

## HOUSE BILL No. 2489

By Committee on Pensions and Benefits

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1 AN ACT concerning the Kansas public employees retirement system;  
2 relating to death and long-term disability benefits; employer payments  
3 to group insurance reserve fund; Kansas public employees retirement  
4 system act of 2015; accidental death benefit; annuity interest rate;  
5 amending K.S.A. 74-4916 and K.S.A. 2015 Supp. 74-4927 and 74-  
6 49,313 and repealing the existing sections.  
7

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

9 Section 1. K.S.A. 74-4916 is hereby amended to read as follows: 74-  
10 4916. (1) Upon the death of a member before retirement, the member's  
11 accumulated contributions shall be paid to the member's beneficiary.

12 (2) (a) In the event that a member dies before retirement as a result of  
13 an accident arising out of and in the course of the member's actual  
14 performance of duty in the employ of a participating employer  
15 independent of all other causes and not as a result of a willfully negligent  
16 or intentional act of the member, an accidental death benefit shall be  
17 payable if: (A) A report of the accident, in a form acceptable to the board,  
18 is filed in the office of the executive director of the board within 60 days  
19 after the date of the accident causing such death and an application for  
20 such benefit, in such form and manner as the board shall prescribe, is filed  
21 in the office of the executive director of the board within two years of the  
22 date of the accident, but the board may waive such time limits for a  
23 reasonable period if in the judgment of the board the failure to meet these  
24 limits was due to lack of knowledge or incapacity; and (B) the board finds  
25 from such evidence as it may require, to be submitted in such form and  
26 manner as it shall prescribe, that the natural and proximate cause of death  
27 was the result of an accident arising out of and in the course of the  
28 member's employment with a participating employer independent of all  
29 other causes at a definite time and place. Such accidental death benefit  
30 shall be a lump-sum amount of \$50,000 and an annual amount of  $\frac{1}{2}$  of the  
31 member's final average salary, *and for members who were first employed*  
32 *by a participating employer and covered as a member of the system under*  
33 *the provisions of K.S.A. 74-49,301 et seq., and amendments thereto, an*  
34 *annual amount of 50% of such member's salary averaged over the final*  
35 *three years of such member's covered employment, which shall accrue*  
36 *from the first day of the month following the date of death and which shall*

1 be payable in monthly installments or as the board may direct, but, after  
2 June 30, 1982, in no case shall the accidental death benefit be less than  
3 \$100 per month. The accidental death benefit payments shall be paid to the  
4 surviving spouse of such deceased member, such payments to continue so  
5 long as such surviving spouse lives or if there is no surviving spouse, or in  
6 the case the spouse dies before the youngest child of such deceased  
7 member attains age 18 or before the youngest child of such deceased  
8 member attains age 23 years, if such child is a full-time student as  
9 provided in K.S.A. 74-49,117, and amendments thereto, or if there are one  
10 or more children of the member who are totally disabled and dependent on  
11 the member or spouse, then to the child or children of such member under  
12 age 18 or under age 23, if such child or children are full-time students as  
13 provided in K.S.A. 74-49,117, and amendments thereto, and to the child or  
14 children of the member who are totally disabled and dependent on the  
15 member or spouse, divided in such manner as the board in its discretion  
16 shall determine, to continue until the youngest surviving child dies or  
17 attains age 18 or attains age 23 if such child is a full-time student as  
18 provided in K.S.A. 79-49,117, and amendments thereto, or, in the case of  
19 the child or children who are totally disabled and dependent on the  
20 member or spouse, until death or until no longer totally disabled, or if  
21 there is no surviving spouse or child eligible for accidental death benefits  
22 under this subsection (2) at the time of the member's death, then to the  
23 parent or parents of such member who are dependent on such member, to  
24 continue until the last such parent dies. All payments due under this  
25 subsection (2) to a minor shall be made to a legally appointed conservator  
26 of such minor or totally disabled child as provided in ~~subsection (7) of~~  
27 ~~K.S.A. 74-4902~~ 74-49,127, and amendments thereto. Commencing on the  
28 effective date of this act, any surviving spouse, who was receiving benefits  
29 pursuant to this section and who had such benefits terminated by reason of  
30 such spouse's remarriage, shall be entitled to once again receive benefits  
31 pursuant to this section, except that such surviving spouse shall not be  
32 entitled to recover any benefits not received after the termination of  
33 benefits by reason of such surviving spouse's remarriage but before the  
34 effective date of this act.

