

(Corrected)

{As Amended by House Committee of the Whole}

Session of 2012

**House Substitute for SENATE BILL No. 259**

By Committee on Pensions and Benefits

3-15

1 AN ACT concerning retirement and pensions; relating to the Kansas public  
2 employees retirement system and systems thereunder; enacting the  
3 Kansas public employees retirement system act of 2014; providing  
4 terms, conditions, requirements, benefits and contributions related  
5 thereto; relating to fiscal notes on bills that provide retirement benefit  
6 enhancements, actuarial cost; employer and employee contributions;  
7 sale of real estate of state agencies, disposition of proceeds to Kansas  
8 public employees retirement system fund; employment after retirement  
9 for certain school employees; **{plan of death and long-term disability**  
10 **benefits; members of legislature, rate of compensation; authorized**  
11 **transfers from expanded lottery act revenues fund; enacting the**  
12 **Kansas public employees retirement system defined contribution**  
13 **act, terms, conditions, requirements, benefits and contributions;**  
14 **new member election;}** amending K.S.A. 74-4915 and 74-4919 and  
15 K.S.A. 2011 Supp. 74-4914d, 74-4920, **{74-4927,}** 74-4937, **{74-4995,}**  
16 74-49,205, **{74-8768}** and 75-6609 and repealing the existing sections;  
17 also repealing K.S.A. 2011 Supp. 74-49,213.  
18

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

20 New Section 1. (a) The provisions of sections 1 through 19, and  
21 amendments thereto, shall be known and may be cited as the Kansas  
22 public employees retirement system act of 2014.

23 (b) Any employee who is first employed by a participating employer  
24 on or after January 1, 2014, **{and who makes an election as prescribed**  
25 **by section 29, and amendments thereto, or the default election in**  
26 **subsection (b)(2) of section 29, and amendments thereto,}** shall be a  
27 member of the system under the provisions of this act on the first day of  
28 employment of such employee with such participating employer.

29 (c) This act does not apply to members of the Kansas police and  
30 firemen's retirement system, K.S.A. 74-4951 et seq., and amendments  
31 thereto, the retirement system for judges, K.S.A. 20-2601 et seq., and  
32 amendments thereto, and security officers as provided in K.S.A. 74-4914a,  
33 and amendments thereto.

34 (d) A system member may not simultaneously be a member of the  
35 pre-2014 plan and the plan established pursuant to this act. A period of

1 service may not be credited in more than one retirement plan within the  
2 system.

3 (e) The board of trustees of the Kansas public employees retirement  
4 system shall administer the provisions of this act in the same manner as the  
5 board administers the provisions of K.S.A. 74-4901 et seq., and  
6 amendments thereto, except as specifically provided in this act.

7 (f) Unless specifically provided in this act, the provisions of K.S.A.  
8 74-4901 et seq., and amendments thereto, shall be applicable to this act. In  
9 an event that a conflict exists between the provisions of this act and the  
10 provisions of K.S.A. 74-4901 et seq., and amendments thereto, the  
11 provisions of this act shall control, and to that end, no legal or contractual  
12 rights shall inure to the benefit of members or participating employers  
13 under this act with regard to the provisions of K.S.A. 74-4901 et seq., and  
14 amendments thereto, when the provisions of this act control.

15 (g) Each participating employer as provided in this act and each  
16 employee as defined by this act shall be subject to the provisions of this  
17 act as specified in this act and subject to the provisions of K.S.A. 74-4901  
18 et seq., and amendments thereto, as appropriate as to terms, conditions and  
19 requirements not specifically covered in this act. The provisions of this act  
20 shall not apply to members of the Kansas public employees retirement  
21 system as provided in K.S.A. 74-4901 et seq., and 74-49,201 et seq., and  
22 amendments thereto, employed by a participating employer prior to  
23 January 1, 2014, unless otherwise provided in this act.

24 (h) The provisions of this act shall be part of and supplemental to the  
25 provisions of K.S.A. 74-4901 et seq., and amendments thereto, subject to  
26 the limitations contained in this act.

27 New Sec. 2. (a) As used in this act, unless otherwise provided or the  
28 context otherwise requires:

29 (1) "Act" means the Kansas public employees retirement system act  
30 of 2014, section 1, et seq., and amendments thereto;

31 (2) "active member" means a member who is actively employed by a  
32 participating employer;

33 (3) "annuity savings account" means the account maintained for  
34 contributions of members under section 3, and amendments thereto;

35 (4) "covered position" means a position with an affiliated employer  
36 that is eligible for membership in the Kansas public employees retirement  
37 system pursuant to the provisions of K.S.A. 74-4901 et seq., and  
38 amendments thereto;

39 (5) "employee" means the same as such term is defined in K.S.A. 74-  
40 4902, and amendments thereto, except that only employees who are first  
41 employed by a participating employer on or after January 1, 2014, or  
42 employees of a participating employer which affiliates on or after January  
43 1, 2014, are subject to the provisions of this act. The term employee shall

1 include employees as provided in K.S.A. 74-4931 et seq., and amendments  
2 thereto, first employed by a participating employer on or after January 1,  
3 2014, or such employees of a participating employer which affiliates on or  
4 after January 1, 2014;

5 (6) "first employed" means an employee has not been an employee in  
6 a covered position of any participating employer prior to January 1, 2014,  
7 and is employed by a participating employer in a covered position on or  
8 after January 1, 2014; an employee who is a former member of the system  
9 who withdrew contribution accounts before January 1, 2014, and who is  
10 again employed by a participating employer in a covered position on or  
11 after January 1, 2014; or an employee who was an inactive non-vested  
12 member and who is again employed by a participating employer in a  
13 covered position on or after January 1, 2014;

14 (7) "inactive, non-vested member" means a member who has  
15 terminated employment with a participating employer and who does not  
16 have a vested retirement benefit in the system on January 1, 2014;

17 (8) "member" means an individual who is required by section 1, and  
18 amendments thereto, to be a member of the plan;

19 (9) "normal retirement age" means the attainment of age 65, or 60  
20 with the completion of 30 years of credited service;

21 (10) "plan" means the plan established within the Kansas public  
22 employees retirement system by section 3, and amendments thereto;

23 (11) "pre-2014 defined benefit plan" means the plan established  
24 pursuant to K.S.A. 74-4901 et seq., and amendments thereto, and K.S.A.  
25 74-49,201 et seq., and amendments thereto;

26 (12) "retirement annuity account" means the account established for  
27 employer credits of members under section 3, and amendments thereto;  
28 and

29 (13) "system" means the Kansas public employees retirement system.

30 (b) Unless specifically provided in this section or in this act, words  
31 and phrases used in this act shall have the meanings ascribed to them as  
32 provided under the provisions of K.S.A. 74-4901 et seq., and amendments  
33 thereto.

34 New Sec. 3. (a) The board shall establish within the Kansas public  
35 employees retirement system a plan in accordance with the provisions of  
36 this act. Such plan shall be established as part of the pension plan pursuant  
37 to the provisions of K.S.A. 74-4920, and amendments thereto, for the  
38 exclusive benefit of members and such member's beneficiaries and as a  
39 qualified governmental plan pursuant to sections 401(a) and 414(d) of the  
40 federal internal revenue code and its implementing regulations. Such plan  
41 is established in addition to any retirement, pension, deferred  
42 compensation or other benefit plan currently administered by the state or a  
43 political subdivision. Assets of the plan shall be held in the trust for the

1 Kansas public employees retirement system.

2 (b) The board shall establish for each member under this plan a  
3 retirement annuity account, which shall be credited with employer credits  
4 and interest credits on those employer credits as determined by the board  
5 under section 8, and amendments thereto. The retirement annuity account  
6 shall be used to determine a lump-sum distribution or an annuity for a  
7 vested member upon retirement as provided in section 13, and  
8 amendments thereto.

9 (c) The board shall establish an annuity savings account for each  
10 member, which shall be credited with employee contributions and interest  
11 credits under section 6, and amendments thereto. For a vested member, the  
12 annuity savings account shall be used to fund the lump-sum or annuity  
13 benefits upon retirement as provided in section 11, and amendments  
14 thereto.

15 New Sec. 4. The board has the powers and shall perform the duties  
16 regarding the plan established under this act as provided in K.S.A. 74-  
17 4909, and amendments thereto, as applicable. The board may also exercise  
18 the powers and shall perform the duties provided in this act.

19 New Sec. 5. (a) An active member shall contribute 6% of  
20 compensation to such member's annuity savings account. Such  
21 contributions shall be picked up by the employer via a salary reduction as  
22 provided in section 414(h)(2) of the federal internal revenue code. An  
23 employer may not pick up these contributions without a corresponding  
24 salary reduction as provided in section 414(h)(2) of the federal internal  
25 revenue code.

26 (b) A member may not make voluntary contributions to the plan.

27 New Sec. 6. (a) A member's annuity savings account is the sum of the  
28 member's mandatory contributions plus the interest credits on those  
29 contributions, which shall be credited no less frequently than quarterly  
30 based on the account balances as of the last day of the preceding quarter.  
31 Effective January 1, 2014, the interest credits are 5% per annum. The  
32 legislature may from time to time prospectively change the interest credits,  
33 and expressly reserves the right to do so.

34 (b) The board may, in the board's discretion, from time to time  
35 provide for an additional interest credit, subject to the following  
36 conditions: (1) The additional interest credit may not exceed the lesser of  
37 2% or 50% of the rate of return on the system's assets that is above 8% for  
38 a fiscal year; and

39 (2) the additional interest rate for a fiscal year shall not be granted  
40 unless the rate of return on the system's assets is at least 10% for that fiscal  
41 year.

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

1 (d) Interest credits shall not be granted on the member's annuity  
2 savings account following the end of the second plan year following the  
3 member's termination of employment under the plan.

4 **{(e) For a member to be eligible for an additional interest credit,  
5 the member must be employed by a participating employer both at the  
6 time when the system earned the interest and when the interest credit  
7 is paid out.}**

8 New Sec. 7. (a) A participating employer shall credit the following:

9 (1) One percent of compensation for each member who has up to one  
10 year of service;

11 (2) two percent of compensation for each member who has one but  
12 less than two years of service;

13 (3) three percent of compensation for each member who has two but  
14 less than three years of service; and

15 (4) four percent of compensation for each member who has three or  
16 more years of service.

17 (b) An active member's employer shall contribute a percentage of  
18 compensation, determined by the board, which must be allocated to the  
19 death and long-term disability plan under K.S.A. 74-4927, and  
20 amendments thereto.

21 (c) The legislature may from time to time prospectively change  
22 employer credits provided in this section, and expressly reserves the right  
23 to do so.

