

HOUSE BILL No. 2352

By Committee on Pensions and Benefits

2-14

1 AN ACT concerning retirement and pensions; relating to the Kansas police  
2 and firemen's retirement system; maximum retirement benefits;  
3 employee contributions; *joint annuity options; judges retirement*  
4 *system*; amending K.S.A. 20-2610a, 74-4958, 74-4958a and 74-4965  
5 and K.S.A. 2012 Supp. 74-4964 and repealing the existing sections.  
6

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

8 **Section 1.** *K.S.A. 20-2610a is hereby amended to read as follows:*  
9 **20-2610a.** *(a) A judge may elect to have such judge's retirement annuity*  
10 *paid under one of the options provided in this section in lieu of having it*  
11 *paid in the form stated in K.S.A. 20-2610, and amendments thereto.*  
12 *Such election shall be made before the date of actual retirement. A*  
13 *specific person shall be designated as joint annuitant at the time of*  
14 *election of the joint and 1/2 to joint annuitant survivor option, joint and*  
15 *survivor option and the joint and 3/4 to joint annuitant survivor option.*  
16 ~~Under no circumstances may~~ *Except as specifically provided in this*  
17 *subsection, an option elected by a member as provided in this section*  
18 *shall not be changed or canceled nor shall the named joint annuitant be*  
19 *changed after the date of actual retirement of the judge. If a retirant is*  
20 *divorced after the retirant's date of actual retirement, and the retirant has*  
21 *named the retirant's ex-spouse as a joint annuitant under subsection (c),*  
22 *the joint annuitant option may be canceled and the retirant's benefit*  
23 *returned to the maximum amount of such retirant's retirement benefit*  
24 *commencing the first month following the date such cancellation is*  
25 *ordered by the district court of the county where the divorce action was*  
26 *filed. The retirant shall not receive a refund or interest of any amounts*  
27 *already paid to fund the original joint annuitant benefit. The retirant may*  
28 *not name a subsequent joint annuitant once the original joint annuitant*  
29 *option has been canceled.*

30 *(b) The amount of retirement annuity payable under an option*  
31 *shall be based on the age of the judge and, if applicable, the age of the*  
32 *joint annuitant, and shall be such amount as to be the actuarial*  
33 *equivalent of the retirement annuity otherwise payable under K.S.A. 20-*  
34 *2610, and amendments thereto, as prescribed in subsection (c).*  
35 *Whenever the amount of any benefit is to be determined on the basis of*  
36 *actuarial assumptions, the assumptions shall be specified in a way that*

1 *precludes employer discretion. In no case shall the total amount of*  
2 *retirement annuity payable under any option provided in this section be*  
3 *more than 100% of the retirement annuity which would have been*  
4 *otherwise payable if no option had been elected under this section.*

5 *(c) The following retirement options, which are subject to the*  
6 *provisions of K.S.A. 74-49,123, and amendments thereto, are available:*

7 *(1) Joint and  $\frac{1}{2}$  to joint annuitant survivor. A reduced retirement*  
8 *annuity payable to the judge during the judge's lifetime in a monthly*  
9 *amount equal to the product of (A) the monthly payment of the*  
10 *retirement annuity otherwise payable under K.S.A. 20-2610, and*  
11 *amendments thereto, and (B) the percentage equal to 91% minus 0.4%*  
12 *for each year by which the age of the judge's joint annuitant is less than*  
13 *the judge's age, computed to the nearest whole year, or plus 0.4% for*  
14 *each year by which the age of the judge's joint annuitant is more than*  
15 *the judge's age, computed to the nearest whole year, with  $\frac{1}{2}$  of that*  
16 *monthly amount continued to the judge's joint annuitant during such*  
17 *joint annuitant's remaining lifetime, if any, after the death of the judge.*  
18 *In the event that the designated joint annuitant under this option*  
19 *predeceases the retired judge, the amount of the retirement annuity*  
20 *otherwise payable to the judge under this option shall be adjusted*  
21 *automatically to the retirement annuity which the judge would have*  
22 *received if no option had been elected under this section.*

23 *(2) Joint and survivor. A reduced retirement annuity payable to the*  
24 *judge during the judge's lifetime in a monthly amount equal to the*  
25 *product of (A) the monthly payment of the retirement annuity otherwise*  
26 *payable under K.S.A. 20-2610, and amendments thereto, and (B) the*  
27 *percentage equal to 83% minus 0.6% for each year by which the age of*  
28 *the judge's joint annuitant is less than the judge's age, computed to the*  
29 *nearest whole year, or plus 0.6% for each year by which the age of the*  
30 *judge's joint annuitant is more than the judge's age, computed to the*  
31 *nearest whole year, with that monthly amount continued to the joint*  
32 *annuitant during the joint annuitant's remaining lifetime, if any, after*  
33 *the death of judge. In the event that the designated joint annuitant under*  
34 *this option predeceases the retired judge, the amount of the retirement*  
35 *annuity otherwise payable to the judge under this option shall be*  
36 *adjusted automatically to the retirement annuity which the judge would*  
37 *have received if no option had been elected under this section.*

