SENATE BILL No. 200

By Committee on Federal and State Affairs

AN ACT concerning retirement and pensions; relating to the Kansas police
and firemen's retirement system; increasing the retirement benefits cap;
decreasing employee contributions in certain circumstances; amending
K.S.A. 74-4958, 74-4958a and 74-4965 and repealing the existing
sections.

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

Section 1. K.S.A. 74-4958 is hereby amended to read as follows: 74-
4958. (1) Any member who retires on or after July 1, 1993, shall be
entitled to receive an age and service retirement benefit equal to 2.5% of
such member's final average salary multiplied by the number of years of
credited service for which the member contributed at the contribution rate
prescribed by subsection (1) of K.S.A. 74-4965(1), and amendments
thereto, or for which such member made a lump sum repayment in
accordance with the provisions of K.S.A. 74-4965, and amendments
thereto, except that in no case shall such retirement benefit exceed 90%-
95% of such member's final average salary.

(2) Any member who is appointed or employed prior to July 1, 1989,
who does not make an election pursuant to K.S.A. 74-4955a, and
amendments thereto, and who retires before such member's normal
retirement date shall receive an early retirement benefit equal to the annual
retirement benefit payable had the member retired on the normal
retirement date reduced by an amount equal to the product of (A) such
annual retirement benefit payable had the member retired on the normal
retirement date, multiplied by (B) the product of 0.4% multiplied by the
number of months difference, to the nearest whole month, between the
member's attained age at the time of retirement and age 55.

(3) Upon the death after retirement of a member who was covered, up
to the entry date of the member's employer, by a pension system under the
provisions of K.S.A. 12-5001—through 12-5007,—inclusive, and
amendments thereto, or K.S.A. 13-14a01—through 13-14a14,—inclusive,
and amendments thereto, or K.S.A. 14-10a01—through 14-10a15,—
inclusive, and amendments thereto, and who had not elected to retire under
one of the options provided under K.S.A. 74-4964, and amendments
thereto, the member's spouse, if such spouse was the member's lawfully
wedded spouse for a period of not less than one year at the time of the
member's retirement or if such spouse had been the member's lawfully wedded spouse for at least three years after the time of the member's retirement, shall receive: (A) Pursuant to the provisions of K.S.A. 74-49,128, and amendments thereto, a lump-sum benefit equal to \( \frac{1}{2} \) the member's final average salary at the time of the member's retirement; and (B) an annual spouse's benefit equal to 75% of the member's retirement benefit payable in monthly installments, to accrue from the last day of the month following the member's date of death and ending on the last day of the month in which the spouse dies. Commencing on the effective date of this act, any surviving spouse, who was receiving benefits pursuant to this section and who had such benefits terminated by reason of such spouse's remarriage, shall be entitled to once again receive benefits pursuant to this section, except that such surviving spouse shall not be entitled to recover any benefits not received after the termination of benefits by reason of such surviving spouse's remarriage but before the effective date of this act. If there is no surviving spouse, or if after the death of the spouse there remain one or more children under the age of 18 years or one or more children under the age of 23 years who is a full-time student as provided in K.S.A. 74-49,117, and amendments thereto, the spouse's benefit shall be payable, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, in equal shares to such children and each child's share shall end on the last day of the month in which such child attains the age of 18 years or dies, whichever occurs earlier or in which such child attains the age of 23 years if such child is a full-time student as provided in K.S.A. 74-49,117, and amendments thereto. Commencing on the effective date of this act, any child who was receiving benefits pursuant to this section and who had such benefits terminated by reason of such child's marriage, shall be entitled to once again receive benefits pursuant to this section subject to the limitations contained in this section, except that such child shall not be entitled to recover any benefits not received after the termination of benefits by reason of such child's marriage but before the effective date of this act. All payments due under this section to a minor shall be made to a legally appointed conservator of such minor as provided in subsection (7) of K.S.A. 74-4902(7), and amendments thereto. No person shall be entitled to receive more than one benefit under the provisions of this subsection. Any person who otherwise meets the qualifications to receive more than one benefit under this subsection shall elect the benefit such person shall receive.

(4) Upon the death after retirement of a member who had not elected to retire under one of the options provided under K.S.A. 74-4964, and amendments thereto, such member's beneficiaries shall receive an amount equal to the excess, if any, of such member's accumulated contributions over the sum of all retirement benefit payments made.
(5) The provisions of law in effect on the retirement date of a member
under the system shall govern the retirement benefit payable to the retirant,
any joint annuitant and any beneficiary.

