

SENATE BILL No. 299

By Committee on Assessment and Taxation

3-30

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system; employment after retirement; extending special provisions for retirants employed as teachers for one year; providing an account for certain members who return to work to hold retirement benefits; requiring employee and employer contributions; amending K.S.A. 2014 Supp. [74-4914 and] 74-4937 and repealing the existing sections

Section

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

Section 1. K.S.A. 2014 Supp. 74-4914 is hereby amended to read as follows: 74-4914. (1) The normal retirement date for a member of the system shall be the first day of the month coinciding with or following termination of employment with any participating employer not followed by employment with any participating employer within 60 days and the attainment of age 65 or, commencing July 1, 1993, age 62 with the completion of 10 years of credited service or the first day of the month coinciding with or following the date that the total of the number of years of credited service and the number of years of attained age of the member is equal to or more than 85. In no event shall a normal retirement date for a member be before six months after the entry date of the participating employer by whom such member is employed. A member may retire on the normal retirement date or on the first day of any month thereafter upon the filing with the office of the retirement system of an application in such form and manner as the board shall prescribe. Nothing herein shall prevent any person, member or retirant from being employed, appointed or elected as an employee, appointee, officer or member of the legislature. Elected officers may retire from the system on any date on or after the attainment of the normal retirement date, but no retirement benefits payable under this act shall be paid until the member has terminated such member's office.

(2) No retirant shall make contributions to the system or receive service credit for any service after the date of retirement.

(3) Any member who is an employee of an affiliating employer pursuant to K.S.A. 74-4954b, and amendments thereto, and has not withdrawn such member's accumulated contributions from the Kansas police and firemen's retirement system may retire before such member's normal retirement date on the first day of any month coinciding with or

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Proposed Amendment to SB No. 299  
Only provide for extension of sunset for retirants employed as teachers for one year.  
Eliminate unretire/notional account provisions.

1 following the attainment of age 55.

2 ~~(4) Any member may retire before such member's normal retirement~~  
3 ~~date on the first day of any month coinciding with or following~~  
4 ~~termination of employment with any participating employer not followed~~  
5 ~~by employment with any participating employer within 60 days and the~~  
6 ~~attainment of age 55 with the completion of 10 years of credited service,~~  
7 ~~but in no event before six months after the entry date, upon the filing with~~  
8 ~~the office of the retirement system of an application for retirement in such~~  
9 ~~form and manner as the board shall prescribe.~~

10 ~~(5) Except as provided in subsection (7), on or after July 1, 2006, for~~  
11 ~~any retiree who is first employed or appointed in or to any position or~~  
12 ~~office by a participating employer other than a participating employer for~~  
13 ~~which such retiree was employed or appointed during the final two years~~  
14 ~~of such retiree's participation, and on or after April 1, 2009, for any~~  
15 ~~retiree who is employed by a third-party entity who contracts services~~  
16 ~~with a participating employer other than a participating employer for~~  
17 ~~which such retiree was employed or appointed during the final two years~~  
18 ~~of such retiree's participation to fill a position covered under subsection~~  
19 ~~(a) of K.S.A. 72-5410(d), and amendments thereto, with such retiree such~~  
20 ~~participating employer shall pay to the system the actuarially determined~~  
21 ~~employer contribution and the statutorily prescribed employee contribution~~  
22 ~~based on the retiree's compensation during any such period of~~  
23 ~~employment or appointment. If a retiree who retired on or after July 1,~~  
24 ~~1988, is employed or appointed in or to any position or office for which~~  
25 ~~compensation for service is paid in an amount equal to \$20,000 or more in~~  
26 ~~any one such calendar year by any participating employer for which such~~  
27 ~~retiree was employed or appointed during the final two years of such~~  
28 ~~retiree's participation, and on or after April 1, 2009, by any third-party~~  
29 ~~entity who contracts services to fill a position covered under subsection (a)~~  
30 ~~of K.S.A. 72-5410(d), and amendments thereto, with such retiree with a~~  
31 ~~participating employer for which such retiree was employed or appointed~~  
32 ~~during the final two years of such retiree's participation, such retiree shall~~  
33 ~~not receive any retirement benefit for any month for which such retiree~~  
34 ~~serves in such position or office. The participating employer who employs~~  
35 ~~such retiree whether by contract directly with the retiree or through an~~  
36 ~~arrangement with a third-party entity shall report to the system within 30~~  
37 ~~days of when the compensation paid to the retiree is equal to or exceeds~~  
38 ~~any limitation provided by this section. Any participating employer who~~  
39 ~~contracts services with any such third-party entity to fill a position covered~~  
40 ~~under subsection (a) of K.S.A. 72-5410(d), and amendments thereto, shall~~  
41 ~~include in such contract a provision or condition which requires the third-~~  
42 ~~party entity to provide the participating employer with the necessary~~  
43 ~~compensation paid information related to any such position filled by the~~



