SENATE BILL No. 49

By Joint Committee on Pensions, Investments and Benefits

AN ACT concerning retirement and benefits; relating to the Kansas public employees retirement system and systems thereunder; employer and employee contributions; benefits; amending K.S.A. 74-4915 and 74-4919 and K.S.A. 2010 Supp. 74-4914d, 74-4920, 74-49,205 and 74-49,210 and repealing the existing sections.

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

Section 1. K.S.A. 2010 Supp. 74-4914d is hereby amended to read as follows: 74-4914d. Any additional cost resulting from the normal retirement date and retirement before such normal retirement date for security officers as provided in K.S.A. 74-4914c, and amendments thereto, and disability benefits as provided in K.S.A. 74-4914e, and amendments thereto, shall be added to the employer rate of contribution for the department of corrections as otherwise determined under K.S.A. 74-4920, and amendments thereto, except that the employer rate of contribution for the department of corrections including any such additional cost added to such employer rate of contribution pursuant to this section shall in no event exceed the employer rate of contribution for the department of corrections for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which security officers contribute during the period: (a) For the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (b) for the fiscal year commencing in calendar year 2007, and in each subsequent calendar year years 2010 and 2011, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year; and (b) for the fiscal year commencing in calendar year 2012, and in each subsequent calendar year, an amount not to exceed more than 1% of the amount of the immediately preceding fiscal year.

Sec. 2. K.S.A. 74-4915 is hereby amended to read as follows: 74-4915. (1) Any member who retires on or after such member's normal retirement date shall be entitled to receive an annual retirement benefit equal to the sum obtained by adding an amount for participating service and an amount for prior service determined as provided in this section. The amount for prior service shall be equal to 1% of the member's prior
service annual salary multiplied by the number of years of prior service
etitled to credit as provided in K.S.A. 74-4913, and amendments thereto,
except that for members retiring on or after July 1, 1981, who were last
employed by a participating employer which had affiliated with the
system under K.S.A. 74-4910, 74-4912, 74-4929 or 74-4991, and
amendments thereto, and for the period commencing January 1, 1986, for
members retiring before July 1, 1981, who were last employed by a
participating employer which had affiliated with the system under K.S.A.
74-4910, 74-4912, 74-4929 or 74-4991, and amendments thereto, except
that any increase in benefits under this section shall be reduced by any
postretirement benefit adjustments received by such member prior to July
2, 1985, the amount for prior service shall be calculated using final
average salary in lieu of prior service annual salary and, in the case of any
such member who became a member under subsection (3) of K.S.A. 74-
4925, and amendments thereto, and for whom a final average salary
cannot be otherwise determined, such member's final average salary shall
be based on all service for which such member received assistance in a
plan under subsection (2) of K.S.A. 74-4925, and amendments thereto, as
certified by such employer upon request of the board. For any member
who retires on or after July 1, 1993, the amount for participating service
shall be equal to the total of 1.75% of the member's final average salary
multiplied by the number of years of participating service earned prior to
January 1, 2013, and 1.85% of the member's final average salary
multiplied by the number of years of participating service earned on and
after January 1, 2013. Notwithstanding any provision of law to the
contrary, in no event shall service that is purchased under the provisions
of K.S.A. 74-4919a et seq., and amendments thereto, be credited at a rate
that exceeds 1.75% of the purchasing member's final average salary.

(2) (A) Any member who retires on or after July 1, 1993, but before
the normal retirement date and has attained age 60 but has not attained
age 62 with the completion of 10 years of credited service, shall receive
an annual retirement benefit equal to the annual retirement benefit
payable had the member retired on the normal retirement date but based
upon the member's final average salary and years of participating and
prior service credited to the date of actual retirement reduced by an
amount equal to the product of (i) such annual retirement benefit payable
had the member retired on the normal retirement date, multiplied by (ii)
the product of .2% 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 62.

