 (c) (1) Elections made pursuant to this section shall be made on a form
23 and in a manner prescribed by the board.

24 (2) A member failing to make an election prescribed by this section
25 shall contribute 6% of such member's compensation as employee
26 contribution, shall not receive an annual cost-of-living adjustment pursuant
27 to K.S.A. 2010 Supp. 74-49,213, and amendments thereto, and shall
28 receive an amount for participating service equal to the total of 1.75% of
29 the member's final average salary.

30 (3) An election under this section, including the default election
31 pursuant to subsection (c)(2), is a one-time irrevocable election.

32 (d) The provisions of this section shall take effect July 1, 2012, and
33 upon the date of publication in the Kansas register of the notice prescribed
34 in section 10.

35 New Sec. 9. (a) There is hereby established the KPERS study
36 commission. The commission shall study and analyze the current KPERS
37 retirement system and systems related thereto, and develop a viable plan to
38 ensure the long-term sustainability of the system. The commission shall
39 particularly study and review the advantages and disadvantages of
40 implementing a defined benefit, defined contribution or hybrid defined
41 benefit/defined contribution retirement benefit plan, or other plan options.

42 (b) (1) The KPERS study commission shall consist of 11 voting
43 members. The 11 members shall be appointed as follows: (A) Four

1 members of the legislature appointed as follows: One shall be appointed
2 by the president of senate, one shall be appointed by the minority leader of
3 the senate, one shall be appointed by the speaker of the house of
4 representatives and one shall be appointed by the minority leader of the
5 house of representatives;

6 (B) four at-large members appointed as follows: One shall be
7 appointed by the president of the senate, one appointed by the minority
8 leader of the senate, one appointed by the speaker of the house of
9 representatives and one appointed by the minority leader of the house of
10 representatives; and

11 (C) three members appointed by the governor, one of such members
12 shall have been regularly admitted to practice law in the state of Kansas
13 and have engaged in the active practice of law as a lawyer.

14 (2) The executive director of the Kansas public employees retirement
15 system, the director of the budget, the revisor of statutes and the director of
16 legislative research shall be non-voting, ex officio members of the
17 commission.

18 (c) The commission shall elect from among its voting members a
19 chairperson. Any vacancy in the membership of the commission shall be
20 filled by appointment in the manner prescribed by this section for the
21 original appointment.

22 (d) A quorum of the commission shall be six members. All actions of
23 the commission shall be taken by a majority of all members of the
24 commission.

25 (e) Members of the commission shall receive expenses, mileage and
26 subsistence as provided in subsection (e) of K.S.A. 75-3223, and
27 amendments thereto.

28 (f) The staff of the office of revisor of statutes, the Kansas legislative
29 research department and other central legislative staff service agencies
30 shall provide such assistance as may be requested by the commission.

31 (g) The commission shall submit a report to the legislature and the
32 joint committee on pensions, investment and benefits before December 15,
33 2011, with any findings and recommendations which the commission
34 deems necessary including the recommendation of any legislation
35 necessary to carry out the recommendations of the commission.

36 New Sec. 10. The revisor of statutes and the director of legislative
37 research shall jointly certify to the secretary of state that the legislature has
38 received and taken action during the regular session of the legislature held
39 in 2012 on the recommendations, including any legislation, of the KPERS
40 study commission created pursuant to section 9 as included in the report
41 submitted to the legislature and the joint committee on pensions,
42 investments and benefits by such commission. For purposes of this
43 section, "taken action" shall include the legislature receiving and holding

1 one or more public hearings, in one or more committees of the senate or
2 house of representatives on such recommendations of the KPERS study
3 commission. Upon receipt of such certification, the secretary of state shall
4 cause a notice of such certification to be published in the Kansas register.

5 Sec. 11. On July 1, 2012, and the date of publication in the Kansas
6 register of the notice prescribed in section 10, K.S.A. 74-4915 and 74-
7 4919 and K.S.A. 2010 Supp. 74-4914d, 74-4920, 74-49,205, 74-49,210
8 and 74-49,213 are hereby repealed.

9 Sec. 12. This act shall take effect and be in force from and after its
10 publication in the statute book.

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