35 (b) In construction of this section of the act there shall be no  
36 presumption that the death of the member was the result of an accident nor  
37 shall there be a liberal interpretation of the law or evidence in favor of the  
38 person claiming under this subsection (2). In the event of the death of a  
39 member resulting from a heart, circulatory or respiratory condition there  
40 must be clear and precise evidence that death was the result of an accident  
41 independent of all other causes which arose out of and in the course of the  
42 member's actual performance of duties in the employ of a participating  
43 employer.

1 (c) The annual benefit under this subsection (2) shall be reduced by  
2 any workers compensation benefit payable. If the workers compensation  
3 benefit is paid in a lump-sum, the amount of such reduction shall be  
4 calculated on a monthly basis over the period of time for which workers  
5 compensation benefits would have been payable had such lump-sum not  
6 been paid. For any recipient already in receipt of such benefits on the  
7 effective date of this act, no change in the original reduction for workers  
8 compensation benefits shall be applicable to benefits paid prior to July 1,  
9 1994. In the event that a member should die as a result of an accident as  
10 described in this subsection (2), all elections or options previously made  
11 by the deceased member shall become void and of no effect whatsoever  
12 and the retirement system shall be liable only for the accidental death  
13 benefit, refund of accumulated contributions as described in subsection (1)  
14 and any insured death benefit that may be due. The benefit payable under  
15 this subsection (2) shall be known and referred to as the "accidental death  
16 benefit."

17 (3) (a) Upon the application of a member, or the member's appointing  
18 authority acting for the member, a member who is in the employ of a  
19 participating employer and becomes totally and permanently disabled for  
20 duty in the employ of a participating employer, by reason of an accident  
21 which occurred prior to July 1, 1975, may be retired by the board if: (A)  
22 The board finds the total and permanent disability to be the natural and  
23 proximate result of an accident causing personal injury or disease  
24 independent of all other causes and arising out of and in the course of the  
25 member's actual performance of duties as an employee of a participating  
26 employer; ~~and~~ (B) a report of the accident, in a form acceptable to the  
27 board is filed in the office of the executive director of the board within 200  
28 days after the date of the accident causing such injury; ~~and~~ (C) such  
29 application for retirement under this provision, in such form and manner as  
30 shall be prescribed by the board, is filed in the office of the executive  
31 director of the board within two years of the date of the accident; ~~and~~ (D)  
32 after a medical examination of the member has been made by or under the  
33 direction of a medical physician or physicians or any other practitioner  
34 holding a valid license to practice a branch of the healing arts issued by the  
35 state board of healing arts designated by the board and the medical  
36 physician or physicians or any other practitioner holding a valid license to  
37 practice a branch of the healing arts issued by the state board of healing  
38 arts report in writing to the board that the member is physically or  
39 mentally totally disabled for duty in the employ of a participating  
40 employer and that such disability will probably be permanent; and (E) the  
41 board finds that the member became permanently and totally disabled on a  
42 date certain based on the evidence furnished and the professional guidance  
43 obtained and that such disability was not the result of a willfully negligent

1 or intentional act of the member. If the board shall so retire the applicant,  
2 the member shall receive annually an accidental total disability benefit  
3 equal to  $\frac{1}{2}$  of the member's final average salary which shall accrue from  
4 the first day of the month following the date of such accidental total and  
5 permanent disability as found by the board payable in monthly  
6 installments or as the board may direct.

7 (b) In construction of this subsection (3) there shall be no  
8 presumption that the disability of the member was the result of an accident  
9 nor shall there be a liberal interpretation of the law or evidence in favor of  
10 the member claiming under this subsection (3). In the event of the  
11 disability of a member resulting from a heart, circulatory or respiratory  
12 condition there must be clear and precise evidence that disability was the  
13 result of an accident independent of all other causes which arose out of and  
14 in the course of the member's actual performance of duties in the employ  
15 of a participating employer.

16 (c) A member will continue to receive such accidental total disability  
17 benefit so long as the member is wholly and continuously disabled by such  
18 injury and prevented thereby from engaging in any gainful occupation or  
19 employment for which the member is reasonably qualified by reason of  
20 education, training or experience. The accidental loss of both hands by  
21 actual severance through or above the wrist joint, or the accidental loss of  
22 both feet by actual severance through or above the ankle joint or the entire  
23 and irrecoverable accidental loss of sight of both eyes, or such severance  
24 of one hand and one foot, and such severance of one hand or one foot and  
25 such loss of sight of one eye, shall be deemed accidental total and  
26 permanent disability and accidental total disability benefits shall be paid so  
27 long as the member lives.