24 New Sec. 8. (a) A member's retirement annuity account is the sum of  
25 all employer credits to the account plus the interest credits on the account,  
26 which shall be credited no less frequently than quarterly, based on the  
27 account balances as of the last day of the preceding quarter. Effective  
28 January 1, 2014, the interest credits are 5% per annum. The legislature  
29 may from time to time prospectively change the interest credits, and  
30 expressly reserves the right to do so.

31 (b) The board may, in the board's discretion, from time to time  
32 provide for an additional interest credit, subject to the following  
33 conditions: (1) The additional interest credit may not exceed the lesser of  
34 2% or 50% of the rate of return on the system's portfolio that is above 8%  
35 for a fiscal year; and

36 (2) the additional interest rate for a fiscal year shall not be granted  
37 unless the rate of return on the system's portfolio is at least 10% for that  
38 fiscal year.

39 (c) For a member to be eligible for an additional interest credit, the  
40 member must be employed by a participating employer both at the time  
41 when the system earned the interest and when the interest credit is paid  
42 out.

43 (d) Interest credits shall not be granted on the member's non-vested

1 retirement annuity account following the end of the second plan year  
2 following the member's termination of employment covered under the  
3 plan.

4 New Sec. 9. If the member's retirement annuity account is not vested  
5 upon the member's termination of plan membership, as provided in section  
6 12, and amendments thereto, the employer credits and interest credits are  
7 forfeited as provided in section 12, and amendments thereto. If the  
8 member's retirement annuity account is vested upon the member's  
9 termination of plan membership, as provided in section 12, and  
10 amendments thereto, but the member dies prior to attaining normal  
11 retirement age without a spouse eligible for the retirement annuity account  
12 under section 13, and amendments thereto, the employer credits and  
13 interest credits are forfeited. Forfeitures may not be used to increase a  
14 member's account, but instead shall be used to pay administrative expenses  
15 of the accounts or to reduce employer contributions.

16 New Sec. 10. (a) Any time after termination of service or death, a  
17 member who is not vested or the beneficiary of such a member may  
18 terminate plan membership by filing a written application with the board  
19 and taking a distribution of the member's annuity savings account from the  
20 plan through any combination of the following payout options, each of  
21 which is subject to the applicable provisions of the federal internal revenue  
22 code and the applicable regulations of the internal revenue service:

23 (1) A direct rollover to an eligible retirement plan; or

24 (2) a lump-sum distribution.

25 (b) The board by official action may specify minimum account  
26 balances for purposes of allowing benefit payment options and rollovers in  
27 accordance with federal law.

28 New Sec. 11. (a) A member who is eligible for a benefit under  
29 subsection (a) or (b) of section 13, and amendments thereto, shall be  
30 entitled to a distribution of such member's annuity savings account. Such  
31 distribution may be made in any of the annuity options described in  
32 subsection (c) of section 13, and amendments thereto. In lieu of an annuity,  
33 a member entitled to a benefit under subsection ~~(b)~~ **{(a)}** of section 13, and  
34 amendments thereto, may elect to receive a lump-sum of such member's  
35 annuity savings account of any fixed dollar amount or percent, but in no  
36 event may the lump-sum option elected under this section and the lump-  
37 sum option elected under subsection (c) of section 13, and amendments  
38 thereto, exceed 30% of the total value of such member's annuity savings  
39 account and retirement annuity account.

40 (b) A member who is not eligible for a benefit under subsection (a) or  
41 (b) of section 13, and amendments thereto, but who terminates  
42 employment in any covered position under the system, may elect to take a  
43 distribution of such member's entire annuity savings account balance, but

1 the member shall then forfeit the entire balance in the member's retirement  
2 annuity account.

3 New Sec. 12. (a) A member is vested, but subject to forfeiture, in the  
4 member's retirement annuity account upon completion of seven years of  
5 service. A member's benefit is nonforfeitable upon the attainment of  
6 normal retirement age and the completion of at least seven years of  
7 service, whichever is later.

8 (b) If a member who is not vested in the member's retirement annuity  
9 account at termination of employment, has not withdrawn such member's  
10 annuity savings account and returns to active employment and  
11 membership in the plan within two years of such member's termination,  
12 such member's prior years of service shall be restored upon such return to  
13 employment and membership.

14 New Sec. 13. (a) Except as provided in subsection (e), a member who  
15 has a nonforfeitable interest in the member's retirement annuity account, at  
16 any time after termination from service and the attainment of normal  
17 retirement age, shall receive an annuity based upon the balance in such  
18 member's retirement annuity account, using mortality rates established by  
19 the board by official action as of the member's annuity start date and  
20 interest rates established by the legislature as of the member's annuity start  
21 date, and such interest rate shall initially be 5%. The legislature may from  
22 time to time prospectively change the interest rate and the board may from  
23 time to time prospectively change the mortality rate, and the legislature  
24 expressly reserves such rights to do so.

25 (b) Except as provided in subsection (e), a member who has a vested  
26 interest in the member's retirement annuity account, who terminates after  
27 attainment of age 55 with the completion of at least 10 years of service,  
28 shall receive an annuity based upon employer credits and interest credits in  
29 such member's retirement annuity account, using mortality rates  
30 established by the board by official action as of the member's annuity start  
31 date and an interest rate established by the legislature as of the member's  
32 annuity start date, and such interest rate shall initially be 5%. The  
33 legislature may from time to time prospectively change the interest rate  
34 and the board may from time to time prospectively change the mortality  
35 rate, and the legislature expressly reserves such rights to do so.

36 (c) The normal form of benefit payable under subsection (a) or (b)  
37 shall be a single life annuity with 15-year certain. The member may elect  
38 any option described in K.S.A. 74-4918, and amendments thereto, except  
39 the partial lump-sum option, subject to actuarial adjustment factors  
40 established by the board from time to time. The benefit option selected  
41 may include a self-funded cost-of-living adjustment feature, in which the  
42 account value is converted to a benefit amount that increases by a fixed  
43 percentage over time. One or more fixed percentages shall be established

1 by the board, which may be changed from time to time. In lieu of a part of  
2 an annuity, for a member entitled to a benefit under subsection (a), the  
3 member may elect to receive a lump-sum of such member's retirement  
4 annuity account of any fixed dollar amount or percent, but in no event may  
5 the lump-sum option elected under this section and the lump-sum option  
6 elected under subsection (a) of section 11, and amendments thereto,  
7 exceed 30% of the total value of such member's annuity savings account  
8 and retirement annuity account.

9 (d) Except as provided in subsection (e), in the case of an active or  
10 inactive member:

11 (1) Who is vested in the member's retirement annuity account;

12 (2) who has 10 or more years of service at death; and

13 (3) who dies before attaining normal retirement age, with such  
14 member's spouse at time of death designated as such member's sole  
15 primary beneficiary, the member's surviving spouse on and after the date  
16 the member would have attained normal retirement age had such member  
17 not died, shall receive an annuity based upon employer credits and interest  
18 credits in the retirement annuity account, using factors established by the  
19 board by official action as of the beneficiary's annuity start date. The  
20 normal form of benefit shall be a single life annuity with 15-year certain.

21 (e) If a member's vested retirement annuity account is less than  
22 \$1,000 upon separation from service, the account balance shall be  
23 mandatorily distributed to the member in accordance with section 401(a)  
24 (31)(B) of the federal internal revenue code. If the member does not elect  
25 to have such distribution paid directly to an eligible retirement plan  
26 specified by the participant in a direct rollover or to receive the  
27 distribution directly, then the board will pay the distribution to the member  
28 directly.

29 New Sec. 14. All benefit payments under the plan established  
30 pursuant to this act are subject to the requirements imposed under federal  
31 internal revenue code 401(a)(9).

32 New Sec. 15. A member's beneficiary shall be determined as  
33 provided in the pre-2014 plan. Upon filing a written application with the  
34 board after the death of a member receiving a benefit under subsection (a)  
35 or (b) of section 12, and amendments thereto, the member's beneficiary is  
36 entitled to a \$4,000 death benefit as provided in K.S.A. 74-4989, and  
37 amendments thereto.

38 New Sec. 16. (a) Members of the retirement system under the Kansas  
39 public employees retirement system act of 2014 shall be covered in the  
40 death and disability plan in accordance with K.S.A. 74-4927, and  
41 amendments thereto, but subject to the provisions of this section.

42 (b) (1) In the event that a member becomes eligible for and begins  
43 receiving a long-term disability benefit under the plan, such member shall



1 be given participating service credit for the entire period of such disability.  
2 Such member's annuity savings account and retirement annuity account  
3 shall be credited with the amount of employee contributions and employer  
4 credits and interest credits prescribed in this act for the entire period of  
5 such disability, but no later than the time prescribed by subsection (3).

6 (2) The salary upon which credits to such member's annuity savings  
7 account and retirement annuity account are based shall be the employee's  
8 salary at the time of disability, which shall be adjusted once each year on  
9 January 1, but only after five years of disability, by the lesser of: (A) The  
10 percentage increase in the consumer price index for all urban consumers as  
11 published by the bureau of labor statistics of the United States department  
12 of labor measured in the prior November, minus 1%; or (B) 4% per  
13 annum.

14 (3) All credits to the annuity savings account and the retirement  
15 annuity account shall cease upon the earliest of: (A) Death;

16 (B) attainment of normal retirement age; or

17 (C) the date the member is no longer entitled to receive disability  
18 benefits pursuant to law.

19 New Sec. 17. The provisions of K.S.A. 74-49,122, 74-49,123 and 74-  
20 49,124, and amendments thereto, shall apply to this act. However, the  
21 definitions of "actuarial equivalent" or "actuarial computation" shall not  
22 apply to this act.

23 New Sec. 18. (a) All electronic and written account statements  
24 provided to the members, or accessible to the members through electronic  
25 account access, shall include:

26 (1) The anticipated monthly benefit from the account based on a  
27 retirement age of 65;

28 (2) the anticipated percentage of income replacement provided by the  
29 plan based upon a retirement age of 65; and

30 (3) the hypothetical or notional account balance.

31 (b) All electronic and written account statements provided to the  
32 members, or accessible to the members through electronic account access,  
33 shall clearly state that additional personal savings in programs like an  
34 internal revenue code section 403 (b) plan or a 457 plan will likely be  
35 necessary to insure adequate retirement savings and to address cost-of-  
36 living increases.

37 (c) The board shall develop and make available to all members an  
38 electronic benefits estimate calculator for the plan established pursuant to  
39 this act.

40 New Sec. 19. (a) In accordance with the provisions of this section, the  
41 legislature may make adjustments to the benefits provided for in this act, if  
42 the employer's normal cost of the plan is ~~6%~~{5%} or greater; and:

43 (1) The board recommends specific adjustments to the legislature in

1 accordance with subsection (b); or

2 (2) an actuarial study that conforms with generally accepted actuarial  
3 principles and practices and with the actuarial standards of practice issued  
4 by the actuarial standards board and requested or commissioned by the  
5 board or the legislature concludes:

6 (A) There is a significant likelihood that contribution rates will  
7 continue to rise; and

8 (B) that participating employers are liable for normal costs of the plan  
9 which are ~~6%~~{5%} or greater.