Sec. 2. K.S.A. 74-4958a is hereby amended to read as follows: 74-
4958a. (1) Any member who retires on or after July 1, 1993, shall be
entitled to receive an age and service retirement benefit equal to 2.5% of
such member's final average salary multiplied by the number of years of
credited service for which the member contributed at the contribution rate
prescribed by subsection (1) of K.S.A. 74-4965(1), and amendments
thereto, or for which such member made a lump sum repayment in
accordance with the provisions of K.S.A. 74-4965, and amendments
thereto, except that in no case shall such retirement benefit exceed 90%-
95% of such member's final average salary.

(2) Any member who retires before such member's normal retirement
date shall receive an early retirement benefit equal to the annual retirement
benefit payable had the member retired on the normal retirement date
reduced by an amount equal to the product of (A) such annual retirement
benefit payable had the member retired on the normal retirement date,
multiplied by (B) the product of 0.4% multiplied by the number of months
difference, to the nearest whole month, between the member's attained age
at the time of retirement and age 55.

(3) Pursuant to the provisions of K.S.A. 74-49,128, and amendments
thereto, upon the death after retirement of a member who was covered, up
to the entry date of the member's employer, by a pension system under the
provisions of K.S.A. 12-5001—through 12-5007, inclusive, and
amendments thereto, or K.S.A. 13-14a01—through 13-14a14, inclusive,
and amendments thereto, or K.S.A. 14-10a01—through 14-10a15,
inclusive, and amendments thereto, and who had not elected to retire under
one of the options provided under K.S.A. 74-4964, and amendments
thereto, the member's spouse, if such spouse was the member's lawfully
wedded spouse for a period of not less than one year at the time of the
member's retirement or if such spouse had been the member's lawfully
wedded spouse for at least three years after the time of the member's
retirement, shall receive: (A) Pursuant to the provisions of K.S.A. 74-
49,128, and amendments thereto, a lump-sum benefit equal to \(\frac{1}{2}\) the
member's final average salary at the time of the member's retirement; and
(B) an annual spouse's benefit equal to 75% of the member's retirement
benefit payable in monthly installments, to accrue from the first day of the
month following the member's date of death and ending on the last day of
the month in which the spouse dies. Commencing on the effective date of
this act, any surviving spouse, who was receiving benefits pursuant to this
section and who had such benefits terminated by reason of such spouse's
remarriage, shall be entitled to once again receive benefits pursuant to this
section, except that such surviving spouse shall not be entitled to recover any benefits not received after the termination of benefits by reason of such surviving spouse's remarriage but before the effective date of this act. If there is no surviving spouse, or if after the death of the spouse there remain one or more children under the age of 18 years or one or more children under the age of 23 years who is a full-time student as provided in K.S.A. 74-49,117, and amendments thereto, the spouse's benefit shall be payable, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, in equal shares to such children and each child's share shall end on the last day of the month in which such child attains the age of 18 years or dies, whichever occurs earlier or in which such child attains the age of 23 years, if such child is a full-time student as provided in K.S.A. 74-49,117, and amendments thereto. Commencing on the effective date of this act, any child who was receiving benefits pursuant to this section and who had such benefits terminated by reason of such child's marriage, shall be entitled to once again receive benefits pursuant to this section subject to the limitations contained in this section, except that such child shall not be entitled to recover any benefits not received after the termination of benefits by reason of such child's marriage but before the effective date of this act. All payments due under this section to a minor shall be made to a legally appointed conservator of such minor as provided in subsection (7) of K.S.A. 74-4902(7), and amendments thereto. No person shall be entitled to receive more than one benefit under the provisions of this subsection. Any person who otherwise meets the qualifications to receive more than one benefit under this subsection shall elect the benefit such person shall receive.

(4) Upon the death after retirement of a member who had not elected to retire under one of the options provided under K.S.A. 74-4964, and amendments thereto, such member's beneficiary shall receive an amount equal to the excess, if any, of such member's accumulated contributions over the sum of all retirement benefit payments made.

(5) The provisions of this section shall be effective on and after July 1, 1989, and shall apply only to members who were appointed or employed prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-4955a, and amendments thereto; and persons appointed or employed on or after July 1, 1989.