(B) Any member who retires on or after July 1, 1993, but before the
normal retirement date and has attained age 55 but has not attained age 60
with the completion of 10 years of credited service, shall receive an
annual retirement benefit equal to the annual retirement benefit payable
had the member retired on the normal retirement date but based upon the
member's final average salary and years of participating and prior service
credited to the date of actual retirement reduced by an amount equal to
the total of: (i) (a) The product of such annual retirement benefit payable
had the member retired on the normal retirement date, multiplied by (b)
the product of .6% 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 60; and
(ii) on and after July 1, 1993, the product of such annual retirement
benefit payable had the member retired on the normal retirement date,
multiplied by 4.8%.
(3) Upon death of a retirant, there shall be paid to such retirant's
beneficiary an amount equal to the excess, if any, of such retirant's
accumulated contributions over the sum of all retirement benefit
payments made.
(4) Such annual retirement benefits shall be paid in equal monthly
installments, except, that the board may provide for the payment of
retirement benefits which total less than $240 a year on other than a
monthly basis.
(5) In the event that an application in such form as may be
prescribed by the board for any amount due under the provisions of this
act, is not filed with the office of the retirement system by the person
entitled to same within five years of the date such amount became due
and payable, an amount equal to same shall be transferred to the
retirement benefit accumulation reserve and such amount shall no longer
be due and payable, except that if any such person shall present evidence
satisfactory to the board that such person's failure to file such application
within that time period was due to lack of knowledge or incapacity on
such person's part, the amount equal to the amount originally due shall be
transferred from the retirement benefit accumulation reserve to the
reserve or reserves from which such transfer was initially made and the
amount originally due shall be paid to such person.
(6) The participating employer, when an employee files an
application for retirement, shall certify to the system all member
contributions of such employee which have not been reported previously.
In the event the amount certified results in an overpayment of retirement
benefits, the employer shall be held responsible for the contribution
amount previously certified from the time of commencement of the
overpayment of retirement benefits until the time that such overpayment
is discovered by the system. At the time that such overpayment of
retirement benefits is discovered by the system, the system shall adjust
the amount of retirement benefits paid to the employee to the correct
amount based on the participating employer's certification of member
contributions which had not been previously reported. The participating
employer of the employee who has had such member's retirement
benefits adjusted as provided in this subsection shall notify such
employee of such overpayment and such adjustment of retirement
benefits. If the contributions previously certified are lower than the actual
amount reported, the employer shall be responsible for remitting the
correct amount and the member's monthly benefit shall be recalculated
based on the amount reported by the employer. When an employee in
school employment files such an application, the participating employer
responsible for any such amounts as provided in this subsection shall be
the employee's eligible employer as specified in subsection (1), (2) or (3)
of K.S.A. 74-4931, and amendments thereto, and shall not be the state of
Kansas. 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. 74-4919 is hereby amended to read as follows: 74-
4919. (1) Except as otherwise provided, each participating employer,
beginning with the first payroll for services performed after the entry
date, shall deduct from the compensation of each member 4% of such
member's compensation as employee contributions. Each participating
employer, for services performed by an employee first employed prior to
July 1, 2009, shall deduct from the compensation of each member, the
following amounts expressed as a percentage of compensation during the
following periods: (a) Commencing January 1, 2013, 4.5% of such
member's compensation as employee contributions; (b) commencing
January 1, 2014, 5% of such member's compensation as employee
contributions; (c) commencing January 1, 2015, 5.5% of such member's
compensation as employee contributions; and (d) commencing January
1, 2016, and in each subsequent calendar year, 6% of such member's
compensation as employee contributions. Such deductions shall be
remitted quarterly, or as the board may otherwise provide, to the
executive director for deposit in the Kansas public employees retirement
fund. Such deductions shall be credited to the members' individual
accounts and interest shall be added annually to such accounts.

(2) (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) commencing with the third
quarter of 1984. 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 commencing with the third quarter of 1984 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. 2010 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the system, including amortization of the actuarial accrued liability as determined by the board. The board shall determine the actuarial cost method to be used in annual actuarial valuations, to determine the employer contribution rates that shall be certified by the board. Such certified rate of contribution, amortization methods and periods and actuarial cost method shall be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto and shall not be based on any other purpose outside of the needs of the system.

