

MEMORANDUM

To: Senate Financial Institutions and Insurance Committee

From: Alan D. Conroy, Executive Director

Date: February 6, 2025

Subject: Proponent testimony on Senate Bill 64

Senate Bill 64 was requested for introduction by the KPERS Board of Trustees to address three areas:

1. **Administrative Appeals Extension** – Increases the time allowed to file administrative appeals related to KPERS decisions from 30 days to 60 days.
2. **Federal Compliance Updates** – Ensures KPERS remains compliant with federal Internal Revenue Code regulations.
3. **Technical Adjustments** – Updates internal references and definitions to align with current statutes and regulations.

I respectfully request your favorable consideration of Senate Bill 64.

Administrative Appeals Extension

The KPERS Board of Trustees proposes extending the timeframe for administrative appeals. Under current law, members have 30 days to request an administrative hearing on a Board decision. Most of these appeals stem from disability decisions being appeals by a member. Historically, KPERS has exercised flexibility in interpreting this deadline, often accepting requests beyond the 30-day period.

However, a recent case highlighted a stricter application of the statute when an administrative law judge denied a member's request because it was filed after the deadline.

It is KPERS view that members should be given the opportunity to appeal whenever possible. After reviewing the existing timeframe and the Board of Trustees believes that extending the appeal window to 60 days would provide members with a more reasonable opportunity to evaluate their options and seek legal counsel if needed. This change would ensure greater fairness and consistency in the appeals process.

Federal Compliance Updates

KPERS' tax and compliance counsel, Ice Miller LLP, recommended updates to KPERS statutes to ensure Kansas law remains aligned with federal regulations. The updates include:

- Changes to required minimum distribution rules under IRS Code Section 401(a)(9), reflecting amendments from the SECURE 2.0 Act of 2022.
- Compliance with new Treasury Regulations issued in July 2024.
- Expanding the list of eligible retirement accounts for rollovers to include SIMPLE IRAs, following changes from the PATH Act of 2015.

Technical Amendments

Senate Bill 64 also includes technical amendments to KPERS statutes, ensuring that internal references remain accurate and up to date. Over time, various statutory provisions have been modified or renumbered, resulting in outdated cross-references. These updates make no changes to existing plan design or administration.

When the Committee considers Senate Bill 64, I respectfully request your favorable recommendation.

I would be pleased to answer any questions the Committee has.