28 (d) Any retirant retired by reason of such accidental total and  
29 permanent disability who has been receiving benefits under the provisions  
30 of this subsection (3) for a period of five years shall be deemed finally  
31 retired and shall not be subject to further medical examinations, except  
32 that if the board of trustees has reasonable grounds to question whether the  
33 retirant remains totally and permanently disabled, a further medical  
34 examination or examinations may be required. Refusal or neglect to  
35 submit to examination shall be sufficient cause for suspending or  
36 discontinuing the accidental total disability benefit. If the refusal or neglect  
37 continues for a period of one year, all of the member's rights with respect  
38 to such accidental total disability benefit may be revoked by the board.

39 (e) In the event that a retirant who is receiving an accidental total  
40 disability benefit dies within five years after the date of the retirant's  
41 retirement, an accidental death benefit shall then be payable as provided in  
42 subsection (2) of this section.

43 (f) A member who retires under the provisions of this subsection (3)

1 shall receive such benefits as provided in this subsection (3) in lieu of all  
2 other retirement benefits provided under the retirement system except that  
3 no member shall be entitled to receive any payments under this subsection  
4 (3) for a period for which insured disability benefits are received.

5 (g) The value, as determined by the board upon recommendation of  
6 the actuary, of any workmen's compensation benefits paid or payable to  
7 the recipient of an accidental total disability benefit shall be deducted from  
8 the amount payable under this section.

9 (h) The benefit payable under subsection (3) of this section shall be  
10 known and referred to as "accidental total disability benefit."

11 (4) The payment of benefits as provided in this section is subject to  
12 the provisions of K.S.A. 74-49,123, and amendments thereto.

13 Sec. 2. K.S.A. 2015 Supp. 74-4927 is hereby amended to read as  
14 follows: 74-4927. (1) The board may establish a plan of death and long-  
15 term disability benefits to be paid to the members of the retirement system  
16 as provided by this section. The long-term disability benefit shall be  
17 payable in accordance with the terms of such plan as established by the  
18 board, except that for any member who is disabled prior to the effective  
19 date of this act, the annual disability benefit amount shall be an amount  
20 equal to  $66\frac{2}{3}\%$  of the member's annual rate of compensation on the date  
21 such disability commenced. Such plan shall provide that:

22 (A) For deaths occurring prior to January 1, 1987, the right to receive  
23 such death benefit shall cease upon the member's attainment of age 70 or  
24 date of retirement whichever first occurs. The right to receive such long-  
25 term disability benefit shall cease: (i) For a member who becomes eligible  
26 for such benefit before attaining age 60, upon the date that such member  
27 attains age 65 or the date of such member's retirement, whichever first  
28 occurs; and (ii) for a member who becomes eligible for such benefit at or  
29 after attaining age 60, the date that such member has received such benefit  
30 for a period of five years, or upon the date of such member's retirement,  
31 whichever first occurs.

32 (B) Long-term disability benefit payments shall be in lieu of any  
33 accidental total disability benefit that a member may be eligible to receive  
34 under ~~subsection (3)~~ of K.S.A. 74-4916(3), and amendments thereto. The  
35 member must make an initial application for social security disability  
36 benefits and, if denied such benefits, the member must pursue and exhaust  
37 all administrative remedies of the social security administration which  
38 include, but are not limited to, reconsideration and hearings. Such plan  
39 may provide that any amount which a member receives as a social security  
40 benefit or a disability benefit or compensation from any source by reason  
41 of any employment including, but not limited to, workers compensation  
42 benefits may be deducted from the amount of long-term disability benefit  
43 payments under such plan. However, in no event shall the amount of long-

