

SENATE BILL No. 281

By Joint Committee on Pensions, Investments and Benefits

2-24

9 AN ACT concerning retirement and pensions; relating to benefits and
10 contributions; retirement plan for new members; amending K.S.A. 74-
11 4911, 74-4914, 74-4915, 74-4917, 74-4919, 74-4933, 74-4937 and 74-
12 4991 and K.S.A. 2004 Supp. 74-4920 and repealing the existing
13 sections.

14

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

16 New Section 1. (a) Except as otherwise provided, the board of trus-
17 tees of the Kansas public employees retirement system shall provide and
18 administer a defined contribution retirement plan for officers and em-
19 ployees first employed on and after July 1, 2007, by an eligible employer
20 of the system. The defined contribution retirement plan shall provide
21 retirement benefits for participants, and shall be implemented on and
22 after July 1, 2007. The defined contribution retirement plan shall consist
23 of two components as follows: (1) A voluntary component where officers
24 and employees may direct a percentage of contributions to be made to a
25 plan pursuant to section 403(b) or 457 of the federal internal revenue
26 code as described in paragraph (c); and (2) a matching component where
27 employer matching contributions shall be paid into a money purchase
28 plan pursuant to section 401(a) of the federal internal revenue code as
29 described in paragraph (d).

30 (b) Each such officer or employee covered by the provisions of this
31 act may participate in the defined contribution retirement plan pursuant
32 to this section and other provisions of law. Eligibility for coverage in the
33 defined contribution retirement plan is effective immediately upon such
34 officer or employee's employment with a participating employer.

35 (c) The voluntary defined contribution plan as established pursuant
36 to the provisions of this section shall provide that: (1) Officers and em-
37 ployees of the state of Kansas may make voluntary contributions to the
38 deferred compensation plan pursuant to section 457 of the federal inter-
39 nal revenue code as provided in K.S.A. 75-5521 *et seq.*, and amendments
40 thereto; (2) local employees may make voluntary contributions to the
41 deferred compensation plan pursuant to section 457 of the federal inter-
42 nal revenue code as provided in K.S.A. 75-5521 *et seq.*, and amendments
43 thereto, or any other plan pursuant to section 457 of the federal internal

1 revenue code adopted by such local employer; and (3) school employees
2 may make voluntary contributions to such employee's school district's
3 plan pursuant to section 403(b) of the federal internal revenue code or
4 make voluntary contributions to a plan pursuant to section 457 of the
5 federal internal revenue code.

6 (d) (1) Officers and employees covered by the provisions of this sec-
7 tion may voluntarily contribute an amount for each payroll period equal
8 to 1%, 2% or a contribution amount greater than 2%, subject to federal
9 limits prescribed by the federal internal revenue code of such officer's or
10 employee's compensation. Such officer or employee shall make an elec-
11 tion as to the contribution amount that such officer or employee would
12 like to participate pursuant to this section. The state of Kansas and each
13 other participating employer shall contribute to each officer's or em-
14 ployee's money purchase plan pursuant to section 401(a) of the federal
15 internal revenue account, quarterly, or as the board may otherwise pro-
16 vide, an amount on behalf of such officer or employee as follows:

17 (2) If the officer or employee elects to make employee contributions
18 at the rate of 1%, the participating employer shall contribute an amount
19 equal to 0.25% of such officer's or employees' compensation; and if the
20 officer or employee elects to make employee contributions at the rate of
21 2% or at any amount of contribution which is greater than 2%, the par-
22 ticipating employer shall contribute an amount equal to 0.50% of such
23 officer's or employee's compensation. Except as provided pursuant to the
24 provisions of this section and other provisions of law, the contributions
25 of the participating employer shall be as provided pursuant to K.S.A. 74-
26 4920, and amendments thereto, or any other applicable provision of law
27 related to employer contributions made pursuant to the Kansas public
28 employees retirement system and systems thereunder. Contributions to
29 the defined contribution retirement plan shall be made through payroll
30 deductions on a pre-tax basis and shall not be subject to taxation until
31 distribution is actually made to or on behalf of the officer or employee.
32 If an officer or employee has the opportunity, through such person's em-
33 ployer, to participate in a tax sheltered annuity plan pursuant to section
34 403(b) of the federal internal revenue code, or a deferred compensation
35 plan pursuant to section 457 of the federal internal revenue code, such
36 person, through salary reduction or deduction, may make additional con-
37 tributions on a pre-tax basis to such other plan, subject to federal
38 limitations.

39 (e) Such officers or employees shall be granted a fully vested retire-
40 ment benefit in the employer matching component as provided in sub-
41 section (a)(2) of such defined contribution retirement plan upon the com-
42 pletion of five years of credited service.

43 (f) Any officer or employee covered by the provisions of this section

1 shall be eligible for the death and disability benefit provided in K.S.A.
2 74-4916, and amendments thereto, and the death benefit, optional death
3 benefit and long-term disability benefit as provided in K.S.A. 74-4927,
4 and amendments thereto. The cost of such officer's or employee's partic-
5 ipation shall be paid by such officer's or employee's participating em-
6 ployer as provided in K.S.A. 74-4927, and amendments thereto.

