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

Be it enacted by the Legislature of the State of Kansas:
Section 1. K.S.A. 74-4918 is hereby amended to read as follows: 74-4918. (1) A member may elect to have such member's retirement benefit
paid under one of the options provided in this section in lieu of having it
paid in the form stated in K.S.A. 74-4915, and amendments thereto. Such
election must be made before the date of actual retirement. A specific
person must be designated as joint annuitant at the time of election of the
joint and 1/2 to joint annuitant survivor option, the joint and survivor option
and the joint and 3/4 to joint annuitant survivor option. Except as
specifically provided in this subsection, an option elected by a member as
provided in this section shall not be changed or canceled nor shall the
named joint annuitant be changed after the date of actual retirement of the
member. If a retirant is divorced after the retirant's date of actual
retirement, and the retirant has named the retirant's ex-spouse as a joint
annuitant under subsection (3), the joint annuitant option may be canceled
and retirant's benefit returned to the maximum amount of such retirant's
retirement benefit commencing the first month following the date such
cancellation is ordered by the district court of the county where the divorce
action was filed. The retirant shall not receive a refund or interest of any
amounts already paid to fund the original joint annuitant benefit. The
retirant may not name a subsequent joint annuitant once the original joint
annuitant option has been cancelled.

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

(3) The following retirement options, which are subject to the
provisions of K.S.A. 74-49,123, and amendments thereto, are available:

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

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

(C) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement benefit is payable to the retirant during the retirant's lifetime in a monthly amount equal to the product of: (i) The monthly payment of the retirement benefit otherwise payable under K.S.A. 74-4915, and amendments thereto; and (ii) the percentage equal to 87% minus .5% for each year by which the age of the retirant's joint annuitant is less than the retirant's age, computed to the nearest whole year, or plus .5% for each year by which the age of the retirant's joint annuitant is more than the retirant's age, computed to the nearest whole year, with 3/4 of that monthly amount continued to the retirant's joint annuitant during such joint annuitant's remaining lifetime, if any, after the death of the retirant. In the event that
the designated joint annuitant under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

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

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

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

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

(ii) Pursuant to this option, the member must elect to have the remaining actuarial present value paid in a monthly amount under the provisions of K.S.A. 74-4915, and amendments thereto, or subsections (3) (A) through (3)(F) of this section.
(iii) In the event that the designated joint annuitant pursuant to subsection (3)(A), (3)(B) or (3)(C) under this option predeceases the retirant, the amount of the retirement benefit otherwise payable to the retirant under this option shall be adjusted automatically to the retirement benefit which the retirant would have received if no option had been elected under this section.

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

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

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

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

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

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

(8) The provisions of the law in effect on the retirement date of a member under the system shall govern the retirement benefit payable to the retirant and any joint annuitant, except, for retirement benefits payable
after July 1, 1993, for retirants who retired prior to July 1, 1982, in the
event that the designated joint annuitant under the option provided in
subsection (3)(A), (B) or (C), as applicable, predeceased the retirant, the
amount of the retirement benefit otherwise payable to the retirant under the
option provided in subsection (3)(A), (B) or (C), as applicable, shall be
adjusted automatically to the retirement benefit which the retirant would
have received if no option had been elected under this section.

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

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

Sec. 2. K.S.A. 74-4918 is hereby repealed.
Sec. 3. This act shall take effect and be in force from and after its
publication in the statute book.