1 third-party entity with a retiree to enable the participating employer to  
2 comply with provisions of this subsection relating to the payment of  
3 contributions and reporting requirements. The provisions and requirements  
4 provided for in amendments made in this act which relate to positions  
5 filled with a retiree or employment of a retiree by a third-party entity  
6 shall not apply to any contract for services entered into prior to April 1,  
7 2009, between a participating employer and third-party entity as described  
8 in this subsection. Any retiree employed by a participating employer or a  
9 third-party entity as provided in this subsection shall not make  
10 contributions nor receive additional credit under such system for such  
11 service except as provided by this section. Upon request of the executive  
12 director of the system, the secretary of revenue shall provide such  
13 information as may be needed by the executive director to carry out the  
14 provisions of this act. The provisions of this subsection shall not apply to  
15 retirees employed as substitute teachers or officers, employees or  
16 appointees of the legislature. The provisions of this subsection shall not  
17 apply to members of the legislature prior to January 8, 2000. The  
18 provisions of this subsection shall not apply to any other elected officials  
19 prior to the term of office of such elected official which commences on or  
20 after July 1, 2000. The provisions of this subsection shall apply to any  
21 other elected official on and after the term of office of such other elected  
22 official which commences on or after July 1, 2000. Except as otherwise  
23 provided, commencing January 8, 2001, the provisions of this subsection  
24 shall apply to members of the legislature. For determination of the amount  
25 of compensation paid pursuant to this subsection, for members of the  
26 legislature, compensation shall include any amount paid as provided  
27 pursuant to subsections (b), (c) and (d) of K.S.A. 46-137a(d), (b), (c),  
28 and (d), and amendments thereto, or pursuant to K.S.A. 46-137b, and  
29 amendments thereto. Notwithstanding any provision of law to the contrary,  
30 when a member of the legislature is paid an amount of compensation of  
31 \$20,000 or more in any one calendar year, the member may continue to  
32 receive any amount provided in subsections (b) and (d) of K.S.A. 46-  
33 137a(b) and (d), and amendments thereto, and still be entitled to receive  
34 such member's retirement benefit. Commencing July 1, 2005, the  
35 provisions of this subsection shall not apply to retirees who either retired  
36 under the provisions of subsection (1), or, if they retired under the  
37 provisions of subsection (1), were retired more than 30 days prior to the  
38 effective date of this act and are licensed professional nurses or licensed  
39 practical nurses employed by the state of Kansas in an institution as  
40 defined in subsection (b) of K.S.A. 76-12a01(f) or subsection (f) of K.S.A.  
41 38-2302(f), and amendments thereto, the Kansas soldiers' home or the  
42 Kansas veterans' home. Nothing in this subsection shall be construed to  
43 create any right, or to authorize the creation of any right, which is not

1 subject to amendment or nullification by act of the legislature. The  
2 participating employer of such retiree shall pay to the system the  
3 actuarially determined employer contribution based on the retiree's  
4 compensation during any such period of employment.

5 (6) For purposes of this section, any employee of a local  
6 governmental unit which has its own pension plan who becomes an  
7 employee of a participating employer as a result of a merger or  
8 consolidation of services provided by local governmental units, which  
9 occurred on January 1, 1994, may count service with such local  
10 governmental unit in determining whether such employee has met the  
11 years of credited service requirements contained in this section.