1 term disability benefit payments under such plan be reduced by any  
2 amounts a member receives as a supplemental disability benefit or  
3 compensation from any source by reason of the member's employment,  
4 provided such supplemental disability benefit or compensation is based  
5 solely upon the portion of the member's monthly compensation that  
6 exceeds the maximum monthly compensation taken into account under  
7 such plan. As used in this paragraph, "maximum monthly compensation"  
8 means the dollar amount that results from dividing the maximum monthly  
9 disability benefit payable under such plan by the percentage of  
10 compensation that is used to calculate disability benefit payments under  
11 such plan. During the period in which such member is pursuing such  
12 administrative remedies prior to a final decision of the social security  
13 administration, social security disability benefits may be estimated and  
14 may be deducted from the amount of long-term disability benefit payments  
15 under such plan. If the social security benefit, workers compensation  
16 benefit, other income or wages or other disability benefit by reason of  
17 employment other than a supplemental benefit based solely on  
18 compensation in excess of the maximum monthly compensation taken into  
19 account under such plan, or any part thereof, is paid in a lump-sum, the  
20 amount of the reduction shall be calculated on a monthly basis over the  
21 period of time for which the lump-sum is given. As used in this section,  
22 "workers compensation benefits" means the total award of disability  
23 benefit payments under the workers compensation act notwithstanding any  
24 payment of attorney fees from such benefits as provided in the workers  
25 compensation act.

26 (C) The plan may include other provisions relating to qualifications  
27 for benefits; schedules and graduation of benefits; limitations of eligibility  
28 for benefits by reason of termination of employment or membership;  
29 conversion privileges; limitations of eligibility for benefits by reason of  
30 leaves of absence, military service or other interruptions in service;  
31 limitations on the condition of long-term disability benefit payment by  
32 reason of improved health; requirements for medical examinations or  
33 reports; or any other reasonable provisions as established by rule and  
34 regulation of uniform application adopted by the board.

35 (D) Any visually impaired person who is in training at and employed  
36 by a sheltered workshop for the blind operated by the secretary for  
37 children and families and who would otherwise be eligible for the long-  
38 term disability benefit as described in this section shall not be eligible to  
39 receive such benefit due to visual impairment as such impairment shall be  
40 determined to be a preexisting condition.

41 (2) (A) In the event that a member becomes eligible for a long-term  
42 disability benefit under the plan authorized by this section such member  
43 shall be given participating service credit for the entire period of such

1 disability. Such member's final average salary shall be computed in  
2 accordance with ~~subsection (17) of K.S.A. 74-4902(17)~~, and amendments  
3 thereto, except that the years of participating service used in such  
4 computation shall be the years of salaried participating service.

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

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

34 (3) (A) To carry out the legislative intent to provide, within the funds  
35 made available therefor, the broadest possible coverage for members who  
36 are in active employment or involuntarily absent from such active  
37 employment, the plan of death and long-term disability benefits shall be  
38 subject to adjustment from time to time by the board within the limitations  
39 of this section. The plan may include terms and provisions which are  
40 consistent with the terms and provisions of group life and long-term  
41 disability policies usually issued to those employers who employ a large  
42 number of employees. The board shall have the authority to establish and  
43 adjust from time to time the procedures for financing and administering

1 the plan of death and long-term disability benefits authorized by this  
2 section. Either the insured death benefit or the insured disability benefit or  
3 both such benefits may be financed directly by the system or by one or  
4 more insurance companies authorized and licensed to transact group life  
5 and group accident and health insurance in this state.

6 (B) The board may contract with one or more insurance companies,  
7 which are authorized and licensed to transact group life and group accident  
8 and health insurance in Kansas, to underwrite or to administer or to both  
9 underwrite and administer either the insured death benefit or the long-term  
10 disability benefit or both such benefits. Each such contract with an  
11 insurance company under this subsection shall be entered into on the basis  
12 of competitive bids solicited and administered by the board. Such  
13 competitive bids shall be based on specifications prepared by the board.

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

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

34 (4) (A) There is hereby created in the state treasury the group  
35 insurance reserve fund. Investment income of the fund shall be added or  
36 credited to the fund as provided by law. The cost of the plan of death and  
37 long-term disability benefits shall be paid from the group insurance  
38 reserve fund, which shall be administered by the board. ~~For the period~~  
39 ~~commencing July 1, 2013, and ending June 30, 2015, each participating~~  
40 ~~employer shall appropriate and pay to the system in such manner as the~~  
41 ~~board shall prescribe in addition to the employee and employer retirement~~  
42 ~~contributions an amount equal to 85% of the amount of compensation on~~  
43 ~~which the members' contributions to the Kansas public employees~~