7 (g) The board shall administer the defined contribution retirement
8 plan as provided pursuant to this section and shall establish rules and
9 regulations for the administration of the plans.

10 (h) For those members who are first employed on and after July 1,
11 2007, and subject to the provisions of this act, the defined benefit part of
12 such member's retirement plan shall be administered by and be subject
13 to the provisions of K.S.A. 74-4901 *et seq.*, and amendments thereto. For
14 the voluntary defined contribution part of the plan, the member shall
15 direct the investment of the member's contributions, within the plan pur-
16 suant to section 403(b) and 457 of the federal internal revenue code or
17 other qualified plan in accordance with the federal internal revenue code.
18 For the matching money purchase plan pursuant to section 401(a) of the
19 federal internal revenue code, the system shall direct the investment of
20 the contributions.

21 (i) The provisions of this section shall not apply to members of the
22 Kansas public employees retirement system employed prior to July 1,
23 2007.

24 (j) Members subject to the provisions of this section shall be subject
25 to the provisions of K.S.A. 74-4901 *et seq.*, and amendments thereto,
26 except when the provisions of this section specifically apply to such
27 members.

28 (k) The provision of this section shall be part of and supplemental to
29 the provisions of K.S.A. 74-4901 *et seq.*, and amendments thereto.

30 New Sec. 2. The provisions of K.S.A. 74-4919a *et seq.*, and amend-
31 ments thereto, and any other purchase of service credit which members
32 of the Kansas public employees retirement system are eligible to partic-
33 ipate are applicable to members of the system first employed on and after
34 July 1, 2007, except that the additional amounts of member contributions
35 to effectuate such service credit purchases shall be based on 1.5% of such
36 member's compensation and as determined by the system's actuary as
37 provided in section 1, and amendments thereto, at the time of such
38 purchase.

39 Sec. 3. K.S.A. 74-4911 is hereby amended to read as follows: 74-
40 4911. (1) *Except as otherwise provided*, any employee of a participating
41 employer other than an elected official on the entry date of such employer
42 shall be a member of the system on either the entry date or the first day
43 of the payroll period coinciding with or following the completion of one

1 year of service, whichever is later. *Any employee of a participating employer other than an elected official first hired on and after July 1, 2007, shall be a member of the system on the entry date of such employee's employer.* For purposes of this act occasional breaks in service which shall not exceed an aggregate of 10 days in any such year shall not constitute a break in service for purposes of determining the membership date of such employee.

2 (2) Except as otherwise provided in this subsection, any employee other than an elected official who is employed by a participating employer after the entry date of such employer shall be a member of the system on the first day of the payroll period coinciding with or following completion of one year of continuous service. *Any employee other than an elected official first hired on and after July 1, 2007, who is employed by a participating employer after the entry date of such employer shall be a member of the system upon the first day of such employment.* For purposes of this act, occasional breaks in service which shall not exceed an aggregate of 10 days in any such year shall not constitute a break in continuous service for purposes of determining the membership date of such employee. For purposes of this subsection, any employee of a local governmental unit which has its own pension plan who becomes an employee of a participating employer as a result of a merger or consolidation of services provided by local governmental units, which occurred on January 1, 1994, may count service with such local governmental unit in determining whether such employee has met the one year of continuous service requirement contained in this subsection.

3 (3) Any employee who is an elected official and is eligible to join the system shall file, within 90 days after taking the oath of office, an irrevocable election to become or not to become a member of the system. Such election shall become effective immediately upon making such election, if such election is made within 14 days of taking the oath of office or, otherwise, on the first day of the first payroll period of the first quarter following receipt of the election in the office of the retirement system. In the event that such elected official fails to file the election to become a member of the retirement system, it shall be presumed that such person has elected not to become a member.

4 (4) Except as otherwise required by USERRA *and this subsection*, any employee other than an elected official who is in military service or on leave of absence on the entry date of such employee's employer shall become a member of the system upon returning to active employment or on the first day of the payroll period coinciding with or following the completion of one year of service, whichever is later. *Any employee other than an elected official first hired on or after July 1, 2007, who is in military service or on leave of absence on the entry date of such employee's*

1 *employer shall become a member of the system upon returning to active*
2 *employment.* For purposes of this act, occasional breaks in service which
3 shall not exceed an aggregate of 10 days in any such year shall not con-
4 stitute a break in service for purposes of determining the membership
5 date of such employee.

6 (5) Any employee of the state of Kansas other than an elected official,
7 who is receiving or is eligible for assistance by the state board of regents
8 in the purchase of a retirement annuity under K.S.A. 74-4925, and
9 amendments thereto, and who becomes ineligible for such assistance be-
10 cause such employee's position is reclassified to a position in the classified
11 service under the Kansas civil service act, or who becomes ineligible for
12 such assistance because such person accepts and transfers to a position
13 in the classified service under the Kansas civil service act shall be a mem-
14 ber of the system on the first day of the payroll period coinciding with or
15 following the effective date of such reclassification or transfer. Any such
16 employee who became ineligible for such assistance prior to the effective
17 date of this act because of such a reclassification or such a transfer oc-
18 ccurring prior to the effective date of this act and who is not a member of
19 the system on the effective date of this act shall be a member of the
20 system on the first day of the payroll period coinciding with or following
21 the effective date of this act.