38 *(3) Joint and  $\frac{3}{4}$  to joint annuitant survivor. A reduced retirement*  
39 *annuity payable to the judge during the judge's lifetime in a monthly*  
40 *amount equal to the product of (A) the monthly payment of the*  
41 *retirement annuity otherwise payable under K.S.A. 20-2610, and*  
42 *amendments thereto, and (B) the percentage equal to 87% minus 0.5%*  
43 *for each year by which the age of the judge's joint annuitant is less than*

1 *the judge's age, computed to the nearest whole year, or plus 0.5% for*  
2 *each year by which the age of the judge's joint annuitant is more than*  
3 *the judge's age, computed to the nearest whole year, with  $\frac{3}{4}$  of that*  
4 *monthly amount continued to the judge's joint annuitant during such*  
5 *joint annuitant's remaining lifetime, if any, after the death of the judge.*  
6 *In the event that the designated joint annuitant under this option*  
7 *predeceases the retired judge, the amount of the retirement annuity*  
8 *otherwise payable to the judge under this option shall be adjusted*  
9 *automatically to the retirement annuity which the judge would have*  
10 *received if no option had been elected under this section.*

11 *(4) Life with 5 years certain. A reduced retirement annuity payable*  
12 *to the judge during the judge's lifetime in a monthly amount equal to*  
13 *98% of the monthly payment of the retirement annuity otherwise payable*  
14 *under K.S.A. 20-2610, and amendments thereto, and if the judge dies*  
15 *within the five-year certain period, measured from the commencement*  
16 *of retirement annuity payments, such monthly payments shall be*  
17 *continued to such judge's beneficiary during the balance of the five-year*  
18 *certain period.*

19 *(5) Life with 10 years certain. A reduced retirement annuity payable*  
20 *to the judge during the judge's lifetime in a monthly amount equal to*  
21 *95% of the monthly payment of the retirement annuity otherwise payable*  
22 *under K.S.A. 20-2610, and amendments thereto, and if the judge dies*  
23 *within the ten-year certain period, measured from the commencement of*  
24 *retirement annuity payments, such monthly payments shall be continued*  
25 *to such judge's beneficiary during the balance of the ten-year certain*  
26 *period.*

27 *(6) Life with 15 years certain. A reduced retirement annuity payable*  
28 *to the judge during the judge's lifetime in a monthly amount equal to*  
29 *88% of the monthly payment of the retirement annuity otherwise payable*  
30 *under K.S.A. 20-2610, and amendments thereto, and if the judge dies*  
31 *within the fifteen-year certain period, measured from the*  
32 *commencement of retirement annuity payments, such monthly payments*  
33 *shall be continued to such judge's beneficiary during the balance of the*  
34 *fifteen-year certain period.*

35 *(7) Lump sum payment at retirement. (A) Pursuant to this option,*  
36 *the judge must specify a lump sum amount to be paid to the judge upon*  
37 *the judge's retirement. The lump sum amount will be based on the*  
38 *actuarial present value of the benefit as provided in K.S.A. 20-2610, and*  
39 *amendments thereto. The lump sum amount designated by the judge*  
40 *must be in 10% increments and shall not exceed  $\frac{1}{2}$  of the actuarial*  
41 *present value of the benefit provided in K.S.A. 20-2610, and*  
42 *amendments thereto. If the judge's spouse elects a lump sum payment as*  
43 *provided in this section pursuant to the provisions of subsection (d), the*

1 *lump sum payment will be based on the present value of the retirement*  
2 *option selected by the spouse. The lump sum amount designated by the*  
3 *spouse must be in 10% increments and shall not exceed 1/2 of the*  
4 *actuarial present value of the option selected in this section.*

5 *(B) Pursuant to this option, the judge must elect to have the*  
6 *remaining actuarial present value paid in a monthly amount under the*  
7 *provisions of K.S.A. 20-2610, and amendments thereto, or subsections*  
8 *(c)(1) through (c)(6) of this section.*

9 *(C) In the event that the designated joint annuitant pursuant to*  
10 *subsection (c)(1), (c)(2) or (c)(3), under this option predeceases the*  
11 *retirant, the amount of the retirement benefit otherwise payable to the*  
12 *retirant under the option shall be adjusted automatically to the*  
13 *retirement benefit which the retirant would have received if no option*  
14 *had been elected under this section.*

15 *(D) The provisions of this subsection shall be effective on and after*  
16 *July 1, 2001.*

17 *(d) If a judge, who is eligible to retire, dies without having actually*  
18 *retired, the judge's spouse, if the spouse is the sole beneficiary for the*  
19 *judge's accumulated contributions, may elect to receive benefits as a*  
20 *joint annuitant under one of the options provided in this section in lieu*  
21 *of receiving the judge's accumulated contributions.*