1 ~~retirement system are based for deposit in the group insurance reserve~~  
2 ~~fund. For the period commencing July 1, 2015, and all periods thereafter,~~  
3 Each participating employer shall appropriate and pay to the system in  
4 such manner as the board shall prescribe in addition to the employee and  
5 employer retirement contributions an amount equal to 1.0% of the amount  
6 of compensation on which the members' contributions to the Kansas public  
7 employees retirement system are based for deposit in the group insurance  
8 reserve fund. Notwithstanding the provisions of this subsection, no  
9 participating employer *other than the state of Kansas* shall appropriate and  
10 pay to the system any amount provided for by this subsection for deposit  
11 in the group insurance reserve fund for the period commencing on April 1,  
12 ~~2013~~ 2016, and ending on June 30, ~~2013~~ 2016. *Notwithstanding the*  
13 *provisions of this subsection, the state of Kansas shall not appropriate and*  
14 *pay to the system any amount provided for by this subsection for deposit in*  
15 *the group insurance reserve fund for the period commencing on March 25,*  
16 *2016, and ending on June 30, 2016. Notwithstanding the provisions of this*  
17 *subsection, no participating employer shall appropriate and pay to the*  
18 *system any amount provided for by this subsection for deposit in the group*  
19 *insurance reserve fund for the period commencing on April 1, 2017, and*  
20 *ending on June 30, 2017.*

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

26 (C) The provisions of ~~subsection (4)~~ of K.S.A. 74-4920(4), and  
27 amendments thereto, shall apply for the purpose of providing the funds to  
28 make the contributions to be deposited to the group insurance reserve  
29 fund.

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

35 (5) The death benefit provided under the plan of death and long-term  
36 disability benefits authorized by this section shall be known and referred to  
37 as insured death benefit. The long-term disability benefit provided under  
38 the plan of death and long-term disability benefits authorized by this  
39 section shall be known and referred to as long-term disability benefit.

40 (6) The board is hereby authorized to establish an optional death  
41 benefit plan for employees and spouses and dependents of employees.  
42 Except as provided in subsection (7), such optional death benefit plan shall  
43 be made available to all employees who are covered or may hereafter

1 become covered by the plan of death and long-term disability benefits  
2 authorized by this section. The cost of the optional death benefit plan shall  
3 be paid by the applicant either by means of a system of payroll deductions  
4 or direct payment to the board. The board shall have the authority and  
5 discretion to establish such terms, conditions, specifications and coverages  
6 as it may deem to be in the best interest of the state of Kansas and its  
7 employees which should include term death benefits for the person's  
8 period of active state employment regardless of age, but in no case, shall  
9 the maximum allowable coverage be less than \$200,000. The cost of the  
10 optional death benefit plan shall not be established on such a basis as to  
11 unreasonably discriminate against any particular age group. The board  
12 shall have full administrative responsibility, discretion and authority to  
13 establish and continue such optional death benefit plan and the director of  
14 accounts and reports of the department of administration shall when  
15 requested by the board and from funds appropriated or available for such  
16 purpose establish a system to make periodic deductions from state payrolls  
17 to cover the cost of the optional death benefit plan coverage under the  
18 provisions of this subsection (6) and shall remit all deductions together  
19 with appropriate accounting reports to the system. There is hereby created  
20 in the state treasury the optional death benefit plan reserve fund.  
21 Investment income of the fund shall be added or credited to the fund as  
22 provided by law. All funds received by the board, whether in the form of  
23 direct payments, payroll deductions or otherwise, shall be accounted for  
24 separately from all other funds of the retirement system and shall be paid  
25 into the optional death benefit plan reserve fund, from which the board is  
26 authorized to make the appropriate payments and to pay the ongoing costs  
27 of administration of such optional death benefit plan as may be incurred in  
28 carrying out the provisions of this subsection (6).

29 (7) Any employer other than the state of Kansas which is currently a  
30 participating employer of the Kansas public employees retirement system  
31 or is in the process of affiliating with the Kansas public employees  
32 retirement system may also elect to affiliate for the purposes of subsection  
33 (6). All such employers shall make application for affiliation with such  
34 system, to be effective on January 1 or July 1 next following application.