22 (6) Any employee of the state board of regents or of an educational
23 institution under its management, other than an elected official, who is a
24 member of the system and who becomes ineligible to be a member of
25 the system because such employee's position is reclassified to a position
26 under the Kansas civil service act which is eligible for assistance by the
27 state board of regents in the purchase of a retirement annuity under
28 K.S.A. 74-4925 and amendments thereto, or who becomes ineligible to
29 be a member of the system because such employee transfers to a position
30 under the Kansas civil service act which is eligible for such assistance,
31 shall become eligible for such assistance in accordance with the provisions
32 of K.S.A. 74-4925 and amendments thereto, unless such employee files
33 a written election in the office of the retirement system, in the form and
34 manner prescribed by the board of trustees thereof, to remain a member
35 of the system prior to the first day of the first complete payroll period
36 occurring after the effective date of such reclassification or transfer. Fail-
37 ure to file such written election shall be presumed to be an election not
38 to remain a member of the system and to become eligible for assistance
39 by the state board of regents in the purchase of a retirement annuity
40 under K.S.A. 74-4925 and amendments thereto. Such election, whether
41 to remain a member of the system or to become eligible for such assis-
42 tance, shall be effective as of the effective date of such reclassification or
43 transfer, and shall be irrevocable.

- 1 (7) Any elected official who at the time of becoming an elected official
2 is already a member of the system by being or having been an employee
3 of a participating employer shall continue as a member of the system.
- 4 Sec. 4. K.S.A. 74-4914 is hereby amended to read as follows: 74-
5 4914. (1) *Except as otherwise provided*, the normal retirement date for a
6 member of the system shall be the first day of the month coinciding with
7 or following termination of employment with any participating employer
8 not followed by employment with any participating employer within 30
9 days and the attainment of age 65 or, commencing July 1, 1993, age 62
10 with the completion of 10 years of credited service or the first day of the
11 month coinciding with or following the date that the total of the number
12 of years of credited service and the number of years of attained age of
13 the member is equal to or more than 85. *The normal retirement date for*
14 *a member of the system first hired on or after July 1, 2007, other than a*
15 *security officer pursuant to the provisions of K.S.A. 74-4914a et seq., and*
16 *amendments thereto, shall be the first day of the month coinciding with*
17 *or following termination of employment with any participating employer*
18 *not followed by employment with any participating employer within 30*
19 *days and the attainment of age 65 or the first day of the month coinciding*
20 *with or following the date that the total of the number of years of credited*
21 *service and the number of years of attained age of the member is equal*
22 *to or more than 90. In no event shall a normal retirement date for a*
23 *member be before six months after the entry date of the participating*
24 *employer by whom such member is employed. A member may retire on*
25 *the normal retirement date or on the first day of any month thereafter*
26 *upon the filing with the office of the retirement system of an application*
27 *in such form and manner as the board shall prescribe. Nothing herein*
28 *shall prevent any person, member or retirant from being employed, ap-*
29 *pointed or elected as an employee, appointee, officer or member of the*
30 *legislature. Elected officers may retire from the system on any date on*
31 *or after the attainment of the normal retirement date, but no retirement*
32 *benefits payable under this act shall be paid until the member has ter-*
33 *minated such member's office.*
- 34 (2) No retirant shall make contributions to the system or receive serv-
35 ice credit for any service after the date of retirement.
- 36 (3) Any member who is an employee of an affiliating employer pur-
37 suant to K.S.A. 74-4954b and amendments thereto and has not withdrawn
38 such member's accumulated contributions from the Kansas police and
39 firemen's retirement system may retire before such member's normal
40 retirement date on the first day of any month coinciding with or following
41 the attainment of age 55.
- 42 (4) Any member may retire before such member's normal retirement
43 date on the first day of any month coinciding with or following termination

1 of employment with any participating employer not followed by employ-
2 ment with any participating employer within 30 days and the attainment
3 of age 55 with the completion of 10 years of credited service, but in no
4 event before six months after the entry date, upon the filing with the
5 office of the retirement system of an application for retirement in such
6 form and manner as the board shall prescribe.