22 *(e) On and after May 1, 2004, if a judge with 10 or more years of*  
23 *credited service dies before attaining retirement age, the judge's spouse,*  
24 *if the spouse is the sole beneficiary for the judge's accumulated*  
25 *contributions, may elect to receive benefits under one of the options*  
26 *provided in this section in lieu of receiving the judge's accumulated*  
27 *contributions. Payments under one of the options provided in this*  
28 *section to the judge's spouse if so elected, shall commence on the date*  
29 *that the judge would have been eligible for normal retirement pursuant*  
30 *to subsection (a) of K.S.A. 20-2608, and amendments thereto, or would*  
31 *have been eligible for early retirement pursuant to subsection (b) or (c)*  
32 *of K.S.A. 20-2608, and amendments thereto, if such early retirement*  
33 *date occurs earlier.*

34 *(f) Benefits payable to a joint annuitant shall accrue from the first*  
35 *day of the month following the death of a member or retirant and, in the*  
36 *case of the joint and 1/2 to joint annuitant survivor option, the joint and*  
37 *survivor option and the joint and 3/4 to joint annuitant survivor option,*  
38 *shall end on the last day of the month in which the joint annuitant dies.*

39 *(g) The provisions of the law in effect on the retirement date of a*  
40 *judge under the retirement system for judges shall govern the retirement*  
41 *annuity payable to the retired judge and any joint annuitant, except, for*  
42 *retirement benefits payable after July 1, 1993, for judges who retired*  
43 *prior to July 1, 1982, in the event that the designated joint annuitant*

1 *under the option provided in subsection (c)(1), (2) or (3), as applicable,*  
2 *predeceased the judge, the amount of the retirement benefit otherwise*  
3 *payable to the judge under the option provided in subsection (c)(1), (2)*  
4 *or (3), as applicable, shall be adjusted automatically to the retirement*  
5 *benefit which the judge would have received if no option had been*  
6 *elected under this section.*

7 *(h) Upon the death of a joint annuitant who is receiving a*  
8 *retirement benefit under the provisions of this section, there shall be*  
9 *paid to such joint annuitant's beneficiary an amount equal to the excess,*  
10 *if any, of the accumulated contributions of the retired judge over the*  
11 *sum of all retirement benefit payments made to such retired judge and*  
12 *such joint annuitant. Such joint annuitant shall designate a beneficiary*  
13 *by filing in the office of the retirement system such designation at the*  
14 *time of death of the retired judge. If there is no named beneficiary of*  
15 *such joint annuitant living at the time of death of such joint annuitant,*  
16 *any amount provided for by this section shall be paid to, in order of*  
17 *preference as follows:*

18 *(1) The joint annuitant's surviving spouse;*

19 *(2) the joint annuitant's dependent child or children;*

20 *(3) the joint annuitant's dependent parent or parents;*

21 *(4) the joint annuitant's nondependent child or children;*

22 *(5) the joint annuitant's nondependent parent or parents; or*

23 *(6) the estate of the deceased joint annuitant.*

24 *(i) In any event, benefits shall be adjusted as necessary to satisfy*  
25 *the incidental death benefits regulations under the federal internal*  
26 *revenue code.*

27 ~~Section 1.~~ **Sec. 2.** K.S.A. 74-4958 is hereby amended to read as  
28 follows: 74-4958. (1) Any member who retires on or after July 1, 1993,  
29 shall be entitled to receive an age and service retirement benefit equal to  
30 2.5% of such member's final average salary multiplied by the number of  
31 years of credited service *for which the member contributed at the*  
32 *contribution rate prescribed by subsection (1) of K.S.A. 74-4965, and*  
33 *amendments thereto, or for which such member made a lump sum*  
34 *repayment in accordance with the provisions of K.S.A. 74-4965, and*  
35 *amendments thereto, except that in no case shall such retirement benefit*  
36 *exceed-80% 90% of such member's final average salary.*

37 (2) Any member who is appointed or employed prior to July 1, 1989,  
38 who does not make an election pursuant to K.S.A. 74-4955a, and  
39 amendments thereto, and who retires before such member's normal  
40 retirement date shall receive an early retirement benefit equal to the annual  
41 retirement benefit payable had the member retired on the normal  
42 retirement date reduced by an amount equal to the product of (A) such  
43 annual retirement benefit payable had the member retired on the normal

1 retirement date, multiplied by (B) the product of .4% multiplied by the  
2 number of months difference, to the nearest whole month, between the  
3 member's attained age at the time of retirement and age 55.

