

CORRECTED
SESSION OF 2013

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2352

As Amended by Senate Committee on Ways
and Means

Brief*

HB 2352, as amended, would make changes in the Retirement System for Judges (Judges plan) and the Kansas Police and Firemen's (KP&F plan) Retirement System.

The changes in the KP&F plan would:

- 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 percent to 7.15 percent to self-fund the benefit increase by the active KP&F employees and at no cost to the participating employers;
- 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.

The changes in both the Judges and KP&F plans would:

- Allow retired members who divorce after retirement to have the District Court order the cancellation of

*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>

the joint annuitant option for the ex-spouse. Additionally, the retired member's benefit would be returned to the maximum amount if ordered by the District Court of the county where the divorce action was filed. The retired member would not be able to name a subsequent joint annuitant once the original joint annuitant option has been canceled.

Background

Under current KP&F provisions for 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.

Proponents for the bill present at the House Committee on Pensions and Benefits 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.

Proponents for the proposed legislation present at the Senate Committee on Ways and Means hearing included a representative of the Kansas State Council of Fire Fighters. Written proponent testimony was provided by a representative of the International Association of Firefighters. No one testified in opposition to the bill. Neutral testimony was presented by a representative of KPERs, who explained the bill and noted the actuarial cost study by the KPERs actuary.

The Senate Committee on Ways and Means amended the bill to allow members of the Judges and KP&F plans who divorce after retirement to have a District Court order the cancellation of the joint annuitant option of the ex-spouse.

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, contribution rates would increase 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.