

Approved: March 23, 2011

MINUTES OF THE HOUSE PENSIONS & BENEFITS COMMITTEE

The meeting was called to order by Chairman Mitch Holmes at 9:02 a.m. on March 14, 2011, in Room 142-S of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Julian Efird, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Darla Conner, Committee Assistant

Conferees appearing before the Committee:

Glenn Deck, Executive Director of KPERS

Others attending:

See attached list.

Discussion and action on:

Sub HB 2333 - Normal retirement date under KPERS

Representative John Grange made a motion to reconsider Sub HB 2333 that passed out of committee at the last meeting. Seconded by Representative Don Hill. Motion passed.

Glenn Deck, Executive Director of KPERS, (Attachment 1) presented information on full retirement eligibility and early retirement eligibility for KPERS. He also presented Tier I and Tier II early retirement options (Attachment 2).

Discussion followed.

Representative John Grange moved to amend Sub HB 2333 by removing the section of the bill which changed KPERS normal retirement age to social security normal retirement age, to be implemented July 1, 2016. Seconded by Representative Don Hill. Motion passed.

Further discussion.

Representative John Grange made a motion to pass Sub HB 2333 as amended. Seconded by Representative Steven Johnson. Motion passed.

Representative Louis Ruiz requested his vote be recorded in opposition to passage of **Sub HB 2333**.

The next meeting is on the call of the Chair.

The meeting was adjourned at 10:10 a.m.

**HOUSE PENSIONS & BENEFITS
COMMITTEE GUEST LIST
DATE: March 14, 2011**

NAME	REPRESENTING
Brian Thompson	PEAK
Nancy Tudor	PEAK
Michelle Bibles	Cap. Strategus
Nicole Proulx Aiken	LKM
TERRY FOLSOM	KVET
Jane Carter	KOSE
Levi Henry	KKP
Tom Huber	KASB
John Faber	PEAK
Ron Gaches	TIAA-CREF
Bill Brady	C.S.
Dennis Phillips	KSCFF
Ed Redmon	KSCFF
Mindy Brissey	AFT-Kansas

Full Retirement Eligibility

- The “normal retirement age” is the point at which a member is eligible to receive a retirement benefit without any reductions.
- The member’s age and the amount of service credit earned determines the normal retirement age.
 - Tier 1
 - Age 65 with at least one year of service credit.
 - Age 62 with at least ten years of service credit.
 - Any age, when age and years of service credit added together equal 85 (85 points.)
 - Tier 2
 - Age 65 with at least five years of service credit.
 - Age 60 with at least 30 years of service credit.
- Special retirement eligibility rules apply to certain correctional employees in both Tiers.
- Beginning at age 55 with 10 years of service, members may retire before their normal retirement age, with permanently reduced benefits. (See Appendix A.)



Appendix A

Early Retirement Eligibility

Members may choose to retire before their normal retirement age, but their benefits are permanently reduced.

▪ Tier 1

- Eligible for reduced benefits beginning at age 55 with ten years of service.
- The earlier the retirement, the more the benefit is reduced. Benefits are reduced a fixed per cent based on the member's age at retirement –
 - 0.6 percent for each month between age 55 and 60
 - 0.2 percent for each month between age 60 and 62.
- These reduction factors are set by statute.

If a Tier 1 Member Retires Early...		
Age	Example	Reduction
62	Full benefit = \$1,500/month	0%
60	Reduced benefit = \$1,425/month	5%
55	Reduced benefit = \$885/month	41%

Early Retirement Eligibility (Continued)

■ Tier 2

- Eligible for reduced benefits beginning at age 55 with ten years of service.
- The reduced benefit is to be determined on an actuarial basis established by the Board.
- The actuarial reduction is less for members retiring before age 60 if they have at least 30 years of service.

If a Tier 2 Member Retires Early...				
Age	Example - less than 30 years of service	Reduction	Example - at least 30 years of service	Reduction
65	Full benefit = \$1,500/month	0%	Full benefit = \$1,500/month	0%
60	Reduced benefit = \$975/month	35%	Full benefit = \$1,500/month	0%
55	Reduced benefit = \$636/month	57.5%	Reduced benefit = \$1,068/month	28.75%

Tier 1 Early Retirement Options

Option 1: Apply existing 0.6% factor for each month of early retirement between ages 55 and 60, and apply existing 0.2% factor to each month between 60 and full Social Security retirement age.

Option 2: Apply full actuarial reduction.

Age at Retirement	Current Law		Option 1		Option 2	
	Benefit per month	% Reduction	Benefit per month	% Reduction	Benefit per month	% Reduction
55	\$ 885	41%	\$ 708	53%	\$ 541	64%
60	\$ 1,425	5%	\$ 1,248	17%	\$ 821	45%
62	\$ 1,500	0%	\$ 1,320	12%	\$ 973	35%
67	\$ 1,500	0%	\$ 1,500	0%	\$ 1,500	0%

(Full Social Security retirement age is assumed to be age 67 for all examples.)

Tier 2 Early Retirement Options

Option 1: Apply full actuarial reduction for those without 30 years of service at retirement, and apply existing "averaging" rule for those that do. With "averaging rule," the reduced benefit is the average of the full benefit and the benefit with a full actuarial reduction.

Option 2: Apply full actuarial reduction, regardless of years of service.

Scenario A: With less than 30 years of service

Age at Retirement	Current Law		Option 1		Option 2	
	Benefit per month	% Reduction	Benefit per month	% Reduction	Benefit per month	% Reduction
55	\$ 636	57.5%	\$ 541	64%	\$ 541	64%
60	\$ 975	35%	\$ 821	45%	\$ 821	45%
65	\$ 1,500	0%	\$ 1,258	16%	\$ 1,258	16%
67	\$ 1,500	0%	\$ 1,500	0%	\$ 1,500	0%

Scenario B: With 30 or more years of service

Age at Retirement	Current Law		Option 1		Option 2	
	Benefit per month	% Reduction	Benefit per month	% Reduction	Benefit per month	% Reduction
55	\$ 1,068	28.8%	\$ 1,020	32%	\$ 541	64%
60	\$ 1,500	0%	\$ 1,161	23%	\$ 821	45%
65	\$ 1,500	0%	\$ 1,379	8%	\$ 1,258	16%
67	\$ 1,500	0%	\$ 1,500	0%	\$ 1,500	0%

(Full Social Security retirement age is assumed to be age 67 for all examples.)