4 (3) Upon the death after retirement of a member who was covered, up  
5 to the entry date of the member's employer, by a pension system under the  
6 provisions of K.S.A. 12-5001 to 12-5007, inclusive, and amendments  
7 thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and amendments  
8 thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and amendments  
9 thereto, and who had not elected to retire under one of the options  
10 provided under K.S.A. 74-4964, and amendments thereto, the member's  
11 spouse, if such spouse was the member's lawfully wedded spouse for a  
12 period of not less than one year at the time of the member's retirement or if  
13 such spouse had been the member's lawfully wedded spouse for at least  
14 three years after the time of the member's retirement, shall receive: (A)  
15 Pursuant to the provisions of K.S.A. 74-49,128, and amendments thereto, a  
16 lump-sum benefit equal to  $\frac{1}{2}$  the member's final average salary at the time  
17 of the member's retirement; and (B) an annual spouse's benefit equal to  
18 75% of the member's retirement benefit payable in monthly installments,  
19 to accrue from the last day of the month following the member's date of  
20 death and ending on the last day of the month in which the spouse dies.  
21 Commencing on the effective date of this act, any surviving spouse, who  
22 was receiving benefits pursuant to this section and who had such benefits  
23 terminated by reason of such spouse's remarriage, shall be entitled to once  
24 again receive benefits pursuant to this section, except that such surviving  
25 spouse shall not be entitled to recover any benefits not received after the  
26 termination of benefits by reason of such surviving spouse's remarriage but  
27 before the effective date of this act. If there is no surviving spouse, or if  
28 after the death of the spouse there remain one or more children under the  
29 age of 18 years or one or more children under the age of 23 years who is a  
30 full-time student as provided in K.S.A. 74-49,117, and amendments  
31 thereto, the spouse's benefit shall be payable, subject to the provisions of  
32 K.S.A. 74-49,123, and amendments thereto, in equal shares to such  
33 children and each child's share shall end on the last day of the month in  
34 which such child attains the age of 18 years or dies, whichever occurs  
35 earlier or in which such child attains the age of 23 years if such child is a  
36 full-time student as provided in K.S.A. 74-49,117, and amendments  
37 thereto. Commencing on the effective date of this act, any child who was  
38 receiving benefits pursuant to this section and who had such benefits  
39 terminated by reason of such child's marriage, shall be entitled to once  
40 again receive benefits pursuant to this section subject to the limitations  
41 contained in this section, except that such child shall not be entitled to  
42 recover any benefits not received after the termination of benefits by  
43 reason of such child's marriage but before the effective date of this act. All

1 payments due under this section to a minor shall be made to a legally  
2 appointed conservator of such minor as provided in subsection (7) of  
3 K.S.A. 74-4902, and amendments thereto. No person shall be entitled to  
4 receive more than one benefit under the provisions of this subsection. Any  
5 person who otherwise meets the qualifications to receive more than one  
6 benefit under this subsection shall elect the benefit such person shall  
7 receive.

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

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

16 Sec. 3. K.S.A. 74-4958a is hereby amended to read as follows: 74-  
17 4958a. (1) Any member who retires on or after July 1, 1993, shall be  
18 entitled to receive an age and service retirement benefit equal to 2.5% of  
19 such member's final average salary multiplied by the number of years of  
20 credited service *for which the member contributed at the contribution rate*  
21 *prescribed by subsection (1) of K.S.A. 74-4965, and amendments thereto,*  
22 *or for which such member made a lump sum repayment in accordance*  
23 *with the provisions of K.S.A. 74-4965, and amendments thereto, except*  
24 *that in no case shall such retirement benefit exceed ~~80%~~ 90% of such*  
25 *member's final average salary.*

26 (2) Any member who retires before such member's normal retirement  
27 date shall receive an early retirement benefit equal to the annual retirement  
28 benefit payable had the member retired on the normal retirement date  
29 reduced by an amount equal to the product of (A) such annual retirement  
30 benefit payable had the member retired on the normal retirement date,  
31 multiplied by (B) the product of .4% multiplied by the number of months  
32 difference, to the nearest whole month, between the member's attained age  
33 at the time of retirement and age 55.

34 (3) Pursuant to the provisions of K.S.A. 74-49,128, and amendments  
35 thereto, upon the death after retirement of a member who was covered, up  
36 to the entry date of the member's employer, by a pension system under the  
37 provisions of K.S.A. 12-5001 to 12-5007, inclusive, and amendments  
38 thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and amendments  
39 thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and amendments  
40 thereto, and who had not elected to retire under one of the options  
41 provided under K.S.A. 74-4964, and amendments thereto, the member's  
42 spouse, if such spouse was the member's lawfully wedded spouse for a  
43 period of not less than one year at the time of the member's retirement or if