(b) (i) For employers affiliating on and after January 1, 1999, upon the basis of an annual actuarial valuation and appraisal of the system conducted in the manner provided for in K.S.A. 74-4908, and amendments thereto, the board shall certify, on or before July 15 of each year to each such employer an actuarially determined estimate of the rate of contribution which shall be required to be paid by each such employer to pay all of the liabilities which shall accrue under the system from and after the entry date as determined by the board, upon recommendation of the actuary. Such rate shall be termed the employer's participating service contribution and shall be uniform for all participating employers. Such additional liability shall be amortized as determined by the board. For all
participating employers described in this section, the board shall
determine the actuarial cost method to be used in annual actuarial
valuations to determine the employer contribution rates that shall be
certified by the board.

(ii) The board shall determine for each such employer separately an
amount sufficient to amortize all liabilities for prior service costs which
shall have accrued at the time of entry into the system. On the basis of
such determination the board shall annually certify to each such employer
separately an actuarially determined estimate of the rate of contribution
which shall be required to be paid by that employer to pay all of the
liabilities for such prior service costs. Such rate shall be termed the
employer's prior service contribution.

(2) The division of the budget and the governor shall include in the
budget and in the budget request for appropriations for personal services
the sum required to satisfy the state's obligation under this act as certified
by the board and shall present the same to the legislature for allowance
and appropriation.

(3) Each other participating employer shall appropriate and pay to
the system a sum sufficient to satisfy the obligation under this act as
certified by the board.

(4) Each participating employer is hereby authorized to pay the
employer's contribution from the same fund that the compensation for
which such contribution is made is paid from or from any other funds
available to it for such purpose. Each political subdivision, other than an
instrumentality of the state, which is by law authorized to levy taxes for
other purposes, may levy annually at the time of its levy of taxes, a tax
which may be in addition to all other taxes authorized by law for the
purpose of making its contributions under this act and, in the case of
cities and counties, to pay a portion of the principal and interest on bonds
issued under the authority of K.S.A. 12-1774, and amendments thereto,
by cities located in the county, which tax, together with any other fund
available, shall be sufficient to enable it to make such contribution. In lieu
of levying the tax authorized in this subsection, any taxing subdivision
may pay such costs from any employee benefits contribution fund
established pursuant to K.S.A. 12-16,102, and amendments thereto. Each
participating employer which is not by law authorized to levy taxes as
described above, but which prepares a budget for its expenses for the
ensuing year and presents the same to a governing body which is
authorized by law to levy taxes as described above, may include in its
budget an amount sufficient to make its contributions under this act
which may be in addition to all other taxes authorized by law. Such
governing body to which the budget is submitted for approval, may levy a
tax sufficient to allow the participating employer to make its
contributions under this act, which tax, together with any other fund
available, shall be sufficient to enable the participating employer to make
the contributions required by this act.

(5) (a) The rate of contribution certified to a participating employer
as provided in this section shall apply during the fiscal year of the
participating employer which begins in the second calendar year
following the year of the actuarial valuation.

(b) (i) Except as specifically provided in this section, for fiscal years
commencing in calendar year 1996 and in each subsequent calendar year,
the rate of contribution certified to the state of Kansas shall in no event
exceed the state's contribution rate for the immediately preceding fiscal
year by more than 0.2% of the amount of compensation upon which
members contribute during the period.

