

HOUSE BILL No. 2025

By Joint Committee on Pensions, Investments and Benefits

1-12

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system; retirement benefits; authorizing a self-
3 funded cost-of-living adjustment option; amending K.S.A. 74-4918 and
4 repealing the existing section.
5

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

7 Section 1. K.S.A. 74-4918 is hereby amended to read as follows: 74-
8 4918. (1) A member may elect to have such member's retirement benefit
9 paid under one of the options provided in this section in lieu of having it
10 paid in the form stated in K.S.A. 74-4915, and amendments thereto. Such
11 election must be made before the date of actual retirement. A specific
12 person must be designated as joint annuitant at the time of election of the
13 joint and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option
14 and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Except as
15 specifically provided in this subsection, an option elected by a member as
16 provided in this section shall not be changed or canceled nor shall the
17 named joint annuitant be changed after the date of actual retirement of the
18 member. If a retirant is divorced after the retirant's date of actual
19 retirement, and the retirant has named the retirant's ex-spouse as a joint
20 annuitant under subsection (3), the joint annuitant option may be canceled
21 and retirant's benefit returned to the maximum amount of such retirant's
22 retirement benefit commencing the first month following the date such
23 cancellation is ordered by the district court of the county where the divorce
24 action was filed. The retirant shall not receive a refund or interest of any
25 amounts already paid to fund the original joint annuitant benefit. The
26 retirant may not name a subsequent joint annuitant once the original joint
27 annuitant option has been cancelled.

28 (2) The amount of retirement benefit payable under an option shall be
29 based on the age of the member and, if applicable, the age of the joint
30 annuitant, and shall be such amount as to be the actuarial equivalent of the
31 retirement benefit otherwise payable under K.S.A. 74-4915, and
32 amendments thereto, as prescribed in subsection (3). In no case shall the
33 total amount of retirement benefit paid under any option provided in this
34 section be more than 100% of the retirement benefit which would have
35 been otherwise payable if no option had been elected under this section.

36 (3) The following retirement options, which are subject to the

1 provisions of K.S.A. 74-49,123, and amendments thereto, are available:

2 (A) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement
3 benefit is payable to the retirant during the retirant's lifetime in a monthly
4 amount equal to the product of: (i) The monthly payment of the retirement
5 benefit otherwise payable under K.S.A. 74-4915, and amendments
6 thereto; and (ii) the percentage equal to 91% minus .4% for each year by
7 which the age of the retirant's joint annuitant is less than the retirant's age,
8 computed to the nearest whole year, or plus .4% for each year by which
9 the age of the retirant's joint annuitant is more than the retirant's age,
10 computed to the nearest whole year, with $\frac{1}{2}$ of that monthly amount
11 continued to the retirant's joint annuitant during such joint annuitant's
12 remaining lifetime, if any, after the death of the retirant. In the event that
13 the designated joint annuitant under this option predeceases the retirant,
14 the amount of the retirement benefit otherwise payable to the retirant under
15 this option shall be adjusted automatically to the retirement benefit which
16 the retirant would have received if no option had been elected under this
17 section.

18 (B) *Joint and survivor.* A reduced retirement benefit is payable to the
19 retirant during the retirant's lifetime in a monthly amount equal to the
20 product of: (i) The monthly payment of the retirement benefit otherwise
21 payable under K.S.A. 74-4915, and amendments thereto; and (ii) the
22 percentage equal to 83% minus .6% for each year by which the age of the
23 retirant's joint annuitant is less than the retirant's age, computed to the
24 nearest whole year, or plus .6% for each year by which the age of the
25 retirant's joint annuitant is more than the retirant's age, computed to the
26 nearest whole year, with that amount continued to the joint annuitant
27 during the joint annuitant's remaining lifetime, if any, after the death of the
28 retirant. In the event that the designated joint annuitant under this option
29 predeceases the retirant, the amount of the retirement benefit otherwise
30 payable to the retirant under this option shall be adjusted automatically to
31 the retirement benefit which the retirant would have received if no option
32 had been elected under this section.

33 (C) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement
34 benefit is payable to the retirant during the retirant's lifetime in a monthly
35 amount equal to the product of: (i) The monthly payment of the retirement
36 benefit otherwise payable under K.S.A. 74-4915, and amendments
37 thereto; and (ii) the percentage equal to 87% minus .5% for each year by
38 which the age of the retirant's joint annuitant is less than the retirant's age,
39 computed to the nearest whole year, or plus .5% for each year by which
40 the age of the retirant's joint annuitant is more than the retirant's age,
41 computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount
42 continued to the retirant's joint annuitant during such joint annuitant's
43 remaining lifetime, if any, after the death of the retirant. In the event that

1 the designated joint annuitant under this option predeceases the retirant,
2 the amount of the retirement benefit otherwise payable to the retirant under
3 this option shall be adjusted automatically to the retirement benefit which
4 the retirant would have received if no option had been elected under this
5 section.