1 such spouse had been the member's lawfully wedded spouse for at least  
2 three years after the time of the member's retirement, shall receive: (A)  
3 Pursuant to the provisions of K.S.A. 74-49,128, and amendments thereto, a  
4 lump-sum benefit equal to  $\frac{1}{2}$  the member's final average salary at the time  
5 of the member's retirement; and (B) an annual spouse's benefit equal to  
6 75% of the member's retirement benefit payable in monthly installments,  
7 to accrue from the first day of the month following the member's date of  
8 death and ending on the last day of the month in which the spouse dies.  
9 Commencing on the effective date of this act, any surviving spouse, who  
10 was receiving benefits pursuant to this section and who had such benefits  
11 terminated by reason of such spouse's remarriage, shall be entitled to once  
12 again receive benefits pursuant to this section, except that such surviving  
13 spouse shall not be entitled to recover any benefits not received after the  
14 termination of benefits by reason of such surviving spouse's remarriage but  
15 before the effective date of this act. If there is no surviving spouse, or if  
16 after the death of the spouse there remain one or more children under the  
17 age of 18 years or one or more children under the age of 23 years who is a  
18 full-time student as provided in K.S.A. 74-49,117, and amendments  
19 thereto, the spouse's benefit shall be payable, subject to the provisions of  
20 K.S.A. 74-49,123, and amendments thereto, in equal shares to such  
21 children and each child's share shall end on the last day of the month in  
22 which such child attains the age of 18 years or dies, whichever occurs  
23 earlier or in which such child attains the age of 23 years, if such child is a  
24 full-time student as provided in K.S.A. 74-49,117, and amendments  
25 thereto. Commencing on the effective date of this act, any child who was  
26 receiving benefits pursuant to this section and who had such benefits  
27 terminated by reason of such child's marriage, shall be entitled to once  
28 again receive benefits pursuant to this section subject to the limitations  
29 contained in this section, except that such child shall not be entitled to  
30 recover any benefits not received after the termination of benefits by  
31 reason of such child's marriage but before the effective date of this act. All  
32 payments due under this section to a minor shall be made to a legally  
33 appointed conservator of such minor as provided in subsection (7) of  
34 K.S.A. 74-4902, and amendments thereto. No person shall be entitled to  
35 receive more than one benefit under the provisions of this subsection. Any  
36 person who otherwise meets the qualifications to receive more than one  
37 benefit under this subsection shall elect the benefit such person shall  
38 receive.

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

1 (5) The provisions of this section shall be effective on and after July  
2 1, 1989, and shall apply only to members who were appointed or  
3 employed prior to July 1, 1989, and who made an election pursuant to  
4 K.S.A. 74-4955a, and amendments thereto; and persons appointed or  
5 employed on or after July 1, 1989.

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

9 ***Sec. 4. K.S.A. 2012 Supp. 74-4964 is hereby amended to read as***  
10 ***follows: 74-4964. (1) A member may elect to have such member's***  
11 ***retirement benefit paid under one of the options provided in this section***  
12 ***in lieu of having it paid in the form stated in subsections (1) and (2) of***  
13 ***K.S.A. 74-4958, and amendments thereto. Such election must be made***  
14 ***before the date of actual retirement. Only a specific individual person***  
15 ***may be designated as a joint annuitant at the time of election of the joint***  
16 ***and 1/2 to joint annuitant survivor option, the joint and survivor option***  
17 ***and the joint and 3/4 to joint annuitant survivor option. Under no***  
18 ***circumstances may*** ~~Except as specifically provided in this subsection, an~~  
19 ***option elected by a member as provided in this section shall not be***  
20 ***changed or canceled nor shall the named joint annuitant be changed***  
21 ***after the date of actual retirement of the member. If a retirant is divorced***  
22 ***after the retirant's date of actual retirement, and the retirant has named***  
23 ***the retirant's ex-spouse as a joint annuitant under subsection (5), the joint***  
24 ***annuitant option may be canceled and the retirant's benefit returned to the***  
25 ***maximum amount of such retirant's retirement benefit commencing the***  
26 ***first month following the date such cancellation is ordered by the district***  
27 ***court of the county where the divorce action was filed. The retirant shall***  
28 ***not receive a refund or interest of any amounts already paid to fund the***  
29 ***original joint annuitant benefit. The retirant may not name a subsequent***  
30 ***joint annuitant once the original joint annuitant option has been canceled.***

31 ***(2) The amount of a retirement benefit payable under an option***  
32 ***shall be based on the age of the member and, if applicable, the age of the***  
33 ***joint annuitant, and shall be such amount as to be the actuarial***  
34 ***equivalent of the retirement benefit otherwise payable under subsections***  
35 ***(1) or (2) of K.S.A. 74-4958, and amendments thereto, as prescribed***  
36 ***under subsection (5). In no case shall the total amount of retirement***  
37 ***benefit paid under any option provided in this section be more than***  
38 ***100% of the retirement benefit which would have been otherwise***  
39 ***payable if no option had been elected under this section.***

40 ***(3) If a member who was, up to the entry date of such member's***  
41 ***employer, covered by a pension system under the provisions of K.S.A.***  
42 ***13-14a01 to 13-14a14, inclusive or 14-10a01 through 14-10a15,***  
43 ***inclusive, and amendments thereto, so elects one of the options under***

1 *this section, payment of such option shall be in lieu of any payments*  
2 *provided in subsection (3) of K.S.A. 74-4958, and amendments thereto.*

