

SESSION OF 2021

SUPPLEMENTAL NOTE ON SENATE BILL NO. 86

As Amended by House Committee on Insurance
and Pensions

Brief*

SB 86, as amended, would amend provisions in the law governing the Kansas Public Employees Retirement System (KPERS or Retirement System) and the application of certain federal Internal Revenue Code provisions on the Retirement System ("guidepost" section).

The bill would amend a provision pertaining to the deferred compensation plan's distribution of benefits to require a member receive such benefits from retirement accounts beginning at the age of 72. The bill would also maintain the age for required minimum distributions at 70½ for members born before July 1, 1949. (Under current law, this required distribution of benefits to members occurs at the later of April 1 of the calendar year following the calendar year in which the member reaches the age of 70½ or April 1 of the calendar year following the calendar year in which the member terminates employment.)

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was prefiled for introduction by the Joint Committee on Pensions, Investments and Benefits. The Joint Committee reviewed policy recommendations from the KPERS Board of Trustees at its annual meeting and

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

requested the introduction of legislation to address changes in federal law regarding distribution of certain retirement funds.

Senate Committee on Financial Institutions and Insurance

In the Senate Committee hearing, a representative of KPERS provided proponent testimony, indicating the KPERS Board of Trustees was advised by its tax and compliance counsel of changes in two recent federal laws (the Setting Every Community Up for Retirement Enhancement [SECURE] Act and the Coronavirus Aid, Relief, and Economic Security [CARES] Act) that required changes in Kansas law. Both federal laws included provisions relating to the required minimum distributions from retirement plans that affected the KPERS 457 plan. The counsel advised the Board that the Internal Revenue Service (IRS) "guidepost" section to be amended by the bill (KSA 74-49,123) needed to be updated during the 2021 Session to align with all requirements of the IRS. In addition, the counsel advised updating the 457 plan's 401(a) plan language that was affected by provisions of the SECURE Act. The KPERS conferee further stated, to maintain compliance with federal law, the Kansas IRS guidepost section would need to be updated to match the new minimum distribution levels established in the SECURE Act and the CARES Act as provided in this bill.

No other testimony was provided.

House Committee on Insurance and Pensions

In the House Committee hearing, a representative of KPERS provided proponent testimony on the bill. No other testimony was provided.

The House Committee amended the bill to change its effective date to upon publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, KPERS states the changes contained in the bill are technical and would have no fiscal effect.

Retirement system; benefits; CARES Act; SECURE Act