12 (7) (a) Except as provided in this subsection, commencing on July 1,  
13 2016, for any retiree who is employed or appointed in or to any position  
14 covered under K.S.A. 74-1902(14) or 74-1932(14), and amendments  
15 hereto by a participating employer or by any third party entity who  
16 contracts services to fill such position, without any prearranged  
17 agreement with such participating employer or third party entity, and not  
18 prior to 60 days after such retiree's retirement date, such retiree shall  
19 not receive any retirement benefit for any month for which such retiree  
20 serves in such position or office. An amount equal to the monthly  
21 retirement benefit shall accrue in a designated, notional account, with  
22 interest credited annually at a rate of 50% of the actual rate of return in  
23 any year the actual rate of return on the market value of the investments  
24 reaches the system's assumed investment rate of return, except that such  
25 interest credit shall not exceed 3%. Such notional account, plus interest,  
26 shall be distributed to the retiree as provided in this subsection upon  
27 termination of such employment as provided in paragraph (c). The  
28 provisions of this subsection shall apply to each period of employment by  
29 a retiree.

30 (b) The provisions of this subsection shall not apply to retirees that  
31 are employed in a position not covered by K.S.A. 74-1902(14) and K.S.A.  
32 74-1932(14), and amendments thereto, who are earning less than \$20,000  
33 in a calendar year. Any retiree who is employed or appointed in or to any  
34 position or office not covered by K.S.A. 74-1902(14) and K.S.A. 74-  
35 1932(14), and amendments thereto, for which compensation for service is  
36 paid in an amount equal to \$20,000 or more in any one such calendar  
37 year by any participating employer or by any third party entity who  
38 contracts services to fill a position, shall not receive any retirement benefit  
39 for any month for which such retiree serves in such position or office. The  
40 participating employer who employs such retiree, whether by contract  
41 directly with the retiree or through an arrangement with a third party  
42 entity, shall report to the system within 30 days of when the compensation  
43 paid to the retiree is equal to or exceeds any limitation provided by this



~~1 section. Any participating employer who contracts service with any such  
2 third-party entity to fill a position shall include in such contract a  
3 provision or condition which requires the third-party entity to provide the  
4 participating employer with the necessary compensation paid information  
5 related to any such position filled by the third-party entity with a retiree  
6 to enable the participating employer to comply with provisions of this  
7 subsection relating to reporting requirements.~~

~~8 (c) (i) The participating employer of a retiree, whether by contract  
9 directly with the retiree or through an arrangement with a third-party  
10 entity who is appointed or employed in a covered position pursuant to  
11 subsection (7)(a) shall pay to the system the actuarially determined  
12 employer contribution plus 2% and the statutorily prescribed employee  
13 contribution rate based on the retiree's compensation during any such  
14 period of employment. The employer and employee contributions shall not  
15 be credited to the retiree's notional account.~~

~~16 (ii) Any participating employer who contracts services with any such  
17 third-party entity to fill a position shall include in such contract a  
18 provision or condition which requires the third-party entity to provide the  
19 participating employer with the necessary compensation paid information  
20 related to any such position filled by the third-party entity with a retiree  
21 to enable the participating employer to comply with provisions of this  
22 subsection relating to the payment of contributions.~~

~~23 (d) A retiree who becomes reemployed pursuant to this subsection  
24 shall not be eligible for any purchases of service credit pursuant to K.S.A.  
25 74-1919a et seq., and amendments thereto, nor the plan of long-term  
26 disability benefits or death benefits pursuant to K.S.A. 74-1927, and  
27 amendments thereto.~~

~~28 (e) (i) Upon termination of employment under subsection (7)(a) with  
29 any participating employer not followed by employment with any  
30 participating employer within 60 days a retiree shall be entitled to  
31 reinstatement of the retiree's monthly benefit as provided by law and to a  
32 distribution of such retiree's notional account. Such distribution may be  
33 through any combination of the following payout options, each of which is  
34 subject to the applicable provisions of the federal internal revenue code  
35 and the applicable regulations of the internal revenue service:~~

~~36 (A) A direct rollover to an eligible retirement plan; or~~

~~37 (B) a lump-sum distribution.~~

~~38 (ii) Upon the death of a retiree employed as provided in this  
39 subsection, a distribution of such retiree's notional account shall be paid  
40 to the retiree's beneficiary as provided by law.~~

~~41 (iii) The board may specify minimum account balances for purposes  
42 of allowing benefit payment options and rollovers in accordance with  
43 federal law.~~

1 ~~(f) All benefits payable under the provisions of this subsection are~~  
2 ~~subject to the provisions of K.S.A. 74-49123, and amendments thereto.~~

3 ~~(g) Nothing in this subsection shall be construed to create any right,~~  
4 ~~or to authorize the creation of any right, which is not subject to~~  
5 ~~amendment or nullification by act of the legislature.~~

Section 1.