35 (8) For purposes of the death benefit provided under the plan of death  
36 and long-term disability benefits authorized by this section and the  
37 optional death benefit plan authorized by subsection (6), commencing on  
38 the effective date of this act, in the case of medical or financial hardship of  
39 the member as determined by the executive director, or otherwise  
40 commencing January 1, 2005, the member may name a beneficiary or  
41 beneficiaries other than the beneficiary or beneficiaries named by the  
42 member to receive other benefits as provided by the provisions of K.S.A.  
43 74-4901 et seq., and amendments thereto.

1       Sec. 3. K.S.A. 2015 Supp. 74-49,313 is hereby amended to read as  
2 follows: 74-49,313. (a) Except as provided in subsection (e), a member  
3 who has a nonforfeitable interest in the member's retirement annuity  
4 account, at any time after termination from service and the attainment of  
5 normal retirement age, shall receive an annuity based upon the balance in  
6 such member's retirement annuity account, using mortality rates  
7 established by the board by official action as of the member's annuity start  
8 date and an interest rate equal to the actuarial assumed investment rate of  
9 return established by the board minus 2%, as of the member's annuity start  
10 date. The legislature may from time to time prospectively change the  
11 interest rate and the board may from time to time prospectively change the  
12 mortality rates, and the legislature expressly reserves such rights to do so.

13       (b) Except as provided in subsection (e), a member who has a vested  
14 interest in the member's retirement annuity account, who terminates  
15 covered employment, without forfeiting such member's account, with the  
16 completion of at least 10 years of service, shall be eligible to receive, upon  
17 attainment of age 55, an annuity based upon employer credits and interest  
18 credits in such member's retirement annuity account, using mortality rates  
19 established by the board by official action as of the member's annuity start  
20 date and an interest rate established by the legislature as of the member's  
21 annuity start date, and such interest rate shall ~~initially be 6%~~ *equal to the*  
22 *actuarial assumed investment rate of return established by the board*  
23 *minus 2%, as of the member's annuity start date.* The legislature may from  
24 time to time prospectively change the interest rate and the board may from  
25 time to time prospectively change the mortality rates, and the legislature  
26 expressly reserves such rights to do so.

27       (c) The form of benefit payable under subsections (a) and (b) shall be  
28 a single life annuity with 10-year certain. The member may elect any  
29 option described in K.S.A. 74-4918, and amendments thereto, except the  
30 partial lump-sum option, subject to actuarial factors established by the  
31 board from time to time. The benefit option selected may include a self-  
32 funded cost-of-living adjustment feature, in which the account value is  
33 converted to a benefit amount that increases by a fixed percentage over  
34 time. One or more fixed percentages shall be established by the board,  
35 which may be changed from time to time. In lieu of a part of an annuity,  
36 for a member entitled to a benefit under subsection (a), the member may  
37 elect to receive a lump-sum of such member's retirement annuity account  
38 of any fixed dollar amount or percent, but in no event may the lump-sum  
39 option elected under this section and the lump-sum option elected under  
40 ~~subsection (a) of K.S.A. 2015 Supp. 74-49,311(a)~~, and amendments  
41 thereto, exceed 30% of the total value of such member's annuity savings  
42 account and retirement annuity account.

43       (d) Except as provided in subsection (e), in the case of an active or

1 inactive member:

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

3 (2) who has five or more years of service at death; and

4 (3) who dies before attaining normal retirement age, with such  
5 member's spouse at time of death designated as such member's sole  
6 primary beneficiary, the member's surviving spouse on and after the date  
7 the member would have attained normal retirement age had such member  
8 not died, shall receive an annuity based upon employer credits and interest  
9 credits in the retirement annuity account, using factors established by the  
10 board by official action as of the beneficiary's annuity start date. The form  
11 of benefit shall be a single life annuity with 10-year certain.

12 (e) If a member's vested retirement annuity account is less than  
13 \$1,000 upon separation from service, or the total of the member's vested  
14 retirement annuity account and annuity savings account balance is less  
15 than \$1,000, the account balance or balances shall be mandatorily  
16 distributed to the member in accordance with section 401(a)(31)(B) of the  
17 federal internal revenue code. If the member does not elect to have such  
18 distribution paid directly to an eligible retirement plan specified by the  
19 participant in a direct rollover or to receive the distribution directly, then  
20 the board will pay the distribution to the member directly.

21 Sec. 4. K.S.A. 74-4916 and K.S.A. 2015 Supp. 74-4927 and 74-  
22 49,313 are hereby repealed.

23 Sec. 5. This act shall take effect and be in force from and after its  
24 publication in the statute book.