

HOUSE BILL No. 2327

By Committee on Financial Institutions and Pensions

2-14

1 AN ACT concerning retirement and pensions; relating to the Kansas police
2 and firemen's retirement system; increasing the retirement benefits cap;
3 decreasing employee contributions in certain circumstances; amending
4 K.S.A. 74-4958, 74-4958a and 74-4965 and repealing the existing
5 sections.
6

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

8 Section 1. K.S.A. 74-4958 is hereby amended to read as follows: 74-
9 4958. (1) Any member who retires on or after July 1, 1993, shall be
10 entitled to receive an age and service retirement benefit equal to 2.5% of
11 such member's final average salary multiplied by the number of years of
12 credited service for which the member contributed at the contribution rate
13 prescribed by ~~subsection (1) of~~ K.S.A. 74-4965(1), and amendments
14 thereto, or for which such member made a lump sum repayment in
15 accordance with the provisions of K.S.A. 74-4965, and amendments
16 thereto, except that in no case shall such retirement benefit exceed ~~90%~~
17 95% of such member's final average salary.

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

28 (3) Upon the death after retirement of a member who was covered, up
29 to the entry date of the member's employer, by a pension system under the
30 provisions of K.S.A. 12-5001 ~~to through~~ 12-5007, ~~inclusive~~, and
31 amendments thereto, or K.S.A. 13-14a01 ~~to through~~ 13-14a14, ~~inclusive~~,
32 and amendments thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and
33 amendments thereto, and who had not elected to retire under one of the
34 options provided under K.S.A. 74-4964, and amendments thereto, the
35 member's spouse, if such spouse was the member's lawfully wedded
36 spouse for a period of not less than one year at the time of the member's

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

4 Sec. 2. K.S.A. 74-4958a is hereby amended to read as follows: 74-
5 4958a. (1) Any member who retires on or after July 1, 1993, shall be
6 entitled to receive an age and service retirement benefit equal to 2.5% of
7 such member's final average salary multiplied by the number of years of
8 credited service for which the member contributed at the contribution rate
9 prescribed by ~~subsection (1) of~~ K.S.A. 74-4965(1), and amendments
10 thereto, or for which such member made a lump sum repayment in
11 accordance with the provisions of K.S.A. 74-4965, and amendments
12 thereto, except that in no case shall such retirement benefit exceed ~~90%~~
13 95% of such member's final average salary.

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

22 (3) Pursuant to the provisions of K.S.A. 74-49,128, and amendments
23 thereto, upon the death after retirement of a member who was covered, up
24 to the entry date of the member's employer, by a pension system under the
25 provisions of K.S.A. 12-5001 ~~to through~~ 12-5007, ~~inclusive~~, and
26 amendments thereto, or K.S.A. 13-14a01 ~~to through~~ 13-14a14, ~~inclusive~~,
27 and amendments thereto, or K.S.A. 14-10a01 ~~to through~~ 14-10a15,
28 ~~inclusive~~, and amendments thereto, and who had not elected to retire under
29 one of the options provided under K.S.A. 74-4964, and amendments
30 thereto, the member's spouse, if such spouse was the member's lawfully
31 wedded spouse for a period of not less than one year at the time of the
32 member's retirement or if such spouse had been the member's lawfully
33 wedded spouse for at least three years after the time of the member's
34 retirement, shall receive: (A) Pursuant to the provisions of K.S.A. 74-
35 49,128, and amendments thereto, a lump-sum benefit equal to $\frac{1}{2}$ the
36 member's final average salary at the time of the member's retirement; and
37 (B) an annual spouse's benefit equal to 75% of the member's retirement
38 benefit payable in monthly installments, to accrue from the first day of the
39 month following the member's date of death and ending on the last day of
40 the month in which the spouse dies. Commencing on the effective date of
41 this act, any surviving spouse, who was receiving benefits pursuant to this
42 section and who had such benefits terminated by reason of such spouse's
43 remarriage, shall be entitled to once again receive benefits pursuant to this