7 (5) If a retirant who retired on or after July 1, 1988, is employed or
8 appointed in or to any position or office for which compensation for serv-
9 ice is paid in an amount equal to \$15,000 or more in any one such calendar
10 year, by any participating employer for which such retirant was employed
11 or appointed during the final two years of such retirant's participation,
12 such retirant shall not receive any retirement benefit for any month for
13 which such retirant serves in such position or office. The participating
14 employer shall report to the system within 30 days of when the compen-
15 sation paid to the retirant is equal to or exceeds any limitation provided
16 by this section. Any retirant employed by a participating employer shall
17 not make contributions nor receive additional credit under such system
18 for such service except as provided by this section. Upon request of the
19 executive director of the system, the secretary of revenue shall provide
20 such information as may be needed by the executive director to carry out
21 the provisions of this act. The provisions of this subsection shall not apply
22 to retirants employed as substitute teachers or officers, employees or
23 appointees of the legislature. The provisions of this subsection shall not
24 apply to members of the legislature prior to January 8, 2000. The provi-
25 sions of this subsection shall not apply to any other elected officials prior
26 to the term of office of such elected official which commences on or after
27 July 1, 2000. The provisions of this subsection shall apply to any other
28 elected official on and after the term of office of such other elected official
29 which commences on or after July 1, 2000. Except as otherwise provided,
30 commencing January 8, 2001, the provisions of this subsection shall apply
31 to members of the legislature. For determination of the amount of com-
32 pensation paid pursuant to this subsection, for members of the legislature,
33 compensation shall include any amount paid as provided pursuant to sub-
34 sections (a), (b), (c) and (d) of K.S.A. 46-137a, and amendments thereto,
35 or pursuant to K.S.A. 46-137b, and amendments thereto. Notwithstand-
36 ing any provision of law to the contrary, when a member of the legislature
37 is paid an amount of compensation of \$15,000 or more in any one calendar
38 year, the member may continue to receive any amount provided in sub-
39 sections (b) and (d) of K.S.A. 46-137a, and amendments thereto, and still
40 be entitled to receive such member's retirement benefit.

41 (6) For purposes of this section, any employee of a local governmental
42 unit which has its own pension plan who becomes an employee of a
43 participating employer as a result of a merger or consolidation of services

1 provided by local governmental units, which occurred on January 1, 1994,
2 may count service with such local governmental unit in determining
3 whether such employee has met the years of credited service require-
4 ments contained in this section.

5 Sec. 5. K.S.A. 74-4915 is hereby amended to read as follows: 74-
6 4915. (1) Any member who retires on or after such member's normal
7 retirement date shall be entitled to receive an annual retirement benefit
8 equal to the sum obtained by adding an amount for participating service
9 and an amount for prior service determined as provided in this section.
10 The amount for prior service shall be equal to 1% of the member's prior
11 service annual salary multiplied by the number of years of prior service
12 entitled to credit as provided in K.S.A. 74-4913 and amendments thereto,
13 except that for members retiring on or after July 1, 1981, who were last
14 employed by a participating employer which had affiliated with the system
15 under K.S.A. 74-4910, 74-4912, 74-4929 or 74-4991 and amendments
16 thereto, and for the period commencing January 1, 1986, for members
17 retiring before July 1, 1981, who were last employed by a participating
18 employer which had affiliated with the system under K.S.A. 74-4910, 74-
19 4912, 74-4929 or 74-4991 and amendments thereto, except that any in-
20 crease in benefits under this section shall be reduced by any postretire-
21 ment benefit adjustments received by such member prior to July 2, 1985,
22 the amount for prior service shall be calculated using final average salary
23 in lieu of prior service annual salary and, in the case of any such member
24 who became a member under subsection (3) of K.S.A. 74-4925 and
25 amendments thereto and for whom a final average salary cannot be oth-
26 erwise determined, such member's final average salary shall be based on
27 all service for which such member received assistance in a plan under
28 subsection (2) of K.S.A. 74-4925 and amendments thereto as certified by
29 such employer upon request of the board. For any member who retires
30 on or after July 1, 1993, the amount for participating service shall be equal
31 to the total of 1.75% of the member's final average salary multiplied by
32 the number of years of participating service. *For any member first hired*
33 *on or after July 1, 2007, the amount for participating service shall be*
34 *equal to the total of 1.5% of the member's final average salary multiplied*
35 *by the number of years of participating service.*

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

1 had the member retired on the normal retirement date, multiplied by (ii)
2 the product of .2% multiplied by the number of months' difference, to
3 the nearest whole month, between the member's attained age at the time
4 of retirement and age 62.

5 (B) Any member who retires on or after July 1, 1993, but before the
6 normal retirement date and has attained age 55 but has not attained age
7 60 with the completion of 10 years of credited service, shall receive an
8 annual retirement benefit equal to the annual retirement benefit payable
9 had the member retired on the normal retirement date but based upon
10 the member's final average salary and years of participating and prior
11 service credited to the date of actual retirement reduced by an amount
12 equal to the total of: (i) (a) The product of such annual retirement benefit
13 payable had the member retired on the normal retirement date, multi-
14 plied by (b) the product of .6% multiplied by the number of months'
15 difference, to the nearest whole month, between the member's attained
16 age at the time of retirement and age 60; and

17 (ii) on and after July 1, 1993, the product of such annual retirement
18 benefit payable had the member retired on the normal retirement date,
19 multiplied by 4.8%.