10 (b) If the conditions under subsection (a)(1) or (a)(2) are met, the  
11 legislature may adjust benefits under this act for future years of service  
12 including:

13 (1) The guaranteed minimum interest credit provided under sections 6  
14 and 8, and amendments thereto;

15 (2) the settlement rate used to guarantee retirement benefits under  
16 section 13, and amendments thereto; and

17 (3) other provisions of this act.

18 (c) (1) Notwithstanding the provisions of subsections (a) and (b) the  
19 legislature may make adjustments to the benefits provided for under this  
20 act if an actuarial study described under subsection (a)(2) concludes, due  
21 to current and projected economic conditions, member participation levels  
22 and system structure, that the system:

23 (A) Cannot reasonably be sustained under its current provisions;

24 (B) is critically underfunded; and

25 (C) has become unstable and is in risk of collapse.

26 (2) Subject to federal law, the adjustments under subsection (c)(1)  
27 may include:

28 (A) Conversion to a different type of retirement plan;

29 (B) equitable distribution of system assets to retirees and members;  
30 and

31 (C) a closure of the system.

32 New Sec. 20. In addition to all requirements for fiscal notes pursuant  
33 to law, fiscal notes for bills which provide a new benefit, an increase in  
34 existing benefits or any other type of benefit enhancement for members of  
35 the Kansas public employees retirement system and systems thereunder,  
36 including a cost-of-living adjustment or postretirement benefit increase,  
37 shall include an actuarial valuation and appraisal of the liability to the  
38 system and the required contributions necessary to discharge such liability  
39 and maintain the system on an actuarial reserve basis created by such  
40 benefit enhancement to be conducted by the qualified actuary employed or  
41 retained by the system pursuant to K.S.A. 79-4908, and amendments  
42 thereto. Such fiscal note shall be available to members of any standing  
43 committee of the legislature to which such bill has been assigned prior to

1 such committee taking any action on such bill.

2 Sec. 21. K.S.A. 2011 Supp. 74-4914d is hereby amended to read as  
3 follows: 74-4914d. Any additional cost resulting from the normal  
4 retirement date and retirement before such normal retirement date for  
5 security officers as provided in K.S.A. 74-4914c, and amendments thereto,  
6 and disability benefits as provided in K.S.A. 74-4914e, and amendments  
7 thereto, shall be added to the employer rate of contribution for the  
8 department of corrections as otherwise determined under K.S.A. 74-4920,  
9 and amendments thereto, except that the employer rate of contribution for  
10 the department of corrections including any such additional cost added to  
11 such employer rate of contribution pursuant to this section shall in no  
12 event exceed the employer rate of contribution for the department of  
13 corrections for the immediately preceding fiscal year by more than the  
14 following amounts expressed as a percentage of compensation upon which  
15 security officers contribute during the period: (a) For the fiscal year  
16 commencing in calendar year ~~2006, an amount not to exceed more than~~  
17 ~~0.5% of the amount of the immediately preceding fiscal year; and (b) for~~  
18 ~~the fiscal year commencing in calendar year 2007, and in each subsequent~~  
19 ~~calendar year years 2010 through 2012, an amount not to exceed more~~  
20 ~~than 0.6% of the amount of the immediately preceding fiscal year; (b) for~~  
21 ~~the fiscal year commencing in calendar year 2013, an amount not to~~  
22 ~~exceed more than 0.9% of the amount of the immediately preceding fiscal~~  
23 ~~year; (c) for the fiscal year commencing in calendar year 2014, an amount~~  
24 ~~not to exceed more than 1% of the amount of the immediately preceding~~  
25 ~~fiscal year; (d) for the fiscal year commencing in calendar year 2015, an~~  
26 ~~amount not to exceed more than 1.1% of the amount of the immediately~~  
27 ~~preceding fiscal year; and (e) for the fiscal year commencing in calendar~~  
28 ~~year 2016, and in each subsequent calendar year, an amount not to exceed~~  
29 ~~more than 1.2% of the amount of the immediately preceding fiscal year.~~

30 Sec. 22. K.S.A. 74-4915 is hereby amended to read as follows: 74-  
31 4915. (1) Any member who retires on or after such member's normal  
32 retirement date shall be entitled to receive an annual retirement benefit  
33 equal to the sum obtained by adding an amount for participating service  
34 and an amount for prior service determined as provided in this section. The  
35 amount for prior service shall be equal to 1% of the member's prior service  
36 annual salary multiplied by the number of years of prior service entitled to  
37 credit as provided in K.S.A. 74-4913, and amendments thereto, except that  
38 for members retiring on or after July 1, 1981, who were last employed by a  
39 participating employer which had affiliated with the system under K.S.A.  
40 74-4910, 74-4912, 74-4929 or 74-4991, and amendments thereto, and for  
41 the period commencing January 1, 1986, for members retiring before July  
42 1, 1981, who were last employed by a participating employer which had  
43 affiliated with the system under K.S.A. 74-4910, 74-4912, 74-4929 or 74-

1 4991, and amendments thereto, except that any increase in benefits under  
2 this section shall be reduced by any postretirement benefit adjustments  
3 received by such member prior to July 2, 1985, the amount for prior  
4 service shall be calculated using final average salary in lieu of prior  
5 service annual salary and, in the case of any such member who became a  
6 member under subsection (3) of K.S.A. 74-4925, and amendments thereto,  
7 and for whom a final average salary cannot be otherwise determined, such  
8 member's final average salary shall be based on all service for which such  
9 member received assistance in a plan under subsection (2) of K.S.A. 74-  
10 4925, and amendments thereto, as certified by such employer upon request  
11 of the board. For any member who retires on or after July 1, 1993, the  
12 amount for participating service shall be equal to the total of 1.75% of the  
13 member's final average salary multiplied by the number of years of  
14 participating service *earned prior to January 1, 2014, and 1.85% of the*  
15 *member's final average salary multiplied by the number of years of*  
16 *participating service earned on and after January 1, 2014.*  
17 *Notwithstanding any provision of law to the contrary, in no event shall*  
18 *service that is purchased under the provisions of K.S.A. 74-4919a et seq.,*  
19 *and amendments thereto, be credited at a rate that exceeds 1.75% of the*  
20 *purchasing member's final average salary.*

21 (2) (A) Any member who retires on or after July 1, 1993, but before  
22 the normal retirement date and has attained age 60 but has not attained age  
23 62 with the completion of 10 years of credited service, shall receive an  
24 annual retirement benefit equal to the annual retirement benefit payable  
25 had the member retired on the normal retirement date but based upon the  
26 member's final average salary and years of participating and prior service  
27 credited to the date of actual retirement reduced by an amount equal to the  
28 product of (i) such annual retirement benefit payable had the member  
29 retired on the normal retirement date, multiplied by (ii) the product of .2%  
30 multiplied by the number of months' difference, to the nearest whole  
31 month, between the member's attained age at the time of retirement and  
32 age 62.

33 (B) Any member who retires on or after July 1, 1993, but before the  
34 normal retirement date and has attained age 55 but has not attained age 60  
35 with the completion of 10 years of credited service, shall receive an annual  
36 retirement benefit equal to the annual retirement benefit payable had the  
37 member retired on the normal retirement date but based upon the member's  
38 final average salary and years of participating and prior service credited to  
39 the date of actual retirement reduced by an amount equal to the total of: (i)  
40 (a) The product of such annual retirement benefit payable had the member  
41 retired on the normal retirement date, multiplied by (b) the product of .6%  
42 multiplied by the number of months' difference, to the nearest whole  
43 month, between the member's attained age at the time of retirement and

1 age 60; and

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

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

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

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

26 (6) The participating employer, when an employee files an  
27 application for retirement, shall certify to the system all member  
28 contributions of such employee which have not been reported previously.  
29 In the event the amount certified results in an overpayment of retirement  
30 benefits, the employer shall be held responsible for the contribution  
31 amount previously certified from the time of commencement of the  
32 overpayment of retirement benefits until the time that such overpayment is  
33 discovered by the system. At the time that such overpayment of retirement  
34 benefits is discovered by the system, the system shall adjust the amount of  
35 retirement benefits paid to the employee to the correct amount based on  
36 the participating employer's certification of member contributions which  
37 had not been previously reported. The participating employer of the  
38 employee who has had such member's retirement benefits adjusted as  
39 provided in this subsection shall notify such employee of such  
40 overpayment and such adjustment of retirement benefits. If the  
41 contributions previously certified are lower than the actual amount  
42 reported, the employer shall be responsible for remitting the correct  
43 amount and the member's monthly benefit shall be recalculated based on

1 the amount reported by the employer. When an employee in school  
2 employment files such an application, the participating employer  
3 responsible for any such amounts as provided in this subsection shall be  
4 the employee's eligible employer as specified in subsection (1), (2) or (3)  
5 of K.S.A. 74-4931, and amendments thereto, and shall not be the state of  
6 Kansas. The provisions of law in effect on the retirement date of a member  
7 under the system shall govern the retirement benefit payable to the retirant,  
8 any joint annuitant and any beneficiary.

9 Sec. 23. K.S.A. 74-4919 is hereby amended to read as follows: 74-  
10 4919. (1) *Except as otherwise provided*, each participating employer,  
11 beginning with the first payroll for services performed after the entry date,  
12 shall deduct from the compensation of each member 4% of such member's  
13 compensation as employee contributions. *Each participating employer, for*  
14 *services performed by an employee first employed prior to July 1, 2009,*  
15 *shall deduct from the compensation of each member, commencing January*  
16 *1, 2014, 5% of such member's compensation as employee contributions,*  
17 *and, commencing January 1, 2015, and in each subsequent calendar year,*  
18 *6% of such member's compensation as employee contributions.* Such  
19 deductions shall be remitted quarterly, or as the board may otherwise  
20 provide, to the executive director for deposit in the Kansas public  
21 employees retirement fund. Such deductions shall be credited to the  
22 members' individual accounts and interest shall be added annually to such  
23 accounts.

24 (2) (a) Subject to the provisions of K.S.A. 74-49,123, and  
25 amendments thereto, each participating employer, pursuant to the  
26 provisions of section 414(h)(2) of the federal internal revenue code, shall  
27 pick up and pay the contributions which would otherwise be payable by  
28 members as prescribed in subsection (1) commencing with the third  
29 quarter of 1984. The contributions so picked up shall be treated as  
30 employer contributions for purposes of determining the amounts of federal  
31 income taxes to withhold from the member's compensation.

32 (b) Member contributions picked up by the employer shall be paid  
33 from the same source of funds used for the payment of compensation to a  
34 member. A deduction shall be made from each member's compensation  
35 equal to the amount of the member's contributions picked up by the  
36 employer, provided that such deduction shall not reduce the member's  
37 compensation for purposes of computing benefits under the system.