6 (D) *Life with 5 years certain.* A reduced retirement benefit is payable
7 to the retirant during the retirant's lifetime in a monthly amount equal to
8 98% of the monthly payment of the retirement benefit otherwise payable
9 under K.S.A. 74-4915, and amendments thereto, and if the retirant dies
10 within the five-year certain period, measured from the commencement of
11 retirement benefit payments, such payments shall be continued to the
12 retirant's beneficiary during the balance of the five-year certain period.

13 (E) *Life with 10 years certain.* A reduced retirement benefit is payable
14 to the retirant during the retirant's lifetime in a monthly amount equal to
15 95% of the monthly payment of the retirement benefit otherwise payable
16 under K.S.A. 74-4915, and amendments thereto, and if the retirant dies
17 within the ten-year certain period, measured from the commencement of
18 retirement benefit payments, such payments shall be continued to the
19 retirant's beneficiary during the balance of the ten-year certain period.

20 (F) *Life with 15 years certain.* A reduced retirement benefit is payable
21 to the retirant during the retirant's lifetime in a monthly amount equal to
22 88% of the monthly payment of the retirement benefit otherwise payable
23 under K.S.A. 74-4915, and amendments thereto, and if the retirant dies
24 within the fifteen-year certain period, measured from the commencement
25 of retirement benefit payments, such payments shall be continued to the
26 retirant's beneficiary during the balance of the fifteen-year certain period.

27 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
28 member must specify a lump sum amount to be paid to the member upon
29 the member's retirement. The lump sum amount will be based on the
30 actuarial present value of the benefit as provided in K.S.A. 74-4915, and
31 amendments thereto. The lump sum amount designated by the member
32 must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present
33 value of the benefit provided in K.S.A. 74-4915, and amendments thereto.
34 If the member's spouse elects a lump sum payment as provided in this
35 section pursuant to the provisions of subsection (4), the lump sum payment
36 will be based on the present value of the retirement option selected by the
37 spouse. The lump sum amount designated by the spouse must be in 10%
38 increments and shall not exceed $\frac{1}{2}$ of the actuarial present value of the
39 option selected in this section.

40 (ii) Pursuant to this option, the member must elect to have the
41 remaining actuarial present value paid in a monthly amount under the
42 provisions of K.S.A. 74-4915, and amendments thereto, or subsections (3)
43 (A) through (3)(F) of this section.

1 (iii) In the event that the designated joint annuitant pursuant to
2 subsection (3)(A), (3)(B) or (3)(C) under this option predeceases the
3 retirant, the amount of the retirement benefit otherwise payable to the
4 retirant under this option shall be adjusted automatically to the retirement
5 benefit which the retirant would have received if no option had been
6 elected under this section.

7 (iv) The provisions of this subsection shall be effective on and after
8 July 1, 2001.

9 *(H) Self-funded cost-of-living adjustment. A reduced retirement*
10 *benefit is payable to the retirant under K.S.A. 74-4915, and amendments*
11 *thereto, in a monthly amount reduced in accordance with actuarial factors*
12 *established by the board from time to time, and thereafter, such retirement*
13 *benefit increases by a fixed percentage over time. One or more fixed*
14 *percentages shall be established by the board.*

15 (4) If a member, who is eligible to retire in accordance with the
16 provisions of K.S.A. 74-4914, and amendments thereto, dies without
17 having actually retired, the member's spouse, if the spouse is the sole
18 beneficiary for the member's accumulated contributions, may elect to
19 receive benefits under one of the options provided in this section in lieu of
20 receiving the member's accumulated contributions.

21 (5) The benefits of subsection (4) shall be available in the case of
22 death within the first six months after the entry date of the member's
23 participating employer.

24 (6) On and after May 1, 2004, if a member with 10 or more years of
25 credited service dies before attaining retirement age, the member's spouse,
26 if the spouse is the sole beneficiary for the member's accumulated
27 contributions, may elect to receive benefits under one of the options
28 provided in this section in lieu of receiving the member's accumulated
29 contributions. Payments under one of the options provided in this section
30 to the member's spouse if so elected, shall commence on the date that the
31 member would have been eligible for normal retirement pursuant to
32 ~~subsection (1) of K.S.A. 74-4914(I)~~, and amendments thereto, or would
33 have been eligible for early retirement pursuant to ~~subsection (4) of K.S.A.~~
34 ~~74-4914(4)~~, and amendments thereto, if such early retirement date occurs
35 earlier.

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

41 (8) The provisions of the law in effect on the retirement date of a
42 member under the system shall govern the retirement benefit payable to
43 the retirant and any joint annuitant, except, for retirement benefits payable

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

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

- 18 (A) The joint annuitant's surviving spouse;
- 19 (B) the joint annuitant's dependent child or children;
- 20 (C) the joint annuitant's dependent parent or parents;
- 21 (D) the joint annuitant's nondependent child or children;
- 22 (E) the joint annuitant's nondependent parent or parents; or
- 23 (F) the estate of the deceased joint annuitant.

24 Sec. 2. K.S.A. 74-4918 is hereby repealed.

25 Sec. 3. This act shall take effect and be in force from and after its
26 publication in the statute book.