(ii) Except as specifically provided in this subsection, for the fiscal
years commencing in the following calendar years, the rate of
contribution certified to the state of Kansas and to the participating
employers under K.S.A. 74-4931, and amendments thereto, shall in no
event exceed the state's contribution rate for the immediately preceding
fiscal year by more than the following amounts expressed as a percentage
of compensation upon which members contribute during the period: (A)
For the fiscal year commencing in calendar year 2005, an amount not to
exceed more than 0.4% of the amount of the immediately preceding fiscal
year; (B) for the fiscal year commencing in calendar year 2006, an
amount not to exceed more than 0.5% of the amount of the immediately
preceding fiscal year; and (C) for the fiscal year commencing in calendar
year 2007 and in each subsequent calendar year years 2010 and 2011, an
amount not to exceed more than 0.6% of the amount of the immediately
preceding fiscal year; and (B) for the fiscal year commencing in calendar
year 2012, and in each subsequent calendar year, an amount not to
exceed more than 1% of the amount of the immediately preceding fiscal
year.

(iii) Except as specifically provided in this section, for fiscal years
commencing in calendar year 1997, and in each subsequent calendar year,
the rate of contribution certified to participating employers other than the
state of Kansas shall in no event exceed such participating employer's
contribution rate for the immediately preceding fiscal year by more than
0.15% of the amount of compensation upon which members contribute
during the period.

(iv) Except as specifically provided in this subsection, for the fiscal
years commencing in the following calendar years, the rate of
contribution certified to participating employers other than the state of
Kansas shall in no event exceed the contribution rate for such employers
for the immediately preceding fiscal year by more than the following
amounts expressed as a percentage of compensation upon which members contribute during the period: (A) For the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.4% of the amount of the immediately preceding fiscal year; (B) for the fiscal year commencing in calendar year 2007, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (C) for the fiscal year commencing in calendar year 2008 and in each subsequent calendar year years 2010 through 2012, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year; and (B) for the fiscal year commencing in calendar year 2013, and in each subsequent calendar year, an amount not to exceed more than 1% of the amount of the immediately preceding fiscal year.

(v) As part of the annual actuarial valuation, there shall be a separate employer rate of contribution calculated for the state of Kansas, a separate employer rate of contribution calculated for participating employers under K.S.A. 74-4931, and amendments thereto, a combined employer rate of contribution calculated for the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, and a separate employer rate of contribution calculated for all other participating employers.

(vi) There shall be a combined employer rate of contribution certified to the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto. There shall be a separate employer rate of contribution certified to all other participating employers.

(vii) If the combined employer rate of contribution calculated for the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, is greater than the separate employer rate of contribution for the state of Kansas, the difference in the two rates applied to the actual payroll of the state of Kansas for the applicable fiscal year shall be calculated. This amount shall be certified by the board for deposit as additional employer contributions to the retirement benefit accumulation reserve for the participating employers under K.S.A. 74-4931, and amendments thereto.

(6) The actuarial cost of any legislation enacted in the 1994 session of the Kansas legislature will be included in the June 30, 1994, actuarial valuation in determining contribution rates for participating employers.

(7) The actuarial cost of the provisions of K.S.A. 74-4950i will be included in the June 30, 1998, actuarial valuation in determining contribution rates for participating employers. The actuarial accrued liability incurred for the provisions of K.S.A. 74-4950i shall be amortized over 15 years.

(8) Except as otherwise provided by law, the actuarial cost of any legislation enacted by the Kansas legislature, except the actuarial cost of
K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
employer contribution rates certified for the employer contribution rate in
the fiscal year immediately following such enactment.

(9) Notwithstanding the provisions of subsection (8), the actuarial
cost of the provisions of K.S.A. 74-49,109 et seq., and amendments
thereto, shall be first reflected in employer contribution rates effective
with the first day of the first payroll period for the fiscal year 2005. The
actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109
et seq., and amendments thereto, shall be amortized over 10 years.

(10) The cost of the postretirement benefit payment provided
pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114b, and
amendments thereto, for retirants other than local retirants as described in
subsection (11) or insured disability benefit recipients shall be paid in the
fiscal year commencing on July 1, 2007.

(11) The actuarial accrued liability incurred for the provisions of
K.S.A. 2010 Supp. 74-49,114b, and amendments thereto, for the KPERS
local group and retirants who were employees of local employers which
affiliated with the Kansas police and firemen's retirement system shall be
amortized over 10 years.