38 (c) Member contributions picked up by the employer shall be  
39 remitted quarterly, or as the board may otherwise provide, to the executive  
40 director for credit to the Kansas public employees retirement fund. Such  
41 contributions shall be credited to a separate account within the member's  
42 individual account so that amounts contributed by the member  
43 commencing with the third quarter of 1984 may be distinguished from the

1 member contributions picked up by the employer. Interest shall be added  
2 annually to members' individual accounts.

3 Sec. 24. K.S.A. 2011 Supp. 74-4920 is hereby amended to read as  
4 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
5 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and  
6 amendments thereto, the board shall certify, on or before July 15 of each  
7 year, to the division of the budget in the case of the state and to the agent  
8 for each other participating employer an actuarially determined estimate of  
9 the rate of contribution which will be required, together with all  
10 accumulated contributions and other assets of the system, to be paid by  
11 each such participating employer to pay all liabilities which shall exist or  
12 accrue under the system, including amortization of the actuarial accrued  
13 liability as determined by the board. The board shall determine the  
14 actuarial cost method to be used in annual actuarial valuations, to  
15 determine the employer contribution rates that shall be certified by the  
16 board. Such certified rate of contribution, amortization methods and  
17 periods and actuarial cost method shall be based on the standards set forth  
18 in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall  
19 not be based on any other purpose outside of the needs of the system.

20 (b) (i) For employers affiliating on and after January 1, 1999, upon  
21 the basis of an annual actuarial valuation and appraisal of the system  
22 conducted in the manner provided for in K.S.A. 74-4908, and amendments  
23 thereto, the board shall certify, on or before July 15 of each year to each  
24 such employer an actuarially determined estimate of the rate of  
25 contribution which shall be required to be paid by each such employer to  
26 pay all of the liabilities which shall accrue under the system from and after  
27 the entry date as determined by the board, upon recommendation of the  
28 actuary. Such rate shall be termed the employer's participating service  
29 contribution and shall be uniform for all participating employers. Such  
30 additional liability shall be amortized as determined by the board. For all  
31 participating employers described in this section, the board shall determine  
32 the actuarial cost method to be used in annual actuarial valuations to  
33 determine the employer contribution rates that shall be certified by the  
34 board.

35 (ii) The board shall determine for each such employer separately an  
36 amount sufficient to amortize all liabilities for prior service costs which  
37 shall have accrued at the time of entry into the system. On the basis of  
38 such determination the board shall annually certify to each such employer  
39 separately an actuarially determined estimate of the rate of contribution  
40 which shall be required to be paid by that employer to pay all of the  
41 liabilities for such prior service costs. Such rate shall be termed the  
42 employer's prior service contribution.

43 (2) The division of the budget and the governor shall include in the

1 budget and in the budget request for appropriations for personal services  
2 the sum required to satisfy the state's obligation under this act as certified  
3 by the board and shall present the same to the legislature for allowance and  
4 appropriation.

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

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

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

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

43 (ii) Except as specifically provided in this subsection, for the fiscal



1 years commencing in the following calendar years, the rate of contribution  
2 certified to the state of Kansas and to the participating employers under  
3 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the  
4 state's contribution rate for the immediately preceding fiscal year by more  
5 than the following amounts expressed as a percentage of compensation  
6 upon which members contribute during the period: (A) For the fiscal year  
7 commencing in calendar year ~~2005~~, an amount not to exceed more than  
8 ~~0.4%~~ of the amount of the immediately preceding fiscal year; (B) for the  
9 fiscal year commencing in calendar year 2006, an amount not to exceed  
10 more than 0.5% of the amount of the immediately preceding fiscal year;  
11 and (C) for the fiscal year commencing in calendar year 2007 and in each  
12 subsequent calendar year *years 2010 through 2012*, an amount not to  
13 exceed more than 0.6% of the amount of the immediately preceding fiscal  
14 year; *(B) for the fiscal year commencing in calendar year 2013, an*  
15 *amount not to exceed more than 0.9% of the amount of the immediately*  
16 *preceding fiscal year; (C) for the fiscal year commencing in calendar year*  
17 *2014, an amount not to exceed more than 1% of the amount of the*  
18 *immediately preceding fiscal year; (D) for the fiscal year commencing in*  
19 *calendar year 2015, an amount not to exceed more than 1.1% of the*  
20 *amount of the immediately preceding fiscal year; and (E) for the fiscal*  
21 *year commencing in calendar year 2016, and in each subsequent calendar*  
22 *year, an amount not to exceed more than 1.2% of the amount of the*  
23 *immediately preceding fiscal year.*

24 (iii) Except as specifically provided in this section, for fiscal years  
25 commencing in calendar year 1997 and in each subsequent calendar year,  
26 the rate of contribution certified to participating employers other than the  
27 state of Kansas shall in no event exceed such participating employer's  
28 contribution rate for the immediately preceding fiscal year by more than  
29 0.15% of the amount of compensation upon which members contribute  
30 during the period.

31 (iv) Except as specifically provided in this subsection, for the fiscal  
32 years commencing in the following calendar years, the rate of contribution  
33 certified to participating employers other than the state of Kansas shall in  
34 no event exceed the contribution rate for such employers for the  
35 immediately preceding fiscal year by more than the following amounts  
36 expressed as a percentage of compensation upon which members  
37 contribute during the period: (A) For the fiscal year commencing in  
38 calendar year ~~2006~~, an amount not to exceed more than 0.4% of the  
39 ~~amount of the immediately preceding fiscal year; (B) for the fiscal year~~  
40 ~~commencing in calendar year 2007, an amount not to exceed more than~~  
41 ~~0.5% of the amount of the immediately preceding fiscal year; and (C) for~~  
42 ~~the fiscal year commencing in calendar year 2008 and in each subsequent~~  
43 ~~calendar year *years 2010 through 2013*, an amount not to exceed more~~

1 than 0.6% of the amount of the immediately preceding fiscal year; (B) for  
2 the fiscal year commencing in calendar year 2014, an amount not to  
3 exceed more than 0.9% of the amount of the immediately preceding fiscal  
4 year; (C) for the fiscal year commencing in calendar year 2015, an  
5 amount not to exceed more than 1% of the amount of the immediately  
6 preceding fiscal year; (D) for the fiscal year commencing in calendar year  
7 2016, an amount not to exceed more than 1.1% of the amount of the  
8 immediately preceding fiscal year; and (E) for the fiscal year commencing  
9 in calendar year 2017, and in each subsequent calendar year, an amount  
10 not to exceed more than 1.2% of the amount of the immediately preceding  
11 fiscal year.

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

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

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

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

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

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

1 the fiscal year immediately following such enactment. *Such actuarial cost*  
2 *shall be determined by the qualified actuary employed or retained by the*  
3 *system pursuant to K.S.A. 74-4908, and amendments thereto, and reported*  
4 *to the system and the joint committee on pensions, investments and*  
5 *benefits.*

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

12 (10) The cost of the postretirement benefit payment provided  
13 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114b, and  
14 amendments thereto, for retirants other than local retirants as described in  
15 subsection (11) or insured disability benefit recipients shall be paid in the  
16 fiscal year commencing on July 1, 2007.

17 (11) The actuarial accrued liability incurred for the provisions of  
18 K.S.A. 2011 Supp. 74-49,114b, and amendments thereto, for the KPERS  
19 local group and retirants who were employees of local employers which  
20 affiliated with the Kansas police and firemen's retirement system shall be  
21 amortized over 10 years.

22 (12) The cost of the postretirement benefit payment provided  
23 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114c, and  
24 amendments thereto, for retirants other than local retirants as described in  
25 subsection (13) or insured disability benefit recipients shall be paid in the  
26 fiscal year commencing on July 1, 2008.

27 (13) The actuarial accrued liability incurred for the provisions of  
28 K.S.A. 2011 Supp. 74-49,114c, and amendments thereto, for the KPERS  
29 local group and retirants who were employees of local employers which  
30 affiliated with the Kansas police and firemen's retirement system shall be  
31 amortized over 10 years.

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

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

1 contribution shall be credited by the board to the respective employer's  
2 prior service liability.

3 (16) Employer contributions shall in no way be limited by any other  
4 act which now or in the future establishes or limits the compensation of  
5 any member.

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

19 Sec. 25. K.S.A. 2011 Supp. 74-4937 is hereby amended to read as  
20 follows: 74-4937. (1) The normal retirement date of a member of the  
21 system who is in school employment and who is subject to K.S.A. 74-  
22 4940, and amendments thereto, shall be the first day of the month  
23 coinciding with or following termination of employment not followed by  
24 employment with any participating employer within 60 days and the  
25 attainment of age 65 or, commencing July 1, 1986, age 65 or age 60 with  
26 the completion of 35 years of credited service or at any age with the  
27 completion of 40 years of credited service, or commencing July 1, 1993,  
28 any alternative normal retirement date already prescribed by law or age 62  
29 with the completion of 10 years of credited service or the first day of the  
30 month coinciding with or following the date that the total of the number of  
31 years of credited service and the number of years of attained age of the  
32 member is equal to or more than 85. Each member upon giving prior  
33 notice to the appointing authority and the retirement system may retire on  
34 the normal retirement date or the first day of any month thereafter.

35 (2) Any member who is in school employment and who is subject to  
36 K.S.A. 74-4940, and amendments thereto, may retire before such  
37 member's normal retirement date on the first day of the month coinciding  
38 with or following termination of employment not followed by employment  
39 with any participating employer within 60 days and the attainment of age  
40 55 with the completion of 10 years of credited service, upon the filing with  
41 the office of the retirement system of an application for retirement in such  
42 form and manner as the board shall prescribe.

43 (3) Commencing July 1, 2009, the provisions of subsection (5) of

1 K.S.A. 74-4914, and amendments thereto, which relate to an earnings  
2 limitation which when met or exceeded requires that the retirant not  
3 receive a retirement benefit for any month for which such retirant serves in  
4 a position as described herein shall not apply to retirants who either retired  
5 under the provisions of subsection (1) of K.S.A. 74-4914, and amendments  
6 thereto, related to normal retirement, or, if they retired under the  
7 provisions of subsection (4) of K.S.A. 74-4914, and amendments thereto,  
8 related to early retirement, were retired more than 60 days prior to the  
9 effective date of this act, and are subsequently hired in a position that  
10 requires a license under K.S.A. 72-1388, and amendments thereto, or other  
11 provision of law. The provisions of this subsection do not apply to retirants  
12 who retired under subsection (4) of K.S.A. 74-4914, and amendments  
13 thereto, which relates to early retirement prior to age 62. Except as  
14 otherwise provided, when a retirant is employed by the same school  
15 district or a different school district with which such retirant was employed  
16 during the final two years of such retirant's participation or employed by a  
17 third-party entity who contracts services with a school district to fill a  
18 position as described in this subsection, the participating employer of such  
19 retirant shall pay to the system the actuarially determined employer  
20 contribution based on the retirant's compensation during any such period  
21 of employment plus 8%. The provisions of this subsection shall not apply  
22 to retirants employed as substitute teachers. The provisions of subsection  
23 (5) of K.S.A. 74-4914, and amendments thereto, shall be applicable to  
24 retirants employed as described in this subsection, except as specifically  
25 provided in this subsection. Nothing in this subsection shall be construed  
26 to create any right, or to authorize the creation of any right, which is not  
27 subject to amendment or nullification by act of the legislature. The  
28 provisions of this subsection shall expire on July 1, ~~2012~~ 2015. After such  
29 date, the Kansas public employees retirement system and its actuary shall  
30 report the experience to the joint committee on pensions, investments and  
31 benefits.