20 (C) *Any member who is first hired on and after July 1, 2007, and*
21 *who retires before the normal retirement date and has attained age 55*
22 *but has not attained age 65 with the completion of 10 years of credited*
23 *service, shall receive an annual retirement benefit equal to the annual*
24 *retirement benefit payable had the member retired on the normal retire-*
25 *ment date but based upon the member's final average salary and years of*
26 *participating and prior service credited to the date of actual retirement*
27 *reduced by an amount recommended by the actuary and approved by the*
28 *board.*

29 (3) Upon death of a retirant, there shall be paid to such retirant's
30 beneficiary an amount equal to the excess, if any, of such retirant's ac-
31 cumulated contributions over the sum of all retirement benefit payments
32 made.

33 (4) Such annual retirement benefits shall be paid in equal monthly
34 installments except, that the board may provide for the payment of re-
35 tirement benefits which total less than \$240 a year on other than a
36 monthly basis.

37 (5) In the event that an application in such form as may be prescribed
38 by the board for any amount due under the provisions of this act, is not
39 filed with the office of the retirement system by the person entitled to
40 same within five years of the date such amount became due and payable,
41 an amount equal to same shall be transferred to the retirement benefit
42 accumulation reserve and such amount shall no longer be due and pay-
43 able, except that if any such person shall present evidence satisfactory to

1 the board that such person's failure to file such application within that
2 time period was due to lack of knowledge or incapacity on such person's
3 part, the amount equal to the amount originally due shall be transferred
4 from the retirement benefit accumulation reserve to the reserve or re-
5 serves from which such transfer was initially made and the amount orig-
6 inally due shall be paid to such person.

7 (6) The participating employer, when an employee files an applica-
8 tion for retirement, shall certify to the system all member contributions
9 of such employee which have not been reported previously. In the event
10 the amount certified results in an overpayment of retirement benefits,
11 the employer shall be held responsible for the contribution amount pre-
12 viously certified from the time of commencement of the overpayment of
13 retirement benefits until the time that such overpayment is discovered
14 by the system. At the time that such overpayment of retirement benefits
15 is discovered by the system, the system shall adjust the amount of retire-
16 ment benefits paid to the employee to the correct amount based on the
17 participating employer's certification of member contributions which had
18 not been previously reported. The participating employer of the em-
19 ployee who has had such member's retirement benefits adjusted as pro-
20 vided in this subsection shall notify such employee of such overpayment
21 and such adjustment of retirement benefits. If the contributions previ-
22 ously certified are lower than the actual amount reported, the employer
23 shall be responsible for remitting the correct amount and the member's
24 monthly benefit shall be recalculated based on the amount reported by
25 the employer. When an employee in school employment files such an
26 application, the participating employer responsible for any such amounts
27 as provided in this subsection shall be the employee's eligible employer
28 as specified in subsection (1), (2) or (3) of K.S.A. 74-4931, and amend-
29 ments thereto, and shall not be the state of Kansas. The provisions of law
30 in effect on the retirement date of a member under the system shall
31 govern the retirement benefit payable to the retirant, any joint annuitant
32 and any beneficiary.

33 Sec. 6. K.S.A. 74-4917 is hereby amended to read as follows: 74-
34 4917. (1) Upon termination of employment with a participating employer,
35 not followed by employment with such participating employer or another
36 participating employer within 30 days of such termination, the member
37 shall be paid an amount equal to the member's accumulated contributions
38 then on deposit with the system after making application in such form as
39 may be prescribed by the board, except that the system shall have a rea-
40 sonable time to process the application for withdrawal. The participating
41 employer shall, upon giving a terminated employee a withdrawal appli-
42 cation, certify to the system all member contributions which have not
43 been reported previously. In the case of a death of an active member, the

1 participating employer shall certify to the system all member contribu-
2 tions which have not been reported previously and remit such contribu-
3 tions if the participating employer has not submitted a monthly remit-
4 tance for the terminating quarter. The participating employer shall be
5 responsible to the system for any overpayment or underpayment of mem-
6 ber contributions made by the system relating to a withdrawal of accu-
7 mulated contributions or a death of an active member which is due to an
8 inaccurate certification of all member contributions which have not been
9 reported to the system as required by this section made by the partici-
10 participating employer. A leave of absence, a period of total disability or military
11 service shall not be considered a termination of employment unless the
12 member withdraws accumulated contributions.

13 (2) Except as otherwise provided by this subsection, if such member
14 has completed 10 years of credited service at date of termination, *or for*
15 *a member first hired on or after July 1, 2007, if such member has com-*
16 *pleted five years of credited service at the date of termination,* such mem-
17 ber automatically shall be granted a vested retirement benefit in the sys-
18 tem, except that at any time prior to the commencement of retirement
19 benefit payments the member may withdraw accumulated contributions,
20 whereupon no other benefits shall be payable for such member's prior
21 and participating service credit. For purposes of this subsection, any em-
22 ployee of a local governmental unit which has its own pension plan who
23 becomes an employee of a participating employer as a result of a merger
24 or consolidation of services provided by local governmental units, which
25 occurred on January 1, 1994, may count service with such local govern-
26 mental unit in determining whether such employee has met the ~~10 years~~
27 ~~of~~ credited service for vesting requirement contained in this subsection.
28 Eligibility of such member for retirement benefits and procedures for
29 making application for retirement benefits shall be in accordance with
30 K.S.A. 74-4914 and amendments thereto. Such member shall make ap-
31 plication for retirement in such form as may be prescribed by the board
32 and retirement benefits shall accrue from the first day of the month fol-
33 lowing receipt of such application. The amount of the retirement benefit
34 shall be determined as provided in K.S.A. 74-4915 and amendments
35 thereto. *Upon termination of employment with a participating employer,*
36 *not followed by employment with such participating employer or another*
37 *participating employer within 30 days of such termination, members first*
38 *hired on and after July 1, 2007, shall be paid an amount equal to the*
39 *member's accumulated contributions then on deposit with the system after*
40 *making application in such form as may be prescribed by the board,*
41 *except that the system shall have a reasonable time to process the appli-*
42 *cation for withdrawal. Contributions made by employers to a money pur-*
43 *chase plan pursuant to section 401(a) of the federal internal revenue code*

