

## **Retirement System—KPERs Board Study; Death and Disability Payments Moratorium; DROP; Guidepost Section Technical Updates; HB 2243**

**HB 2243** makes several changes to law governing the Kansas Public Employees Retirement System (KPERs or the Retirement System) pertaining to a study performed by the KPERs Board of Trustees, authorization of the allotment for the KPERs Death and Disability Program and a moratorium on payments in FY 2021 by all employers, provisions in the Kansas Deferred Retirement Option Program (DROP) Act relating to participating members' election and extension of their DROP periods, and administration of certain KPERs benefits and the application of certain federal Internal Revenue Code provisions on the Retirement System ("guidepost" section).

### ***Actuarial Experience Study***

The bill changes the frequency of the actuarial experience and cost study performed by the KPERs Board of Trustees (Board) from once every three years to once every four years. This change would begin with the latest study completed prior to July 1, 2021.

In its fiduciary duty to act in the best interests of the Retirement System, the Board will have the discretion to adjust the frequency of the study from the four years specified in the bill to not any more frequent than once every three years and not any less frequent than once every five years.

### ***Death and Disability Payment Moratorium***

The bill authorizes the Governor's allotment for the KPERs Death and Disability Program and institutes a moratorium on all payments made by KPERs employers for FY 2021.

### ***Kansas Deferred Retirement Option Program Act—DROP Period Changes***

The bill amends provisions in the DROP Act relating to participating members' election and extension of their DROP periods.

Under current law, a member makes a one-time, irrevocable election upon entering the DROP period to continue working for three, four, or five years, a term known as the DROP period. The bill removes the requirement that makes a member's election choice irrevocable.

The bill allows an enrolled member who previously elected a DROP period of less than five years to revoke such election, with the employer's authorization, and extend their DROP period to an aggregate maximum of five years upon making an application to the system. The bill provides the aggregate total DROP period must be consecutive.

### ***Technical Updates—KPERs Guidepost Section***

The bill amends provisions in the law governing KPERs benefits and the application of certain federal Internal Revenue Code provisions on the Retirement System ("guidepost"

section). [Note: To maintain compliance with federal law, the guidepost section is updated to match the new minimum distribution levels established in the federal Setting Every Community Up for Retirement Enhancement (SECURE) Act and the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, as provided in this bill.]

The bill amends a provision pertaining to the deferred compensation plan's distribution of benefits to require a member receive such benefits from retirement accounts beginning at the age of 72. The bill would also maintain the age for required minimum distributions at 70½ for members born before July 1, 1949. [Note: Under current law, this required distribution of benefits to members occurs at the later of April 1 of the calendar year following the calendar year in which the member reaches the age of 70½ or April 1 of the calendar year following the calendar year in which the member terminates employment.]