32 Sec. 26. K.S.A. 2011 Supp. 74-49,205 is hereby amended to read as  
33 follows: 74-49,205. For any member who is first employed by a  
34 participating employer on or after July 1, 2009, and who retires on or after  
35 such member's normal retirement date, *but not prior to January 1, 2014*,  
36 the amount for participating service shall be equal to the total of ~~1.75%~~  
37 *1.85%* of the member's final average salary multiplied by the number of  
38 years of participating service to be used in determining such member's  
39 annual retirement benefit.

40 Sec. 27. K.S.A. 2011 Supp. 75-6609 is hereby amended to read as  
41 follows: 75-6609. (a) When used in this section, "surplus real estate"  
42 means real estate which is no longer needed by the state agency which  
43 owns such real estate as determined in accordance with this section.

1 (b) (1) The secretary of administration shall develop criteria for the  
2 identification of surplus real estate, including, but not limited to, a review  
3 of any legal restrictions associated with the real estate and the reasons for  
4 the state agency to keep the real estate. In accordance with such criteria,  
5 the secretary shall assist state agencies in the identification of surplus real  
6 estate. The secretary of administration shall periodically review the status  
7 of all real estate of state agencies subject to this section to determine if any  
8 of the real estate owned by state agencies is potentially surplus real estate.  
9 If any real estate owned by a state agency is determined by the secretary of  
10 administration, in consultation with the head of the state agency, to be  
11 surplus real estate in accordance with the criteria developed under  
12 subsection (a), then the secretary of administration shall recommend to the  
13 governor that such real estate be sold under the procedures prescribed by  
14 this section.

15 (2) The secretary of administration shall develop guidelines for the  
16 sale of surplus real estate. In accordance with such guidelines and upon the  
17 approval of the governor, after consultation with the head of the state  
18 agency which owns such surplus real estate, after consultation with the  
19 joint committee on state building construction and after approval by the  
20 state finance council under subsection (c), the secretary may offer such  
21 property for sale by one of the following means: (A) Public auction; (B) by  
22 listing the surplus property with a licensed real estate broker or  
23 salesperson; or (C) by sealed bid. Subject to the approval of the state  
24 finance council as required by subsection (c), the secretary of  
25 administration may sell surplus real estate and any improvements thereon  
26 on behalf of the state agency which owns such property.

27 (c) Prior to the sale of any surplus real estate under subsection (b), the  
28 state finance council shall approve the sale, which is hereby characterized  
29 as a matter of legislative delegation and subject to the guidelines  
30 prescribed in subsection (c) of K.S.A. 75-3711, and amendments thereto.  
31 The matter may be submitted to the state finance council for approval at  
32 any time, including periods of time during which the legislature is in  
33 session.

34 (d) Prior to offering any real estate for sale, such property shall be  
35 appraised pursuant to K.S.A. 75-3043a, and amendments thereto, unless  
36 the appraisal is waived as provided in this subsection. The secretary of  
37 administration may waive the requirement for appraisal for any parcel of  
38 surplus real estate that is to be sold at public auction under this section if  
39 the secretary of administration determines that it is in the best interests of  
40 the state to waive the requirement for appraisal for such parcel of surplus  
41 real estate. The costs of any such appraisal may be paid from the proceeds  
42 of the sale.

43 (e) Conveyance of title in surplus real estate offered for sale by the

1 secretary of administration shall be executed on behalf of the state agency  
2 by the secretary of administration. The deed for the conveyance may be by  
3 warranty deed or by quitclaim deed as determined to be in the best  
4 interests of the state by the secretary of administration in consultation with  
5 the head of the state agency which owns the surplus real estate.

6 (f) (1) Any proceeds from the sale of surplus real estate and any  
7 improvements thereon, after deduction of the expenses of such sale and  
8 any cost of appraisal of the surplus real estate, shall be deposited in the  
9 state treasury as prescribed by this subsection, unless otherwise authorized  
10 by law. On and after ~~the effective date of this act~~ *July 1, 2012*, 20% of the  
11 proceeds from each such sale deposited in the state treasury shall be  
12 credited to the surplus real estate fund or another appropriate special  
13 revenue fund of the state agency which owned the surplus real estate, as is  
14 prescribed by law or as may be determined by the state agency, unless  
15 otherwise required by state or federal law or by the limitations or  
16 restrictions of the state's title to the real estate being sold. In the case of  
17 proceeds from the sale of surplus real estate at a state mental health  
18 institution or a state mental retardation institution, such portion of the  
19 proceeds shall be credited to the client benefit fund of such institution or to  
20 another special revenue fund of such institution for: (A) Rehabilitation and  
21 repair or other capital improvements for such institution; or (B) one-time  
22 expenditures for community mental health organizations if the real estate  
23 sold was at a state mental health institution or for community  
24 developmental disabilities organizations if the real estate sold was at a  
25 state mental retardation institution, and, in any such case, shall be  
26 expended in accordance with the provisions of appropriation acts. The  
27 remaining 80% of the proceeds from each such sale deposited in the state  
28 treasury shall be credited to the ~~state general fund~~ *Kansas public*  
29 *employees retirement fund to be applied to the payment, in full or in part,*  
30 *of the unfunded actuarial pension liability as directed by the Kansas*  
31 *public employees retirement system. As used in this section, "unfunded*  
32 *actuarial pension liability" means the unfunded actuarially accrued*  
33 *liability of the state for the state of Kansas and participating employers*  
34 *under K.S.A. 74-4931, and amendments thereto, portion of such liability of*  
35 *the Kansas public employees retirement system, determined as of the later*  
36 *of December 31, 2011, or the end of the most recent calendar year for*  
37 *which an actuarial valuation report is available.*

38 (2) The amount of expenses and the cost of appraisal for each sale of  
39 surplus real estate pursuant to this section shall be transferred and credited  
40 to the property contingency fund created under K.S.A. 75-3652, and  
41 amendments thereto, and may be expended for any operations of the  
42 department of administration.

43 (3) Any state agency owning real estate may apply to the director of

1 accounts and reports to establish a surplus real estate special revenue fund  
2 in the state treasury. Subject to the provisions of appropriation acts,  
3 moneys in a surplus real estate special revenue fund may be expended for  
4 the operating expenditures of the state agency.

5 (g) Any sale of property by the secretary of transportation pursuant to  
6 K.S.A. 68-413, and amendments thereto, shall not be subject to the  
7 provisions of this section. The provisions of this section shall not be  
8 applicable to real estate given as an endowment, bequest, or gift to a state  
9 educational institution as defined in K.S.A. 72-4412, and amendments  
10 thereto, or to the university of Kansas medical center.

11 (h) Sale of the Olathe travel information center shall not be subject to  
12 the provisions of this section.

13 New Sec. 28. Nothing in this act shall effect any cost-of-living  
14 adjustment earned by a retirant pursuant to the provisions of K.S.A 74-  
15 49,213, and amendments thereto, prior to July 1, 2012.

16 **{New Sec. 29. An employee first employed by a participating**  
17 **employer on or after January 1, 2014, shall elect to become a member**  
18 **of the plan established pursuant to section 1, et seq., and amendments**  
19 **thereto, or the plan established pursuant to section 30 et seq., and**  
20 **amendments thereto, by making an election within six months from**  
21 **such employee's first day of employment with a participating**  
22 **employer.**

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

25 **(2) An employee failing to make an election prescribed by this**  
26 **section shall be a member of the plan established pursuant to section 1**  
27 **et seq., and amendments thereto.**

28 **(3) An election made by a member prescribed by this section,**  
29 **including the default election pursuant to subsection (b)(2), is a one-**  
30 **time irrevocable election.**

31 **(c) A member in either plan who becomes inactive after an**  
32 **election prescribed by this section, and who returns to active**  
33 **membership remains in the plan previously elected.**

34 **(d) A member may not simultaneously be a member of the plan**  
35 **established in section 1, et seq., and amendments thereto, and, the plan**  
36 **established in section 30 et seq., and amendments thereto, and shall be**  
37 **a member of one plan or the other. A period of service shall be**  
38 **credited in only one plan or the other.**

39 **(e) During the six-month period commencing after the employee's**  
40 **first day of employment in which the employee has to make the**  
41 **election required pursuant to this section, the following provisions are**  
42 **applicable:**

43 **(1) Such employee shall participate in the Kansas public**



1 employees deferred compensation plan as provided pursuant to K.S.A.  
2 2011 Supp. 74-49b07 et seq., and amendments thereto, except that  
3 such employees shall have 6% of such employee's compensation  
4 deferred and deducted each payroll period in accordance with the  
5 Kansas public employees deferred compensation plan;

6 (2) the participating employer of any such employee shall  
7 contribute 1% of such member's compensation to a qualified  
8 government plan pursuant to section 401(a) and 414(d) of the federal  
9 internal revenue code and its implementing regulations; and

10 (3) upon the commencement of the employee's plan after the six-  
11 month election period prescribed by this section, all amounts in the  
12 employee's deferred compensation plan and the qualified plan  
13 prescribed in subsection (e)(2) shall be transferred to the plan that the  
14 employee elects pursuant to this act or the default election as  
15 prescribed by the board.

16 (f) Unless the context requires otherwise, terms used in this  
17 section shall have the meanings set forth in K.S.A. 74-4902, and  
18 amendments thereto.}

19 {New Sec. 30. (a) The provisions of sections 30 through 45, and  
20 amendments thereto, shall be known and may be cited as the Kansas  
21 public employees retirement system defined contribution act, and  
22 shall be effective on and after January 1, 2014.

23 (b) This act applies to any individual who is first employed by a  
24 participating employer on or after January 1, 2014, and who makes an  
25 election as prescribed by section 29, and amendments thereto.