(12) The cost of the postretirement benefit payment provided
pursuant to the provisions of K.S.A. 2010 Supp. 74-49,114c, and
amendments thereto, for retirants other than local retirants as described in
subsection (13) or insured disability benefit recipients shall be paid in the
fiscal year commencing on July 1, 2008.

(13) The actuarial accrued liability incurred for the provisions of
K.S.A. 2010 Supp. 74-49,114c, and amendments thereto, for the KPERS
local group and retirants who were employees of local employers which
affiliated with the Kansas police and firemen's retirement system shall be
amortized over 10 years.

(14) The board with the advice of the actuary may fix the
contribution rates for participating employers joining the system after one
year from the first entry date or for employers who exercise the option
contained in K.S.A. 74-4912, and amendments thereto, at rates different
from the rate fixed for employers joining within one year of the first entry
date.

(15) For employers affiliating on and after January 1, 1999, the rates
of contribution certified to the participating employer as provided in this
section shall apply during the fiscal year immediately following such
certification, but the rate of contribution during the first year following
the employer's entry date shall be equal to 7% of the amount of
compensation on which members contribute during the year. Any amount
of such first year's contribution which may be in excess of the necessary
current service contribution shall be credited by the board to the
(16) Employer contributions shall in no way be limited by any other act which now or in the future establishes or limits the compensation of any member.

(17) Notwithstanding any provision of law to the contrary, each participating employer shall remit quarterly, or as the board may otherwise provide, all employee deductions and required employer contributions to the executive director for credit to the Kansas public employees retirement fund within three days after the end of the period covered by the remittance by electronic funds transfer. Remittances of such deductions and contributions received after such date are delinquent. Delinquent payments due under this subsection shall be subject to interest at the rate established for interest on judgments under subsection (a) of K.S.A. 16-204, and amendments thereto. At the request of the board, delinquent payments which are due or interest owed on such payments, or both, may be deducted from any other moneys payable to such employer by any department or agency of the state.

Sec. 5. K.S.A. 2010 Supp. 74-49,205 is hereby amended to read as follows: 74-49,205. For any member who is first employed by a participating employer on or after July 1, 2009, and who retires on or after such member's normal retirement date, the amount for participating service shall be equal to the total of 1.75% of the member's final average salary multiplied by the number of years of participating service earned prior to January 1, 2013, to be used in determining such member's annual retirement benefit, and 1.85% of the member's final average salary multiplied by the number of years of participating service earned on and after January 1, 2013, to be used in determining such member's annual retirement benefit. Notwithstanding any provision of law to the contrary, in no event shall service that is purchased under the provisions of K.S.A. 74-4919a et seq., and amendments thereto, be credited at a rate that exceeds 1.75% of the purchasing member's final average salary.

Sec. 6. K.S.A. 2010 Supp. 74-49,210 is hereby amended to read as follows: 74-49,210. (a) Except as otherwise provided, each participating employer who was a participating employer under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, before July 1, 2009, beginning with the first payroll for services performed by an employee first employed on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions. Each participating employer, for services performed by an employee subject to the Kansas public employees retirement system act of 2009, shall deduct from the compensation of each member, the following amounts expressed as a percentage of compensation during the following periods: (a) Commencing January 1,
2013, 6.5% of such member's compensation as employee contributions; (b) commencing January 1, 2014, 7% of such member's compensation as employee contributions; (c) commencing January 1, 2015, 7.5% of such member's compensation as employee contributions; and (d) commencing January 1, 2016, and in each subsequent calendar year, 8% of such member's compensation as employee contributions.

(b) Each participating employer who affiliates for any purpose on or after July 1, 2009, beginning with the first payroll for services performed by an employee first employed on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions.

Sec. 7. K.S.A. 74-4915 and 74-4919 and K.S.A. 2010 Supp. 74-4914d, 74-4920, 74-49,205 and 74-49,210 are hereby repealed.

Sec. 8. This act shall take effect and be in force from and after its publication in the statute book.