

SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2352

As Recommended by House Committee on
Pensions and Benefits

Brief*

HB 2352 would make three changes in the Kansas Police and Firemen's (KP&F) Retirement System:

- Raise the cap on maximum KP&F member retirement benefits from 80.0 percent to 90.0 percent of final average salary;
- Increase the KP&F employee contribution rate from 7.0 to 7.15 percent to self-fund the benefit increase by the active KP&F employees and at no cost to the participating employers; and
- Permit active KP&F members to pay a lump-sum amount if they currently are employed and eligible for the higher retirement benefit, if they have 32 years to 36 years of service, and if they elect to enhance the individual retirement benefit at their own cost.

Background

Under current KP&F provisions or retirement calculation of benefits, members are capped at 80.0 percent of final average salary after reaching 32 years of service credit. When that happens, the employee contribution rate drops from 7.0 percent to 2.0 percent to continue paying part of the costs for disability benefits.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Proponents for the proposed legislation present at the House Committee hearing included representatives of the Kansas State Council of Fire Fighters and the International Association of Firefighters. No one testified in opposition to the bill.

Neutral testimony was presented by a representative of the Kansas Public Employees Retirement System (KPERS) who explained the bill and noted the actuarial cost study by the KPERS actuary.

The KPERS fiscal note indicated the bill would be cost neutral to the participating employers since the full actuarial cost impact would be paid by the eligible KP&F employees. For most active members, there would be a rate increase for contributions rising from 7.0 percent to 7.15 percent of pay. As of December 31, 2012, there were 32 active KP&F members with more than 32 years of service who would be eligible for another method of paying for the enhancement. In order for these members to purchase the additional service credit with a lump-sum payment, the method would be approved by the KPERS Board of Trustees and the amount calculated by the KPERS actuary in order for the employee to bear the full financial cost of the benefit enhancement.