26 (c) This act does not apply to members of the Kansas police and  
27 firemen's retirement system, K.S.A. 74-4951 et seq., and amendments  
28 thereto, and the retirement system for judges, K.S.A. 20-2601 et seq.,  
29 and amendments thereto, and security officers as provided in K.S.A.  
30 74-4914a, and amendments thereto.}

31 New Sec. 31. Unless the context requires otherwise, terms that are  
32 used in this act have the meanings set forth for them in K.S.A. 74-  
33 4902, and amendments thereto, and the following definitions apply:

34 (a) "Act" means the provisions of section 30 et seq., and  
35 amendments thereto;

36 (b) "active DC plan member" means a DC plan member who is  
37 actively employed by a participating employer;

38 (c) "defined benefit plan" means the defined benefit plan for the  
39 Kansas public employees retirement system for KPERS;

40 (d) "DC plan member" means an individual who is required by  
41 section 30, and amendments thereto, to be a member of the defined  
42 contribution plan. The term also includes any survivor or beneficiary  
43 of a DC plan member, who has a retirement account in the defined

1 contribution plan;

2 (e) "optional retirement program" means the retirement plan  
3 established by the state board of regents under K.S.A. 74-4925, and  
4 amendments thereto; and

5 (f) "plan" or "defined contribution plan" means the defined  
6 contribution retirement plan established by section 32, and  
7 amendments thereto.

8 New Sec. 32. (a) The board shall establish within the Kansas  
9 public employees retirement system a separate defined contribution  
10 plan in accordance with the provisions of this act. The plan must be  
11 established as a pension plan for the exclusive benefit of members and  
12 their beneficiaries and as a "qualified governmental plan" pursuant to  
13 sections 401(a) and 414(d) of the federal internal revenue code and its  
14 implementing regulations. Retirement accounts must be established  
15 for each DC plan member. Assets of the plan must be held in trust.  
16 The plan is established in addition to any retirement, pension,  
17 deferred compensation or other benefit plan administered by the state  
18 or a political subdivision.}

19 (b) The board shall contract for plan administration and use a  
20 competitive proposal process when contracting for consulting,  
21 educational, investment, recordkeeping or other services for the plan.

22 New Sec. 33. (a) The board has the powers and shall perform the  
23 duties regarding the defined contribution plan as provided in K.S.A.  
24 74-4909, and amendments thereto, as applicable. The board may also  
25 exercise the powers and shall perform the duties provided in this act.

26 (b) The board shall adopt a plan document and reasonable and  
27 necessary policies and procedures, without the need for corresponding  
28 rules and regulations.

29 (c) The board shall negotiate a contract with a third party  
30 administrator for administration of the defined contribution plan.  
31 Such contract shall be awarded through a competitive proposal  
32 process {including the issuance of a request for proposal. Such third  
33 party administrator shall be selected by the board based on specific  
34 criteria identified by the board, and shall include, experience, variety  
35 of investments, liquidity, fee structure, education, customer service  
36 and other factors identified by the board.

37 New Sec. 34. (a) The board may establish an account within the  
38 defined contribution plan for paying the plan's administrative  
39 expenses.

40 (b) The board may:

41 (1) Assess fees on DC plan member accounts to pay the  
42 reasonable administrative costs of the plan; and

43 (2) negotiate with a vendor or vendors for vendor reimbursement

1 of board administrative expenses for the plan.

2 (c) All fees assessed must be fully disclosed to members and  
3 treated as public information.

4 (d) Costs for the board to secure investment advice,  
5 recordkeeping, contract oversight, educational materials for members,  
6 performance evaluations and other appropriate information and  
7 services, are included as part of the administrative expenses of the  
8 plan.

9 New Sec. 35. The statutory provisions governing the defined  
10 contribution plan are subject to amendment by the legislature. The  
11 board has the power to amend the plan document, policies and  
12 procedures, consistent with the statutory provisions governing the  
13 defined contribution plan at the time of the amendment.}

14 New Sec. 36. The board shall accept the rollover of contributions  
15 and the income on those contributions from another eligible  
16 retirement plan to the member's rollover account only to the extent  
17 allowed under applicable federal law.

18 New Sec. 37. (a) A DC plan member's mandatory contribution  
19 account includes the DC plan member's contributions and the income  
20 on those contributions and is vested from the date that the employee  
21 becomes a member of the plan.

22 (b) A DC plan member's employer contribution account includes  
23 the employer's contributions and the income on those contributions  
24 and is vested only when the member has a total of seven years of  
25 participating service in the defined contribution plan.

26 (c) A DC plan member's rollover account includes the member's  
27 rollovers of contributions made pursuant to section 36, and  
28 amendments thereto, and income on those contributions and are  
29 vested from the date that the contribution is credited to the account.

30 (d) If the DC plan member's employer contribution account is not  
31 vested upon termination of plan membership, as provided in this  
32 section, the employer contributions and income are forfeited as  
33 provided in section 38, and amendments thereto.

34 New Sec. 38. (a) An active DC plan member shall contribute 6%  
35 of compensation to the defined contribution plan. These contributions  
36 shall be picked up by the employer via a salary reduction as provided  
37 in section 414(h)(2) of the federal internal revenue code.

38 (b) A DC plan member may not make voluntary contributions to  
39 the defined contribution plan.

40 (c) Subject to adjustment by the board as provided in section 39,  
41 and amendments thereto, an active DC plan member's employer shall  
42 contribute the following:

43 (1) To the active DC plan member's employer contribution

1 account, an amount equal to:

2 (A) One percent of compensation for each member who has six  
3 months but less than one year of service;

4 (B) two percent of compensation for each member who has one  
5 but less than two years of service;

6 (C) three percent of compensation for each member who has two  
7 but less than three years of service; and

8 (D) four percent of compensation for each member who has three  
9 or more years of service;

10 (2) a percentage of compensation, determined by the board under  
11 section 39, and amendments thereto, to the defined benefit plan as the  
12 plan funding rate as described in section 39, and amendments thereto;

13 (3) a percentage of compensation, determined by the board, must  
14 be allocated to the administrative account established by section 34,  
15 and amendments thereto; and

16 (4) a percentage of compensation, determined by the board, must  
17 be allocated to the death and long-term disability plan under K.S.A.  
18 74-4927, and amendments thereto.

19 (d) Forfeitures of employer contributions and investment income  
20 on the employer contributions may not be used to increase a DC plan  
21 member's retirement account. The board shall allocate the forfeitures  
22 under section 37, and amendments thereto, to meet the plan's  
23 administrative expenses, including startup expenses.

24 New Sec. 39. (a) The board shall periodically review the  
25 sufficiency of the plan funding rate and shall adjust the amount of  
26 contributions under section 38, and amendments thereto, as specified  
27 in this section. The board shall collect and maintain the data necessary  
28 to comply with this section. The plan funding rate set in section 38,  
29 and amendments thereto, must be adjusted as provided in this section  
30 and the plan document to actuarially fund the defined benefit plan's  
31 unfunded liabilities and the change in the normal cost contribution  
32 rate that is the result of the DC plan member's participation in the  
33 defined contribution plan.

34 (b) If the board determines that the plan funding rate should be  
35 increased or decreased, the plan funding rate under section 38, and  
36 amendments thereto, must be increased or decreased accordingly.

37 New Sec. 40. (a) The investment alternatives under the defined  
38 contribution plan may be the same as the investment alternatives  
39 under the Kansas public employees deferred compensation plan.

40 (b) The board shall from time to time review the suitability and  
41 management of investment alternatives and may change the  
42 alternatives to be offered. The board shall notify affected DC plan  
43 members of potential changes before any changes become effective.

1 (c) The board shall establish a default investment option for any  
2 DC plan member who does not have an effective investment direction.  
3 The board may utilize a balanced fund as the default investment fund.

4 (d) Assets within each member's accounts must be invested as  
5 directed by the member. However, the non-vested portion of the DC  
6 plan member's employer contribution account shall be invested in the  
7 board's default investment fund.

8 New Sec. 41. Except as provided in section 45, and amendments  
9 thereto, any time after termination of service, a DC plan member or  
10 the DC plan member's beneficiary may terminate plan membership  
11 by filing a written application with the board and removing the DC  
12 plan member's vested account balance from the plan through any  
13 combination of the following payout options, each of which is subject  
14 to the provisions of the plan document and the federal internal  
15 revenue code and the applicable regulations of the internal revenue  
16 service:

17 (a) A direct rollover to an eligible retirement plan;

18 (b) a regular rollover to an eligible retirement plan;

19 (c) a lump-sum distribution of the DC plan member's vested  
20 account balance; or

21 (d) an optional form of distribution offered by the board under  
22 section 42, and amendments thereto.

23 New Sec. 42. (a) Subject to the provisions of the plan document, a  
24 DC plan member, after termination of service, may leave the DC plan  
25 member's vested account balance in the plan, and the DC plan  
26 member is eligible for a distribution as provided in this section.

27 (b) After termination of service and upon filing a written  
28 application with the board, a DC plan member may select any  
29 distribution option provided by the plan document.

30 (c) A DC plan member who is less than 70 ½ years of age who  
31 returns to service may not continue to receive a distribution under this  
32 section while actively employed in a covered position.

33 (d) The plan document shall provide that distributions must  
34 comply with the minimum distribution requirements established in  
35 the federal internal revenue code and applicable under K.S.A. 74-  
36 49,123, and amendments thereto.

37 (e) The plan document may specify minimum account balances  
38 for purposes of allowing benefit payment options and rollovers in  
39 accordance with federal law.

40 New Sec. 43. A DC plan member's beneficiary must be  
41 determined as provided in the defined benefit plan regulations. Upon  
42 filing a written application with the board after the death of a DC plan  
43 member, the DC plan member's beneficiary is entitled to the DC plan

1 member's vested account balance.

2 New Sec. 44. Before termination of service, a DC plan member  
3 may not receive a refund of any portion of the DC plan member's  
4 vested account balance.

5 New Sec. 45. (a) For the purposes of providing the "insured death  
6 benefit" and "insured disability benefit" as prescribed in K.S.A. 74-  
7 4927, and amendments thereto, the term "member" as used in K.S.A.  
8 74-4927, and amendments thereto, shall include those members of the  
9 Kansas public employees retirement system's defined contribution  
10 plan as defined in section 31, and amendments thereto.

11 (b) Each participating employer shall pay to the Kansas public  
12 employees retirement system in such manner as the board of trustees  
13 shall prescribe each payroll period an amount sufficient to pay the  
14 employer's contribution to the group insurance reserve as provided in  
15 subsection (c)(4) of section 38, and amendments thereto.