3 *(4) Such election of an option shall become null and void upon the*  
4 *death of a member prior to such member's retirement, except that if a*  
5 *member, who is eligible to retire in accordance with the provisions of*  
6 *subsections (1) and (2) of K.S.A. 74-4958, and amendments thereto, dies*  
7 *without having actually retired the member's spouse, if the spouse is*  
8 *beneficiary for the member's accumulated contributions, and no benefits*  
9 *are payable under subsections (1) and (2) of K.S.A. 74-4959, and*  
10 *amendments thereto, may elect to receive benefits under one of the*  
11 *options provided in this section, in lieu of receiving the member's*  
12 *accumulated contributions.*

13 *(5) The following retirement options which are subject to the*  
14 *provisions of K.S.A. 74-49,123, and amendments thereto, are available:*

15 *(A) Joint and 1/2 to joint annuitant survivor. A reduced retirement*  
16 *benefit is payable to the retirant during the retirant's lifetime in a*  
17 *monthly amount equal to the product of (A) the monthly payment of the*  
18 *retirement annuity otherwise payable under K.S.A. 74-4958, and*  
19 *amendments thereto and (B) the percentage equal to 94.5% minus 0.2%*  
20 *for each year by which the age of the retirant's joint annuitant is less*  
21 *than the retirant's age, computed to the nearest whole year, or plus 0.2%*  
22 *for each year by which the age of the retirant's joint annuitant is more*  
23 *than the retirant's age, computed to the nearest whole year, with 1/2 of*  
24 *that monthly amount continued to the retirant's joint annuitant during*  
25 *such joint annuitant's remaining lifetime, if any, after the death of the*  
26 *retirant. In the event that the designated joint annuitant under this*  
27 *option predeceases the retirant, the amount of the retirement benefit*  
28 *otherwise payable to the retirant under this option shall be adjusted*  
29 *automatically to the retirement benefit which the retirant would have*  
30 *received if no option had been elected under this section.*

31 *(B) Joint and survivor. A reduced retirement benefit is payable to*  
32 *the retirant during the retirant's lifetime in a monthly amount equal to*  
33 *the product of (A) the monthly payment of the retirement annuity*  
34 *otherwise payable under K.S.A. 74-4958, and amendments thereto and*  
35 *(B) the percentage equal to 88% minus 0.4% for each year by which the*  
36 *age of the retirant's joint annuitant is less than the retirant's age,*  
37 *computed to the nearest whole year, or plus 0.4% for each year by which*  
38 *the age of the retirant's joint annuitant is more than the retirant's age,*  
39 *computed to the nearest whole year, with that monthly amount*  
40 *continued to the joint annuitant during the joint annuitant's remaining*  
41 *lifetime, if any, after the death of retirant. In the event that the*  
42 *designated joint annuitant under this option predeceases the retirant, the*  
43 *amount of the retirement benefit otherwise payable to the retirant under*

1 *this option shall be adjusted automatically to the retirement benefit*  
2 *which the retirant would have received if no option had been elected*  
3 *under this section.*

4 *(C) Joint and  $\frac{3}{4}$  to joint annuitant survivor. A reduced retirement*  
5 *benefit is payable to the retirant during the retirant's lifetime in a*  
6 *monthly amount equal to the product of (A) the monthly payment of the*  
7 *retirement annuity otherwise payable under K.S.A. 74-4958, and*  
8 *amendments thereto and (B) the percentage equal to 91% minus 0.3%*  
9 *for each year by which the age of the retirant's joint annuitant is less*  
10 *than the retirant's age, computed to the nearest whole year, or plus 0.3%*  
11 *for each year by which the age of the retirant's joint annuitant is more*  
12 *than the retirant's age, computed to the nearest whole year, with  $\frac{3}{4}$  of*  
13 *that monthly amount continued to the retirant's joint annuitant during*  
14 *such joint annuitant's remaining lifetime, if any, after the death of the*  
15 *retirant. In the event that the designated joint annuitant under this*  
16 *option predeceases the retirant, the amount of the retirement benefit*  
17 *otherwise payable to the retirant under this option shall be adjusted*  
18 *automatically to the retirement benefit which the retirant would have*  
19 *received if no option had been elected under this section.*

20 *(D) Life with 5 years certain. A reduced retirement benefit is*  
21 *payable to the retirant during the retirant's lifetime in a monthly amount*  
22 *equal to 99% of the monthly payment of the retirement benefit otherwise*  
23 *payable under K.S.A. 74-4958, and amendments thereto, and if the*  
24 *retirant dies within the five-year certain period, measured from the*  
25 *commencement of retirement benefit payments, such payments will be*  
26 *continued to the retirant's beneficiary during the balance of the five-*  
27 *year certain period.*

28 *(E) Life with 10 years certain. A reduced retirement benefit is*  
29 *payable to the retirant during the retirant's lifetime in a monthly amount*  
30 *equal to 98% of the monthly payment of the retirement benefit otherwise*  
31 *payable under K.S.A. 74-4958, and amendments thereto, and if the*  
32 *retirant dies within the ten-year certain period, measured from the*  
33 *commencement of retirement benefit payments, such payments will be*  
34 *continued to the retirant's beneficiary during the balance of the ten-year*  
35 *certain period.*