1 *may be withdrawn by members who are vested in such plan.*

2 (3) Termination of employment of a member, followed by employ-
3 ment with a participating employer within five years after such termina-
4 tion, does not constitute a break in continuous employment if such mem-
5 ber has not withdrawn accumulated contributions. Such period while not
6 employed shall not be credited.

7 (4) If, after the expiration of five years following the termination of
8 employment, a former member becomes an employee of such former
9 member's former participating employer, or another participating em-
10 ployer, such former member shall be deemed to be a new employee. If
11 a member, who has a vested benefit again becomes an employee of a
12 participating employer, any credited service such member subsequently
13 accrues shall be added to that which had been vested by virtue of previous
14 service. Eligibility of such member for retirement benefits and proce-
15 dures for making application for retirement benefits shall be in accord-
16 ance with K.S.A. 74-4914 and amendments thereto.

17 Sec. 7. K.S.A. 74-4919 is hereby amended to read as follows: 74-
18 4919. (1) Each participating employer, beginning with the first payroll for
19 services performed after the entry date, shall deduct from the compen-
20 sation of each member 4% of such member's compensation as employee
21 contributions. Such deductions shall be remitted quarterly, or as the
22 board may otherwise provide, to the executive director for deposit in the
23 Kansas public employees retirement fund. Such deductions shall be cred-
24 ited to the members' individual accounts and interest shall be added an-
25 nually to such accounts. *For employees first hired on and after July 1,*
26 *2007, employees may make voluntary contributions as provided pursuant*
27 *to section 1, and amendments thereto.*

28 (2) (a) Subject to the provisions of K.S.A. 74-49,123 and amend-
29 ments thereto, each participating employer, pursuant to the provisions of
30 section 414(h)(2) of the federal internal revenue code, shall pick up and
31 pay the contributions which would otherwise be payable by members as
32 prescribed in subsection (1) commencing with the third quarter of 1984.
33 The contributions so picked up shall be treated as employer contributions
34 for purposes of determining the amounts of federal income taxes to with-
35 hold from the member's compensation.

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

42 (c) Member contributions picked up by the employer shall be remit-
43 ted quarterly, or as the board may otherwise provide, to the executive

1 director for credit to the Kansas public employees retirement fund. Such
2 contributions shall be credited to a separate account within the member's
3 individual account so that amounts contributed by the member com-
4 mencing with the third quarter of 1984 may be distinguished from the
5 member contributions picked up by the employer. Interest shall be added
6 annually to members' individual accounts.

7 Sec. 8. K.S.A. 2004 Supp. 74-4920 is hereby amended to read as
8 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
9 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and
10 amendments thereto, the board shall certify, on or before July 15 of each
11 year, to the division of the budget in the case of the state and to the agent
12 for each other participating employer an actuarially determined estimate
13 of the rate of contribution which will be required, together with all ac-
14 cumulated contributions and other assets of the system, to be paid by
15 each such participating employer to pay all liabilities which shall exist or
16 accrue under the system, including amortization of the actuarial accrued
17 liability as determined by the board. The board shall determine the ac-
18 tuarial cost method to be used in annual actuarial valuations, to determine
19 the employer contribution rates that shall be certified by the board. Such
20 certified rate of contribution, amortization methods and periods and ac-
21 tuarial cost method shall be based on the standards set forth in subsection
22 (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based
23 on any other purpose outside of the needs of the system.

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

39 (ii) The board shall determine for each such employer separately an
40 amount sufficient to amortize all liabilities for prior service costs which
41 shall have accrued at the time of entry into the system. On the basis of
42 such determination the board shall annually certify to each such employer
43 separately an actuarially determined estimate of the rate of contribution

1 which shall be required to be paid by that employer to pay all of the
2 liabilities for such prior service costs. Such rate shall be termed the em-
3 ployer's prior service contribution.