16 (c) Except as otherwise provided, in the event that a DC plan  
17 member as defined in section 31, and amendments thereto, becomes  
18 eligible for and begins to receive the insured disability benefit  
19 prescribed in K.S.A. 74-4927, and amendments thereto, the member's  
20 participating employer shall continue to make the contributions on  
21 behalf of such individual to the retirement plan as required under  
22 subsection (c)(1) of section 38, and amendments thereto, and shall also  
23 contribute to the retirement plan an amount equal to the individual's  
24 contribution required under subsection (a) of section 38, and  
25 amendments thereto, if the DC plan member is permanently and  
26 totally disabled as defined in section 72(m) of the federal internal  
27 revenue code. Commencing on and after July 1, 2013, such  
28 contributions shall cease at the earlier of: (1) The date that the  
29 individual is no longer entitled to an insured disability benefit under  
30 K.S.A. 74-4927, and amendments thereto; or (2) the date that is five  
31 years after the date the individual becomes eligible for and begins to  
32 receive the insured disability benefit prescribed in K.S.A. 74-4927, and  
33 amendments thereto. For purposes of applying this subsection,  
34 compensation under section 38, and amendments thereto, means the  
35 individual's compensation at the time the individual became disabled  
36 as defined under the insured disability program prescribed in K.S.A.  
37 74-4927, and amendments thereto.}

38 Sec. 46. K.S.A. 2011 Supp. 74-4927 is hereby amended to read as  
39 follows: 74-4927. (1) The board may establish a plan of death and  
40 long-term disability benefits to be paid to the members of the  
41 retirement system as provided by this section. The long-term disability  
42 benefit shall be payable in accordance with the terms of such plan as  
43 established by the board, except that for any member who is disabled

1 prior to the effective date of this act, the annual disability benefit  
2 amount shall be an amount equal to 662/3% of the member's annual  
3 rate of compensation on the date such disability commenced. Such  
4 plan shall provide that:

5 (A) For deaths occurring prior to January 1, 1987, the right to  
6 receive such death benefit shall cease upon the member's attainment  
7 of age 70 or date of retirement whichever first occurs. The right to  
8 receive such long-term disability benefit shall cease (i) for a member  
9 who becomes eligible for such benefit before attaining age 60, upon the  
10 date that such member attains age 65 or the date of such member's  
11 retirement, whichever first occurs, and (ii) for a member who becomes  
12 eligible for such benefit at or after attaining age 60, the date that such  
13 member has received such benefit for a period of five years, or upon  
14 the date of such member's retirement, whichever first occurs.

15 (B) Long-term disability benefit payments shall be in lieu of any  
16 accidental total disability benefit that a member may be eligible to  
17 receive under subsection (3) of K.S.A. 74-4916, and amendments  
18 thereto. The member must make an initial application for social  
19 security disability benefits and, if denied such benefits, the member  
20 must pursue and exhaust all administrative remedies of the social  
21 security administration which include, but are not limited to,  
22 reconsideration and hearings. Such plan may provide that any amount  
23 which a member receives as a social security benefit or a disability  
24 benefit or compensation from any source by reason of any  
25 employment including, but not limited to, workers compensation  
26 benefits may be deducted from the amount of long-term disability  
27 benefit payments under such plan. However, in no event shall the  
28 amount of long-term disability benefit payments under such plan be  
29 reduced by any amounts a member receives as a supplemental  
30 disability benefit or compensation from any source by reason of the  
31 member's employment, provided such supplemental disability benefit  
32 or compensation is based solely upon the portion of the member's  
33 monthly compensation that exceeds the maximum monthly  
34 compensation taken into account under such plan. As used in this  
35 paragraph, "maximum monthly compensation" means the dollar  
36 amount that results from dividing the maximum monthly disability  
37 benefit payable under such plan by the percentage of compensation  
38 that is used to calculate disability benefit payments under such plan.  
39 During the period in which such member is pursuing such  
40 administrative remedies prior to a final decision of the social security  
41 administration, social security disability benefits may be estimated  
42 and may be deducted from the amount of long-term disability benefit  
43 payments under such plan. If the social security benefit, workers

1 compensation benefit, other income or wages or other disability  
2 benefit by reason of employment other than a supplemental benefit  
3 based solely on compensation in excess of the maximum monthly  
4 compensation taken into account under such plan, or any part thereof,  
5 is paid in a lump-sum, the amount of the reduction shall be calculated  
6 on a monthly basis over the period of time for which the lump-sum is  
7 given. As used in this section, "workers compensation benefits" means  
8 the total award of disability benefit payments under the workers  
9 compensation act notwithstanding any payment of attorney fees from  
10 such benefits as provided in the workers compensation act.

11 (C) The plan may include other provisions relating to  
12 qualifications for benefits; schedules and graduation of benefits;  
13 limitations of eligibility for benefits by reason of termination of  
14 employment or membership; conversion privileges; limitations of  
15 eligibility for benefits by reason of leaves of absence, military service  
16 or other interruptions in service; limitations on the condition of long-  
17 term disability benefit payment by reason of improved health;  
18 requirements for medical examinations or reports; or any other  
19 reasonable provisions as established by rule and regulation of uniform  
20 application adopted by the board.

21 (D) Any visually impaired person who is in training at and  
22 employed by a sheltered workshop for the blind operated by the  
23 secretary of social and rehabilitation services and who would  
24 otherwise be eligible for the long-term disability benefit as described  
25 in this section shall not be eligible to receive such benefit due to visual  
26 impairment as such impairment shall be determined to be a  
27 preexisting condition.

28 (2) (A) In the event that a member becomes eligible for a long-  
29 term disability benefit under the plan authorized by this section such  
30 member shall be given participating service credit for the entire  
31 period of such disability. Such member's final average salary shall be  
32 computed in accordance with subsection (17) of K.S.A. 74-4902, and  
33 amendments thereto, except that the years of participating service  
34 used in such computation shall be the years of salaried participating  
35 service.

36 (B) In the event that a member eligible for a long-term disability  
37 benefit under the plan authorized by this section shall be disabled for  
38 a period of five years or more immediately preceding retirement, such  
39 member's final average salary shall be adjusted upon retirement by  
40 the actuarial salary assumption rates in existence during such period  
41 of disability. Effective July 1, 1993, such member's final average  
42 salary shall be adjusted upon retirement by 5% for each year of  
43 disability after July 1, 1993, but before July 1, 1998. Effective July 1,



1 1998, such member's final average salary shall be adjusted upon  
2 retirement by an amount equal to the lesser of: (i) The percentage  
3 increase in the consumer price index for all urban consumers as  
4 published by the bureau of labor statistics of the United States  
5 department of labor minus 1%; or (ii) four percent per annum,  
6 measured from the member's last day on the payroll to the month that  
7 is two months prior to the month of retirement, for each year of  
8 disability after July 1, 1998.

9 (C) In the event that a member eligible for a long-term disability  
10 benefit under the plan authorized by this section shall be disabled for  
11 a period of five years or more immediately preceding death, such  
12 member's current annual rate shall be adjusted by the actuarial salary  
13 assumption rates in existence during such period of disability.  
14 Effective July 1, 1993, such member's current annual rate shall be  
15 adjusted upon death by 5% for each year of disability after July 1,  
16 1993, but before July 1, 1998. Effective July 1, 1998, such member's  
17 current annual rate shall be adjusted upon death by an amount equal  
18 to the lesser of: (i) The percentage increase in the consumer price  
19 index for all urban consumers published by the bureau of labor  
20 statistics of the United States department of labor minus 1%; or (ii)  
21 four percent per annum, measured from the member's last day on the  
22 payroll to the month that is two months prior to the month of death,  
23 for each year of disability after July 1, 1998.

24 (3) (A) To carry out the legislative intent to provide, within the  
25 funds made available therefor, the broadest possible coverage for  
26 members who are in active employment or involuntarily absent from  
27 such active employment, the plan of death and long-term disability  
28 benefits shall be subject to adjustment from time to time by the board  
29 within the limitations of this section. The plan may include terms and  
30 provisions which are consistent with the terms and provisions of group  
31 life and long-term disability policies usually issued to those employers  
32 who employ a large number of employees. The board shall have the  
33 authority to establish and adjust from time to time the procedures for  
34 financing and administering the plan of death and long-term disability  
35 benefits authorized by this section. Either the insured death benefit or  
36 the insured disability benefit or both such benefits may be financed  
37 directly by the system or by one or more insurance companies  
38 authorized and licensed to transact group life and group accident and  
39 health insurance in this state.

40 (B) The board may contract with one or more insurance  
41 companies, which are authorized and licensed to transact group life  
42 and group accident and health insurance in Kansas, to underwrite or  
43 to administer or to both underwrite and administer either the insured

1 death benefit or the long-term disability benefit or both such benefits.  
2 Each such contract with an insurance company under this subsection  
3 shall be entered into on the basis of competitive bids solicited and  
4 administered by the board. Such competitive bids shall be based on  
5 specifications prepared by the board.

6 (i) In the event the board purchases one or more policies of group  
7 insurance from such company or companies to provide either the  
8 insured death benefit or the long-term disability benefit or both such  
9 benefits, the board shall have the authority to subsequently cancel one  
10 or more of such policies and, notwithstanding any other provision of  
11 law, to release each company which issued any such canceled policy  
12 from any liability for future benefits under any such policy and to  
13 have the reserves established by such company under any such  
14 canceled policy returned to the system for deposit in the group  
15 insurance reserve of the fund.

16 (ii) In addition, the board shall have the authority to cancel any  
17 policy or policies of group life and long-term disability insurance in  
18 existence on the effective date of this act and, notwithstanding any  
19 other provision of law, to release each company which issued any such  
20 canceled policy from any liability for future benefits under any such  
21 policy and to have the reserves established by such company under  
22 any such canceled policy returned to the system for deposit in the  
23 group insurance reserve of the fund. Notwithstanding any other  
24 provision of law, no premium tax shall be due or payable by any such  
25 company or companies on any such policy or policies purchased by the  
26 board nor shall any brokerage fees or commissions be paid thereon.

27 (4) (A) There is hereby created in the state treasury the group  
28 insurance reserve fund. Investment income of the fund shall be added  
29 or credited to the fund as provided by law. The cost of the plan of  
30 death and long-term disability benefits shall be paid from the group  
31 insurance reserve fund, which shall be administered by the board.  
32 Except as otherwise provided by this subsection, for the period  
33 commencing July 1, 2005, and ending June 30, 2006, each  
34 participating employer shall appropriate and pay to the system in  
35 such manner as the board shall prescribe in addition to the employee  
36 and employer retirement contributions an amount equal to .8% of the  
37 amount of compensation on which the members' contributions to the  
38 Kansas public employees retirement system are based for deposit in  
39 the group insurance reserve fund. For the period commencing July 1,  
40 2006, and all periods thereafter, each participating employer shall  
41 appropriate and pay to the system in such manner as the board shall  
42 prescribe in addition to the employee and employer retirement  
43 contributions an amount equal to 1.0% of the amount of

1 compensation on which the members' contributions to the Kansas  
2 public employees retirement system are based for deposit in the group  
3 insurance reserve fund. Notwithstanding the provisions of this  
4 subsection, no participating employer shall appropriate and pay to the  
5 system any amount provided for by this subsection for deposit in the  
6 group insurance reserve fund for the period commencing on ~~April 1,~~  
7 ~~2010, and ending on June 30, 2010, and the period commencing on April~~  
8 ~~1, 2011, and ending on June 30, 2011~~ *April 1, 2012, and ending on June*  
9 *30, 2012.*

10 (B) The director of the budget and the governor shall include in  
11 the budget and in the budget request for appropriations for personal  
12 services a sum to pay the state's contribution to the group insurance  
13 reserve fund as provided by this section and shall present the same to  
14 the legislature for allowances and appropriation.