6 ~~Sec. 2]~~ K.S.A. 2014 Supp. 74-4937 is hereby amended to read as  
7 follows: 74-4937. (1) The normal retirement date of a member of the  
8 system who is in school employment and who is subject to K.S.A. 74-  
9 4940, and amendments thereto, shall be the first day of the month  
10 coinciding with or following termination of employment not followed by  
11 employment with any participating employer within 60 days and the  
12 attainment of age 65 or, commencing July 1, 1986, age 65 or age 60 with  
13 the completion of 35 years of credited service or at any age with the  
14 completion of 40 years of credited service, or commencing July 1, 1993,  
15 any alternative normal retirement date already prescribed by law or age 62  
16 with the completion of 10 years of credited service or the first day of the  
17 month coinciding with or following the date that the total of the number of  
18 years of credited service and the number of years of attained age of the  
19 member is equal to or more than 85. Each member upon giving prior  
20 notice to the appointing authority and the retirement system may retire on  
21 the normal retirement date or the first day of any month thereafter.

22 (2) Any member who is in school employment and who is subject to  
23 K.S.A. 74-4940, and amendments thereto, may retire before such  
24 member's normal retirement date on the first day of the month coinciding  
25 with or following termination of employment not followed by employment  
26 with any participating employer within 60 days and the attainment of age  
27 55 with the completion of 10 years of credited service, upon the filing with  
28 the office of the retirement system of an application for retirement in such  
29 form and manner as the board shall prescribe.

30 (3) Commencing July 1, 2009, the provisions of ~~subsection (5) of~~  
31 ~~K.S.A. 74-4914(5), and amendments thereto, which relate to an earnings~~  
32 ~~limitation which when met or exceeded requires that the retiree not~~  
33 ~~receive a retirement benefit for any month for which such retiree serves in~~  
34 ~~a position as described herein shall not apply to retirees who either retired~~  
35 ~~under the provisions of ~~subsection (f) of~~ K.S.A. 74-4914(1), and~~  
36 ~~amendments thereto, related to normal retirement, or, if they retired under~~  
37 ~~the provisions of ~~subsection (4) of~~ K.S.A. 74-4914(4), and amendments~~  
38 ~~thereto, related to early retirement, were retired more than 60 days prior to~~  
39 ~~the effective date of this act, and are subsequently hired in a position that~~  
40 ~~requires a license under K.S.A. 72-1388, and amendments thereto, or other~~  
41 ~~provision of law. The provisions of this subsection do not apply to retirees~~  
42 ~~who retired under ~~subsection (4) of~~ K.S.A. 74-4914(4), and amendments~~  
43 ~~thereto, which relates to early retirement prior to age 62. Except as~~

1 otherwise provided, when a retiree is employed by the same school  
 2 district or a different school district with which such retiree was employed  
 3 during the final two years of such retiree's participation or employed by a  
 4 third-party entity who contracts services with a school district to fill a  
 5 position as described in this subsection, the participating employer of such  
 6 retiree shall pay to the system the actuarially determined employer  
 7 contribution based on the retiree's compensation during any such period  
 8 of employment plus 8%. The provisions of this subsection shall not apply  
 9 to retirees employed as substitute teachers. The provisions of ~~this section~~  
 10 ~~(5) of K.S.A. 74-4914(5), and amendments thereto, shall be applicable to~~  
 11 retirees employed as described in this subsection, except as specifically  
 12 provided in this subsection. Nothing in this subsection shall be construed  
 13 to create any right, or to authorize the creation of any right, which is not  
 14 subject to amendment or nullification by act of the legislature. The  
 15 provisions of this subsection shall expire on July 1, ~~2015~~ 2016. After such  
 16 date the Kansas public employees retirement system and its actuary shall  
 17 report the experience to the joint committee on pensions, investments and  
 18 benefits.

19 Sec. ~~37~~ K.S.A. 2014 Supp. ~~74-4914 and~~ 74-4937 ~~are~~ hereby repealed.  
 20 Sec. ~~47~~ This act shall take effect and be in force from and after its  
 21 publication in the statute book.

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