4 (c) *The amount to be contributed for each participating employer*
5 *shall include any amounts required to be contributed by such participat-*
6 *ing employer pursuant to the provisions of section 1, and amendments*
7 *thereto.*

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

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

16 (4) Each participating employer is hereby authorized to pay the em-
17 ployer's contribution from the same fund that the compensation for which
18 such contribution is made is paid from or from any other funds available
19 to it for such purpose. Each political subdivision, other than an instru-
20 mentality of the state, which is by law authorized to levy taxes for other
21 purposes, may levy annually at the time of its levy of taxes, a tax which
22 may be in addition to all other taxes authorized by law for the purpose of
23 making its contributions under this act and, in the case of cities and coun-
24 ties, to pay a portion of the principal and interest on bonds issued under
25 the authority of K.S.A. 12-1774 and amendments thereto by cities located
26 in the county, which tax, together with any other fund available, shall be
27 sufficient to enable it to make such contribution. In lieu of levying the
28 tax authorized in this subsection, any taxing subdivision may pay such
29 costs from any employee benefits contribution fund established pursuant
30 to K.S.A. 12-16,102 and amendments thereto. Each participating em-
31 ployer which is not by law authorized to levy taxes as described above,
32 but which prepares a budget for its expenses for the ensuing year and
33 presents the same to a governing body which is authorized by law to levy
34 taxes as described above, may include in its budget an amount sufficient
35 to make its contributions under this act which may be in addition to all
36 other taxes authorized by law. Such governing body to which the budget
37 is submitted for approval, may levy a tax sufficient to allow the partici-
38 pating employer to make its contributions under this act, which tax, to-
39 gether with any other fund available, shall be sufficient to enable the
40 participating employer to make the contributions required by this act.

41 (5) (a) The rate of contribution certified to a participating employer
42 as provided in this section shall apply during the fiscal year of the partici-
43 pating employer which begins in the second calendar year following the

1 year of the actuarial valuation.

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

8 (ii) Except as specifically provided in this subsection, for the fiscal
9 years commencing in the following calendar years, the rate of contribution
10 certified to the state of Kansas shall in no event exceed the state's con-
11 tribution rate for the immediately preceding fiscal year by more than the
12 following amounts expressed as a percentage of compensation upon
13 which members contribute during the period: (A) For the fiscal year
14 commencing in calendar year 2005, an amount not to exceed more than
15 0.4% of the amount of the immediately preceding fiscal year; (B) for the
16 fiscal year commencing in calendar year 2006, an amount not to exceed
17 more than 0.5% of the amount of the immediately preceding fiscal year;
18 and (C) for the fiscal year commencing in calendar year 2007 and in each
19 subsequent calendar year, an amount not to exceed more than 0.6% of
20 the amount of the immediately preceding fiscal year.

21 (iii) Except as specifically provided in this section, for fiscal years
22 commencing in calendar year 1997 and in each subsequent calendar year,
23 the rate of contribution certified to participating employers other than
24 the state of Kansas shall in no event exceed such participating employer's
25 contribution rate for the immediately preceding fiscal year by more than
26 0.15% of the amount of compensation upon which members contribute
27 during the period.

28 (iv) Except as specifically provided in this subsection, for the fiscal
29 years commencing in the following calendar years, the rate of contribution
30 certified to participating employers other than the state of Kansas shall
31 in no event exceed the contribution rate for such employers for the im-
32 mediately preceding fiscal year by more than the following amounts ex-
33 pressed as a percentage of compensation upon which members contribute
34 during the period: (A) For the fiscal year commencing in calendar year
35 2006, an amount not to exceed more than 0.4% of the amount of the
36 immediately preceding fiscal year; (B) for the fiscal year commencing in
37 calendar year 2007, an amount not to exceed more than 0.5% of the
38 amount of the immediately preceding fiscal year; and (C) for the fiscal
39 year commencing in calendar year 2008 and in each subsequent calendar
40 year, an amount not to exceed more than 0.6% of the amount of the
41 immediately preceding fiscal year.

42 (v) There shall be an employer rate of contribution certified to the
43 state of Kansas. There shall be a separate employer rate of contribution

1 certified to participating employers under K.S.A. 74-4931 and amend-
2 ments thereto. There shall be a separate employer rate of contribution
3 certified to all other participating employers.

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

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

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

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

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

28 (11) For employers affiliating on and after January 1, 1999, the rates
29 of contribution certified to the participating employer as provided in this
30 section shall apply during the fiscal year immediately following such cer-
31 tification, but the rate of contribution during the first year following the
32 employer's entry date shall be equal to 7% of the amount of compensation
33 on which members contribute during the year. Any amount of such first
34 year's contribution which may be in excess of the necessary current serv-
35 ice contribution shall be credited by the board to the respective em-
36 ployer's prior service liability.

37 (12) Employer contributions shall in no way be limited by any other
38 act which now or in the future establishes or limits the compensation of
39 any member.

40 (13) Notwithstanding any provision of law to the contrary, each par-
41 ticipating employer shall remit quarterly, or as the board may otherwise
42 provide, all employee deductions and required employer contributions to
43 the executive director for credit to the Kansas public employees retire-

1 ment fund within three days after the end of the period covered by the
2 remittance by electronic funds transfer. Remittances of such deductions
3 and contributions received after such date are delinquent. Delinquent
4 payments due under this subsection shall be subject to interest at the rate
5 established for interest on judgments under subsection (a) of K.S.A. 16-
6 204 and amendments thereto. At the request of the board, delinquent
7 payments which are due or interest owed on such payments, or both, may
8 be deducted from any other moneys payable to such employer by any
9 department or agency of the state.