(6) The provisions of law in effect on the retirement date of a member under the system shall govern the retirement benefit payable to the retirant, any joint annuitant and any beneficiary.

Sec. 3. K.S.A. 74-4965 is hereby amended to read as follows: 74-4965. (1) Commencing with the first payroll period beginning on or after July 1, 2013, each participating employer shall deduct from the compensation of each member 7.15% of such member's compensation as
employee contributions, except that in the case of a member whose employment is covered by social security and the member is a member of the class certified in the case of Brazelton v. Kansas public employees retirement system, 227 K. 443, 607 P.2d 510 (1980), the deduction from such member's compensation shall be reduced by the amount of such member's contributions to social security. For participating employers who join the system on or after July 1, 2013, such deduction shall commence beginning with the first payroll period for services performed after the entry date.

(2) For any member other than a member who is a member of the class certified in the case of Brazelton v. Kansas public employees retirement system, 227 K. 443, 607 P.2d 510 (1980), no employee contributions shall be reduced because of contributions to social security.

(3) All such deductions shall be remitted quarterly, or as the board may otherwise provide, to the executive director for credit to the Kansas public employees retirement fund and shall be credited to the members' individual accounts. Interest on each member's accumulated contributions at the rate determined under subsection (a) of K.S.A. 74-4922(a), and amendments thereto, shall be added annually to the member's individual account.

(4) For all payroll periods commencing after July 1, 2019, each participating employer shall deduct from the compensation of each member who has received 38 years of credited service, 2% of such member's compensation as employee contribution. For each member that is having 2% of such member's compensation deducted as employee contributions on July 1, 2013, for all payroll periods commencing on or after July 1, 2013, the participating employer shall deduct from the compensation of each such member had 7.15% of such member's compensation deducted as employee contributions between July 1, 2013, and July 1, 2019, and for each member who had 7.15% of such member's compensation deducted after such member attained 38 years of credited service, including members who retired on and after July 1, 2018, such member shall receive a refund for the difference between 2% and 7.15% of such member's compensation at retirement, or if retired, have such member's retirement benefit recalculated based on the 95% limit as provided in K.S.A. 74-4958 or 74-4958a, and amendments thereto. Such member may repay in a lump sum prior to or on such member's date of retirement, an amount equal to the difference between contributions actually made by the member and contributions which would have been made had such member always been contributing at the employee contribution rate prescribed by subsection (1) for all such service earned during the period of time the member made contributions at the 2% employee contribution rate, with interest. Such repayment, if made at
retirement, may be deducted from the proceeds of the partial lump sum
retirement options as prescribed in subsection (5)(G) of K.S.A. 74-4964,
and amendments thereto, in the event the member elects such option. Such
member shall pay the actual amount plus interest at a rate specified by the
board. Any member who makes such a payment shall be entitled to service
credit for purposes of calculation of retirement benefits pursuant to the
provisions of K.S.A. 74-4958 and 74-4958a, and amendments thereto, for
all years of service wherein such member contributed at the employee
contribution rate prescribed by subsection (1), including all years of
service such member previously paid at the 2% employee contribution rate
but prior to or on such member's date of retirement repaid the difference
pursuant to this subsection.

(5) (a) Subject to the provisions of K.S.A. 74-49,123, and
amendments thereto, each participating employer, pursuant to the
provisions of section 414(h)(2) of the federal internal revenue code, shall
pick up and pay the contributions which would otherwise be payable by
members as prescribed in subsection (1). The contributions so picked up
shall be treated as employer contributions for purposes of determining the
amounts of federal income taxes to withhold from the member's
compensation.

(b) Member contributions picked up by the employer shall be paid
from the same source of funds used for the payment of compensation to a
member. A deduction shall be made from each member's compensation
equal to the amount of the member's contributions picked up by the
employer, provided that such deduction shall not reduce the member's
compensation for purposes of computing benefits under the system.

(c) Member contributions picked up by the employer shall be
remitted quarterly, or as the board may otherwise provide, to the executive
director for credit to the Kansas public employees retirement fund. Such
contributions shall be credited to a separate account within the member's
individual account so that amounts contributed by the member may be
distinguished from the member contributions picked up by the employer.
Interest shall be added annually to members' individual accounts.

Sec. 4. K.S.A. 74-4958, 74-4958a and 74-4965 are hereby repealed.

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