1 section, except that such surviving spouse shall not be entitled to recover
2 any benefits not received after the termination of benefits by reason of
3 such surviving spouse's remarriage but before the effective date of this act.
4 If there is no surviving spouse, or if after the death of the spouse there
5 remain one or more children under the age of 18 years or one or more
6 children under the age of 23 years who is a full-time student as provided in
7 K.S.A. 74-49,117, and amendments thereto, the spouse's benefit shall be
8 payable, subject to the provisions of K.S.A. 74-49,123, and amendments
9 thereto, in equal shares to such children and each child's share shall end on
10 the last day of the month in which such child attains the age of 18 years or
11 dies, whichever occurs earlier or in which such child attains the age of 23
12 years, if such child is a full-time student as provided in K.S.A. 74-49,117,
13 and amendments thereto. Commencing on the effective date of this act,
14 any child who was receiving benefits pursuant to this section and who had
15 such benefits terminated by reason of such child's marriage, shall be
16 entitled to once again receive benefits pursuant to this section subject to
17 the limitations contained in this section, except that such child shall not be
18 entitled to recover any benefits not received after the termination of
19 benefits by reason of such child's marriage but before the effective date of
20 this act. All payments due under this section to a minor shall be made to a
21 legally appointed conservator of such minor as provided in ~~subsection (7)~~
22 ~~of K.S.A. 74-4902(7)~~, and amendments thereto. No person shall be entitled
23 to receive more than one benefit under the provisions of this subsection.
24 Any person who otherwise meets the qualifications to receive more than
25 one benefit under this subsection shall elect the benefit such person shall
26 receive.

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

32 (5) The provisions of this section shall be effective on and after July
33 1, 1989, and shall apply only to members who were appointed or
34 employed prior to July 1, 1989, and who made an election pursuant to
35 K.S.A. 74-4955a, and amendments thereto; and persons appointed or
36 employed on or after July 1, 1989.

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

40 Sec. 3. K.S.A. 74-4965 is hereby amended to read as follows: 74-
41 4965. (1) Commencing with the first payroll period beginning on or after
42 July 1, 2013, each participating employer shall deduct from the
43 compensation of each member 7.15% of such member's compensation as

1 employee contributions, except that in the case of a member whose
2 employment is covered by social security and the member is a member of
3 the class certified in the case of *Brazelton v. Kansas public employees*
4 *retirement system*, 227 K. 443, 607 P.2d 510 (1980), the deduction from
5 such member's compensation shall be reduced by the amount of such
6 member's contributions to social security. For participating employers who
7 join the system on or after July 1, 2013, such deduction shall commence
8 beginning with the first payroll period for services performed after the
9 entry date.

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

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

21 (4) *For all payroll periods commencing after July 1, 2019, each*
22 *participating employer shall deduct from the compensation of each*
23 *member who has received 38 years of credited service, 2% of such*
24 *member's compensation as employee contribution. For each member that*
25 ~~*is having 2% of such member's compensation deducted as employee*~~
26 ~~*contributions on July 1, 2013, for all payroll periods commencing on or*~~
27 ~~*after July 1, 2013, the participating employer shall deduct from the*~~
28 ~~*compensation of each such member had 7.15% of such member's*~~
29 ~~*compensation deducted as employee contributions between July 1, 2013,*~~
30 ~~*and July 1, 2019, and for each member who had 7.15% of such member's*~~
31 ~~*compensation deducted after such member attained 38 years of credited*~~
32 ~~*service, including members who retired on and after July 1, 2018, such*~~
33 ~~*member shall receive a refund for the difference between 2% and 7.15% of*~~
34 ~~*such member's compensation at retirement, or if retired, have such*~~
35 ~~*member's retirement benefit recalculated based on the 95% limit as*~~
36 ~~*provided in K.S.A. 74-4958 or 74-4958a, and amendments thereto. Such*~~
37 ~~*member may repay in a lump sum prior to or on such member's date of*~~
38 ~~*retirement, an amount equal to the difference between contributions*~~
39 ~~*actually made by the member and contributions which would have been*~~
40 ~~*made had such member always been contributing at the employee*~~
41 ~~*contribution rate prescribed by subsection (1) for all such service earned*~~
42 ~~*during the period of time the member made contributions at the 2%*~~
43 ~~*employee contribution rate, with interest. Such repayment, if made at*~~

1 retirement, may be deducted from the proceeds of the partial lump sum
2 retirement options as prescribed in subsection (5)(G) of K.S.A. 74-4964,
3 and amendments thereto, in the event the member elects such option. Such
4 member shall pay the actual amount plus interest at a rate specified by the
5 board. Any member who makes such a payment shall be entitled to service
6 credit for purposes of calculation of retirement benefits pursuant to the
7 provisions of K.S.A. 74-4958 and 74-4958a, and amendments thereto, for
8 all years of service wherein such member contributed at the employee
9 contribution rate prescribed by subsection (1), including all years of
10 service such member previously paid at the 2% employee contribution rate
11 but prior to or on such member's date of retirement repaid the difference
12 pursuant to this subsection.

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

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

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

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

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