10 Sec. 9. K.S.A. 74-4933 is hereby amended to read as follows: 74-
11 4933. (1) Except as provided in this act and to the extent not inconsistent
12 with the provisions of this act, employers who are participating employers
13 under this act, employees of such employers and the provisions of this
14 act shall be subject to the provisions of K.S.A. 74-4901 *et seq.* and amend-
15 ments thereto. *Employees as provided in K.S.A. 79-4931 et seq., and*
16 *amendments thereto, first employed on and after July 1, 2007, shall be*
17 *subject to the provisions of section 1, and amendments thereto.* The rights
18 of such employees to benefits accrued to the extent funded to the date
19 of transfer or to the amounts in such employees' accounts, if any, are
20 nonforfeitable.

21 (2) The provisions of K.S.A. 72-5501 through 72-5534 and amend-
22 ments thereto shall not apply to any person who is an employee as defined
23 in K.S.A. 74-4932 and amendments thereto, except as provided in this
24 act.

25 (3) For purposes of this section, "act" means the provisions of K.S.A.
26 74-4931 *et seq.* and amendments thereto.

27 Sec. 10. K.S.A. 74-4937 is hereby amended to read as follows: 74-
28 4937. (1) *Except as otherwise provided,* the normal retirement date of a
29 member of the system who is in school employment and who is subject
30 to K.S.A. 74-4940 and amendments thereto shall be the first day of the
31 month coinciding with or following termination of employment not fol-
32 lowed by employment with any participating employer within 30 days and
33 the end of the school fiscal year in which the member attains age 65 or,
34 commencing July 1, 1986, age 65 or age 60 with the completion of 35
35 years of credited service or at any age with the completion of 40 years of
36 credited service, or commencing July 1, 1993, any alternative normal re-
37 tirement date already prescribed by law or age 62 with the completion of
38 10 years of credited service or the first day of the month coinciding with
39 or following the date that the total of the number of years of credited
40 service and the number of years of attained age of the member is equal
41 to or more than 85. *The normal retirement date of a member of the system*
42 *first hired on or after July 1, 2007, who is in school employment and who*
43 *is subject to the provisions of K.S.A. 74-4940, and amendments thereto,*

1 shall be the first day of the month coinciding with or following termination
2 of employment not followed by employment with any participating em-
3 ployer within 30 days and the end of the school fiscal year in which the
4 member attains age 65, or the first day of the month coinciding with or
5 following the date that the total of the number of years of credited service
6 and the number of years of attained age of the member is equal to or more
7 than 90. Each member upon giving prior notice to the appointing au-
8 thority and the retirement system may retire on the normal retirement
9 date or the first day of any month thereafter.

10 (2) Any member who is in school employment and who is subject to
11 K.S.A. 74-4940 and amendments thereto may retire before such mem-
12 ber's normal retirement date on the first day of the month coinciding with
13 or following termination of employment not followed by employment
14 with any participating employer within 30 days and the completion of the
15 school fiscal year in which such member attained age 55 with the com-
16 pletion of 10 years of credited service, upon the filing with the office of
17 the retirement system of an application for retirement in such form and
18 manner as the board shall prescribe.

19 (3) No member who begins a year of school employment and who is
20 subject to K.S.A. 74-4940 and amendments thereto may retire until the
21 first day of the month coinciding with or following the end of the current
22 school fiscal year unless good cause is shown and such retirement is
23 agreed to by the participating employer and the board.

24 (4) As used in this section "school fiscal year" means the twelve-
25 month period beginning July 1 and ending June 30.

26 Sec. 11. K.S.A. 74-4991 is hereby amended to read as follows: 74-
27 4991. Each person who was a member of the legislature on January 1,
28 1974, and each person who serves as a member of the legislature after
29 January 1, 1974, and each former member of the legislature who is eligible
30 to receive benefits or who will become eligible to receive benefits under
31 the provisions of K.S.A. 1972 Supp. 46-1301, as they existed on the day
32 preceding the effective date of this act, shall become an eligible employee
33 on the entry date or upon taking the oath of office for the office to which
34 such person is elected if such election occurs after the entry date of such
35 person's employer. The entry date of the state of Kansas relating to all
36 members of the legislature or former members of the legislature covered
37 by this act shall be January 1, 1974. *Members of the legislature first elected*
38 *or appointed on or after July 1, 2007, shall be subject to the provisions of*
39 *section 1, and amendments thereto, upon taking the oath of office for the*
40 *office to which such person is elected.* "Members of the legislature" as
41 used in this act shall mean any person elected or appointed to the
42 legislature.

43 Sec. 12. K.S.A. 74-4911, 74-4914, 74-4915, 74-4917, 74-4919, 74-

1 4933, 74-4937 and 74-4991 and K.S.A. 2004 Supp. 74-4920 are hereby
2 repealed.
3 Sec. 13. This act shall take effect and be in force from and after its
4 publication in the statute book.