36 *(F) Life with 15 years certain. A reduced retirement benefit is*  
37 *payable to the retirant during the retirant's lifetime in a monthly amount*  
38 *equal to 92% of the monthly payment of the retirement benefit otherwise*  
39 *payable under K.S.A. 74-4958, and amendments thereto, and if the*  
40 *retirant dies within the fifteen-year certain period, measured from the*  
41 *commencement of retirement benefit payments, such payments will be*  
42 *continued to the retirant's beneficiary during the balance of the fifteen-*  
43 *year certain period.*

1       ***(G) Lump sum payment at retirement. (i) Pursuant to this option,***  
2 ***the member must specify a lump sum amount to be paid to the member***  
3 ***upon the member's retirement. The lump sum amount will be based on***  
4 ***the actuarial present value of the benefit as provided in K.S.A. 74-4958,***  
5 ***and amendments thereto. The lump sum amount designated by the***  
6 ***member must be in 10% increments and shall not exceed  $\frac{1}{2}$  of the***  
7 ***actuarial present value of the benefit provided in K.S.A. 74-4958, and***  
8 ***amendments thereto. If the member's spouse elects a lump sum payment***  
9 ***as provided in this section pursuant to the provisions of subsection (6),***  
10 ***the lump sum payment will be based on the present value of the***  
11 ***retirement option selected by the spouse. The lump sum amount***  
12 ***designated by the spouse must be in 10% increments and shall not***  
13 ***exceed  $\frac{1}{2}$  of the actuarial present value of the option selected in this***  
14 ***section.***

15       ***(ii) Pursuant to this option, the member must elect to have the***  
16 ***remaining actuarial present value paid in a monthly amount under the***  
17 ***provisions of K.S.A. 74-4958, and amendments thereto, or subsections***  
18 ***(5)(A) through (5)(F) of this section.***

19       ***(iii) In the event that the designated joint annuitant pursuant to***  
20 ***subsection (5)(A), (5)(B) or (5)(C) under this option predeceases the***  
21 ***retirant, the amount of the retirement benefit otherwise payable to the***  
22 ***retirant under this option shall be adjusted automatically to the***  
23 ***retirement benefit which the retirant would have received if no option***  
24 ***had been elected under this section.***

25       ***(iv) The provisions of this subsection shall be effective on and after***  
26 ***July 1, 2001.***

27       ***(6) On and after July 1, 1996, if a member with 20 or more years of***  
28 ***credited service dies before attaining retirement age, the member's***  
29 ***spouse, if the spouse is the sole beneficiary for the member's***  
30 ***accumulated contributions, may elect to receive benefits under one of***  
31 ***the options provided in this section in lieu of receiving the member's***  
32 ***accumulated contributions or in lieu of receiving benefits as provided in***  
33 ***K.S.A. 74-4959, and amendments thereto. Payments under one of the***  
34 ***options provided in this section to the member's spouse if so elected,***  
35 ***shall commence on the date that the member would have attained***  
36 ***retirement age.***

37       ***(7) Benefits payable to a joint annuitant shall accrue from the first***  
38 ***day of the month following the death of a member or retirant and, in the***  
39 ***case of the joint and  $\frac{1}{2}$  to joint annuitant survivor option, the joint and***  
40 ***survivor option and the joint and  $\frac{3}{4}$  to joint annuitant survivor option,***  
41 ***shall end on the last day of the month in which the joint annuitant dies.***

42       ***(8) The provisions of the law in effect on the retirement date of a***  
43 ***member under the system shall govern the retirement benefit payable to***

1 *the retirant and any joint annuitant, except, for retirement benefits*  
 2 *payable after July 1, 1993, for retirants who retired prior to July 1, 1982,*  
 3 *in the event that the designated joint annuitant under the option*  
 4 *provided in subsection (5)(A), (B) or (C), as applicable, predeceased the*  
 5 *retirant, the amount of the retirement benefit otherwise payable to the*  
 6 *retirant under the option provided in subsection (5)(A), (B) or (C), as*  
 7 *applicable, shall be adjusted automatically to the retirement benefit*  
 8 *which the retirant would have received if no option had been elected*  
 9 *under this section.*

10 *(9) Upon the death of a joint annuitant who is receiving a*  
 11 *retirement benefit under the provisions of this section, there shall be*  
 12 *paid to such joint annuitant's beneficiary an amount equal to the excess,*  
 13 *if any, of the accumulated contributions of the retirant over the sum of*  
 14 *all retirement benefit payments made to such retirant and such joint*  
 15 *annuitant. Such joint annuitant shall designate a beneficiary by filing in*  
 16 *the office of the retirement system such designation at the time of death*  
 17 *of the retirant. If there is no named beneficiary of such joint annuitant*  
 18 *living at the time of death of such joint annuitant, any amount provided*  
 19 *for by this section shall be paid to, in order of preference as follows:*

