

SESSION OF 2016

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2709

As Amended by House Committee on Pensions
and Benefits

Brief*

HB 2709, as amended, would revise death benefits for certain surviving spouses covered by the Kansas Police and Firemen's Retirement System (KP&F). Upon the service-connected death of a KP&F member, the member's spouse would receive an immediate lump-sum benefit equal to 100 percent of the member's final average salary and an annual spouse's benefit equal to the greater of:

- Fifty percent of the member's final average salary; or
- The amount the member would have been paid had the member elected the joint and survivor retirement benefit option and retired as of the first day of the month following the date of death.

Under current law, a surviving spouse receives an annual benefit equal to 50 percent of the member's final average salary plus an additional 10 percent for each child under the age of 18, or 23 if the child is a full-time student, capped not to exceed 75 percent of the member's final average salary. The bill would increase the cap to 85 percent.

The remaining portions of the bill would clarify the language of existing law.

*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>

Background

The bill was introduced by the House Committee on Appropriations. During the hearing before the House Committee on Pensions and Investments, representatives from the Kansas State Council of Fire Fighters; the Kansas Associations of Chiefs of Police, Sheriff's, and Peace Officers; and an individual fire fighter spoke in support of the bill. Proponents said the bill would provide for surviving spouses and children when a member with a career of public service dies in the line of duty.

A representative of the Kansas Public Employee Retirement System (KPERS) provided neutral testimony, explaining that over the past five years there have been two to three service-connected fatalities annually.

There was no opponent testimony.

The House Committee amended the bill to:

- Provide for an immediate lump-sum benefit to surviving spouses;
- Reduce the cap on benefits payable, as proposed by the bill, from 90 percent to 85 percent; and
- Clarify provisions of existing law.

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS, the bill, as introduced, would increase the unfunded actuarial liability (UAL) of the Retirement System by an estimated \$605,453, resulting in an increase of 0.02 percent to the KP&F employer contribution rate, which would include a 0.01 percent increase in the UAL and a 0.01 percent increase to the normal cost of benefits. KPERS estimated the increase to the employer contribution rate would have a very small fiscal effect on revenues to the KPERS Trust Fund.