15 (C) The provisions of subsection (4) of K.S.A. 74-4920, and  
16 amendments thereto, shall apply for the purpose of providing the  
17 funds to make the contributions to be deposited to the group  
18 insurance reserve fund.

19 (D) Any dividend or retrospective rate credit allowed by an  
20 insurance company or companies shall be credited to the group  
21 insurance reserve fund and the board may take such amounts into  
22 consideration in determining the amounts of the benefits under the  
23 plan authorized by this section.

24 (5) The death benefit provided under the plan of death and long-  
25 term disability benefits authorized by this section shall be known and  
26 referred to as insured death benefit. The long-term disability benefit  
27 provided under the plan of death and long-term disability benefits  
28 authorized by this section shall be known and referred to as long-term  
29 disability benefit.

30 (6) The board is hereby authorized to establish an optional death  
31 benefit plan for employees and spouses and dependents of employees.  
32 Except as provided in subsection (7), such optional death benefit plan  
33 shall be made available to all employees who are covered or may  
34 hereafter become covered by the plan of death and long-term  
35 disability benefits authorized by this section. The cost of the optional  
36 death benefit plan shall be paid by the applicant either by means of a  
37 system of payroll deductions or direct payment to the board. The  
38 board shall have the authority and discretion to establish such terms,  
39 conditions, specifications and coverages as it may deem to be in the  
40 best interest of the state of Kansas and its employees which should  
41 include term death benefits for the person's period of active state  
42 employment regardless of age, but in no case, shall the maximum  
43 allowable coverage be less than \$200,000. The cost of the optional

1 death benefit plan shall not be established on such a basis as to  
2 unreasonably discriminate against any particular age group. The  
3 board shall have full administrative responsibility, discretion and  
4 authority to establish and continue such optional death benefit plan  
5 and the director of accounts and reports of the department of  
6 administration shall when requested by the board and from funds  
7 appropriated or available for such purpose establish a system to make  
8 periodic deductions from state payrolls to cover the cost of the  
9 optional death benefit plan coverage under the provisions of this  
10 subsection (6) and shall remit all deductions together with appropriate  
11 accounting reports to the system. There is hereby created in the state  
12 treasury the optional death benefit plan reserve fund. Investment  
13 income of the fund shall be added or credited to the fund as provided  
14 by law. All funds received by the board, whether in the form of direct  
15 payments, payroll deductions or otherwise, shall be accounted for  
16 separately from all other funds of the retirement system and shall be  
17 paid into the optional death benefit plan reserve fund, from which the  
18 board is authorized to make the appropriate payments and to pay the  
19 ongoing costs of administration of such optional death benefit plan as  
20 may be incurred in carrying out the provisions of this subsection (6).

21 (7) Any employer other than the state of Kansas which is  
22 currently a participating employer of the Kansas public employees  
23 retirement system or is in the process of affiliating with the Kansas  
24 public employees retirement system may also elect to affiliate for the  
25 purposes of subsection (6). All such employers shall make application  
26 for affiliation with such system, to be effective on January 1 or July 1  
27 next following application.

28 (8) For purposes of the death benefit provided under the plan of  
29 death and long-term disability benefits authorized by this section and  
30 the optional death benefit plan authorized by subsection (6),  
31 commencing on the effective date of this act, in the case of medical or  
32 financial hardship of the member as determined by the executive  
33 director, or otherwise commencing January 1, 2005, the member may  
34 name a beneficiary or beneficiaries other than the beneficiary or  
35 beneficiaries named by the member to receive other benefits as  
36 provided by the provisions of K.S.A. 74-4901 et seq., and amendments  
37 thereto.}

38 {Sec. ~~2947~~. K.S.A. 2011 Supp. 74-4995 is hereby amended to read  
39 as follows: 74-4995. (a) Employer and employee contributions shall be  
40 governed by the provisions of K.S.A. 74-4919 and 74-4920, and  
41 amendments thereto. For purposes of contributions to and benefits  
42 under the Kansas public employees retirement system, compensation  
43 of a member of the legislature under this act shall be a monthly

1 amount equal to: (1) The compensation to which the member was  
2 entitled for services as a member of the legislature during the period  
3 January 15 to February 14, inclusive, of first 30 calendar days of the most  
4 **recent session in which the member has served; and (2) any amount to**  
5 **which the member makes an election pursuant to this subsection. In**  
6 *addition to the provisions of subsection (a)(1) and any election made*  
7 *pursuant to this subsection, the compensation of a member shall include*  
8 *an additional five days of compensation to which such member was*  
9 *entitled for services as a member of the legislature of the most recent*  
10 *session in which the member has served beyond the days provided for in*  
11 *subsection (a)(1). In addition to the provisions of subsection (a)(1), a*  
12 **member of the legislature may elect to participate with a rate of**  
13 **compensation that includes: (A) For service as a member after July**  
14 **18, 1982, a monthly amount equal to 1/12 of the annualized amount**  
15 **received for monthly allowance under subsection (c) of K.S.A. 46-**  
16 **137a, and amendments thereto; (B) a monthly amount equal to 1/12 of**  
17 **the annualized amount received for expenses allowance under**  
18 **subsection (b) of K.S.A. 46-137a, and amendments thereto; or (C) an**  
19 **amount equal to the combined amounts provided for in subsections (2)**  
20 **(A) and (2)(B). A member of the legislature who has filed an election to**  
21 **become a member of the system pursuant to the provisions of K.S.A.**  
22 **74-4992, and amendments thereto, prior to July 1, 2006, shall file an**  
23 **election with the system to include any amounts specified in subsection**  
24 **(2)(A), (2)(B) or (2)(C) prior to August 1, 2006, except that nothing**  
25 **contained in this act shall be construed to permit a member of the**  
26 **legislature who has made an election pursuant to this section prior to**  
27 **the effective date of this act to revoke any such election previously**  
28 **made by such member. In the event that any such member fails to file**  
29 **such election prior to August 1, 2006, it shall be presumed that such**  
30 **member has elected to not include any amounts specified in subsection**  
31 **(2)(A), (2)(B) or (2)(C), and participate at a rate of compensation that**  
32 **includes only the amount provided in subsection (a)(1). A member of**  
33 **the legislature who files an election to become a member of the system**  
34 **pursuant to the provisions of K.S.A. 74-4992, and amendments**  
35 **thereto, on and after July 1, 2006, shall file an election with the system**  
36 **to include any amounts specified in subsection (2)(A), (2)(B) or (2)(C)**  
37 **at the same time that such member files the election to become a**  
38 **member of the system. In the event that any such member fails to file**  
39 **such election, it shall be presumed that such member has elected to**  
40 **not include any amounts specified in subsection (2)(A), (2)(B) or (2)**  
41 **(C), and participate at a rate of compensation that includes only the**  
42 **amount provided in subsection (a)(1).**

43 (b) The employee rate of contribution shall be applied to any

1 amounts to which a member has elected pursuant to the provisions of  
2 subsection (a)(2). The employee and employer contributions shall be  
3 remitted to the system quarterly with a report of such contributions as  
4 may be required by the board. Any changes in a member's rate of  
5 compensation and contributions as a result of any election mandated  
6 by this section for a member of the legislature who had filed an  
7 election to become a member of the system prior to July 1, 2006, shall  
8 be effective on October 1, 2006. All such elections pursuant to this  
9 section shall be in the form and manner prescribed by the board of  
10 trustees.

11 *(c) Any member of the legislature making the election pursuant to*  
12 *subsection (a)(2) may not revoke such election while they remain a*  
13 *participating employee for service as a member of the legislature.}*

14 {*Sec. 2948. K.S.A. 2011 Supp. 74-8768 is hereby amended to read*  
15 *as follows: 74-8768. (a) There is hereby created the expanded lottery*  
16 *act revenues fund in the state treasury. All expenditures and transfers*  
17 *from such fund shall be made in accordance with appropriation acts.*  
18 *All moneys credited to such fund shall be expended or transferred*  
19 *only for the purposes of reduction of state debt, state infrastructure*  
20 *improvements, the university engineering initiative act, and reduction*  
21 *of local ad valorem tax in the same manner as provided for allocation*  
22 *of amounts in the local ad valorem tax reduction fund and reduction of*  
23 *the unfunded actuarial liability of the system attributable to the state of*  
24 *Kansas and participating employers under K.S.A. 74-4931, and*  
25 *amendments thereto, by the Kansas public employees retirement system.*

26 *(b) On July 1, 2012, July 1, 2013, July 1, 2014, July 1, 2015, July*  
27 *1, 2016, July 1, 2017, July 1, 2018, July 1, 2019, July 1, 2020, and July*  
28 *1, 2021, or as soon thereafter such date as moneys are available, the*  
29 *first \$10,500,000 credited to the expanded lottery act revenues fund*  
30 *shall be transferred by the director of accounts and reports from the*  
31 *expanded lottery act revenues fund in one or more substantially equal*  
32 *amounts, to each of the following: the Kan-grow engineering fund –*  
33 *KU, Kan-grow engineering fund – KSU and Kan-grow engineering*  
34 *fund – WSU. Each such special revenue fund shall receive \$3,500,000*  
35 *annually in each of such years. Commencing in fiscal year 2014, after*  
36 *such transfer has been made, 75% of the remaining moneys credited to the*  
37 *fund shall be transferred on a quarterly basis by the director of accounts*  
38 *and reports from the fund to the Kansas public employees system fund to*  
39 *be applied to reduce the unfunded actuarial liability of the system*  
40 *attributable to the state of Kansas and participating employers under*  
41 *K.S.A. 74-4931 et seq., and amendments thereto, until the system as a*  
42 *whole attains an 80% funding ratio as certified by the board of trustees of*  
43 *the Kansas public employees retirement system.}*

1           Sec. ~~2949~~. K.S.A. 74-4915 and 74-4919 and K.S.A. 2011 Supp. 74-  
2 4914d, 74-4920, **74-4927**, 74-4937, **74-4995**, 74-49,205, 74-49,213 **74-**  
3 **8768** and 75-6609 are hereby repealed.

4           Sec. ~~3050~~. This act shall take effect and be in force from and after its  
5 publication in the statute book.

6