20 *(A) The joint annuitant's surviving spouse;*

21 *(B) the joint annuitant's dependent child or children;*

22 *(C) the joint annuitant's dependent parent or parents;*

23 *(D) the joint annuitant's nondependent child or children;*

24 *(E) the joint annuitant's nondependent parent or parents; or*

25 *(F) the estate of the deceased joint annuitant.*

26 *(10) The provisions of this section shall apply only to members who*  
 27 *were appointed or employed prior to July 1, 1989, and who did not make*  
 28 *an election pursuant to K.S.A. 74-4955a, and amendments thereto.*

29 ~~Sec. 5.~~ 5. K.S.A. 74-4965 is hereby amended to read as follows: 74-  
 30 4965. (1) ~~Except as otherwise provided in this section~~ *Commencing with*  
 31 *the first payroll period beginning on or after July 1, 2013, each*  
 32 *participating employer shall, beginning with the first payroll period for*  
 33 *services performed after the entry date, deduct from the compensation of*  
 34 *each member 7% 7.15% of such member's compensation as employee*  
 35 *contributions, except that in the case of a member whose employment is*  
 36 *covered by social security and the member is a member of the class*  
 37 *certified in the case of Brazelton v. Kansas public employees retirement*  
 38 *system, 227 K. 443, 607 P.2d 510 (1980), the deduction from such*  
 39 *member's compensation shall be reduced by the amount of such member's*  
 40 *contributions to social security. For participating employers who join the*  
 41 *system on or after July 1, 2013, such deduction shall commence beginning*  
 42 *with the first payroll period for services performed after the entry date.*

43 *(2) For any member other than a member who is a member of the*

1 class certified in the case of *Brazelton v. Kansas public employees*  
2 retirement system, 227 K. 443, 607 P.2d 510 (1980), no employee  
3 contributions shall be reduced because of contributions to social security.

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

11 (4) ~~For all payroll periods commencing on or after the effective date~~  
12 ~~of this act, each participating employer shall deduct from the~~  
13 ~~compensation of each member who has received 32 years of credited~~  
14 ~~service, 2% of such member's compensation as employee contributions.~~  
15 *For each member that is having 2% of such member's compensation*  
16 *deducted as employee contributions on July 1, 2013, for all payroll*  
17 *periods commencing on or after July 1, 2013, the participating employer*  
18 *shall deduct from the compensation of each such member 7.15% of such*  
19 *member's compensation as employee contributions. Such member may*  
20 *repay in a lump sum prior to or on such member's date of retirement, an*  
21 *amount equal to the difference between contributions actually made by the*  
22 *member and contributions which would have been made had such member*  
23 *always been contributing at the employee contribution rate prescribed by*  
24 *subsection (1) for all such service earned during the period of time the*  
25 *member made contributions at the 2% employee contribution rate, with*  
26 *interest. Such repayment, if made at retirement, may be deducted from the*  
27 *proceeds of the partial lump sum retirement options at subsection (5)(G)*  
28 *of K.S.A. 74-4964, and amendments thereto, in the event the member*  
29 *elects such option. Such member shall pay the actual amount plus interest*  
30 *at a rate specified by the board. Any member who makes such a payment*  
31 *shall be entitled to service credit for purposes of calculation of retirement*  
32 *benefits pursuant to the provisions of K.S.A. 74-4958 and 74-4958a, and*  
33 *amendments thereto, for all years of service wherein such member*  
34 *contributed at the employee contribution rate prescribed by subsection*  
35 *(1), including all years of service such member previously paid at the 2%*  
36 *employee contribution rate but prior to or on such member's date of*  
37 *retirement repaid the difference pursuant to this subsection.*

38 (5) (a) Subject to the provisions of K.S.A. 74-49,123, and  
39 amendments thereto, each participating employer, pursuant to the  
40 provisions of section 414(h)(2) of the federal internal revenue code, shall  
41 pick up and pay the contributions which would otherwise be payable by  
42 members as prescribed in subsection (1) ~~commencing with the third~~  
43 ~~quarter of 1984.~~ The contributions so picked up shall be treated as

1 employer contributions for purposes of determining the amounts of federal  
2 income taxes to withhold from the member's compensation.

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

9 (c) Member contributions picked up by the employer shall be  
10 remitted quarterly, or as the board may otherwise provide, to the executive  
11 director for credit to the Kansas public employees retirement fund. Such  
12 contributions shall be credited to a separate account within the member's  
13 individual account so that amounts contributed by the member  
14 ~~commencing with the third quarter of 1984~~ may be distinguished from the  
15 member contributions picked up by the employer. Interest shall be added  
16 annually to members' individual accounts.

17 ~~Sec. 4.~~ **6.** K.S.A. **20-2610a**, 74-4958, 74-4958a and 74-4965 *and*  
18 *K.S.A. 2012 Supp. 74-4964* are hereby repealed.

19 ~~Sec. 5.~~ **7.** This act shall take effect and be in force from and after its  
20 publication in the statute book.