AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system; Kansas public employees retirement system act of 2015; providing an additional interest credit of 1% and removing the current additional interest credit calculation for calendar year 2023; amending K.S.A. 74-49,306 and 74-49,308 and repealing the existing sections.

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

Section 1. K.S.A. 74-49,306 is hereby amended to read as follows:
74-49,306. (a) A member's annuity savings account is the sum of the member's mandatory contributions plus the interest credits on those contributions, which shall be credited no less frequently than quarterly based on the account balances as of the last day of the preceding quarter. Effective January 1, 2015, the interest credits are 4% per annum. The legislature may from time to time prospectively change the interest credits, and expressly reserves the right to do so.

(b) The board shall provide for an annual additional interest credit. The additional interest credit shall be posted to the member's annuity savings account on March 31 or as soon thereafter as practicable, based on the member's account value as of December 31 of the preceding year. The additional interest credit shall be determined as follows:

1. For the additional interest credit based on the member's annuity savings account balance as of December 31, 2015, the dividend shall be equal to 75% of the average net rate of return as determined by the board for calendar year 2015 on the market value of the system's assets that is above 6%, except that such additional interest credit shall not exceed 1.5%;

2. For the additional interest credit based on the member's annuity savings account balance as of December 31, 2016, the dividend shall be equal to 75% of the average net rate of return as determined by the board for calendar years 2015 and 2016 on the market value of the system's assets that is above 6%, except that such additional interest credit shall not exceed 1.5%;

3. For the additional interest credit based on the member's annuity savings account balance as of December 31, 2017, the dividend shall be equal to 75% of the average net rate of return as determined by the board.
for calendar years 2015, 2016 and 2017 on the market value of the
system's assets that is above 6%, except that such additional interest credit
shall not exceed 1.5%;
(4)  For the additional interest credit based on the member's annuity
savings account balance as of December 31, 2018, the dividend shall
be equal to 75% of the average net rate of return as determined by the
board for calendar years 2015, 2016, 2017 and 2018 on the market value
of the system's assets that is above 6%, except that such additional interest
credit shall not exceed 1.5%; and
(5)  For the additional interest credit based on the member's annuity
savings account balance as of December 31, 2019, and all calendar
years thereafter, the dividend shall be equal to 75% of the five-year
average net compound rate of return as determined by the board for that
calendar year and the previous four calendar years on the market value of
the system's assets that is above 6%.
(c)  The member's annuity savings account is vested from the date that
the employee becomes a member of the plan.
(d)  Interest credits under subsections (a) and (b) shall not be granted
on the member's annuity savings account following the end of the second
plan year following the member's termination of employment under the
plan without vesting in the retirement annuity account as provided in
K.S.A. 74-49,312, and amendments thereto.
(e)  For a member to be eligible for an additional interest credit, the
member shall have an account balance at the time the interest credit is
posted to the account.
Sec. 2.  K.S.A. 74-49,308 is hereby amended to read as follows: 74-
49,308.  (a) A member's retirement annuity account is the sum of all
employer credits to the account plus the interest credits on the account,
which shall be credited no less frequently than quarterly, based on the
account balances as of the last day of the preceding quarter. Effective
January 1, 2015, The interest credits are 4% per annum. The legislature
may from time to time prospectively change the interest credits, and
expressly reserves the right to do so.
(b) The board shall provide for an annual additional interest credit.
The additional interest credit shall be posted to the member's retirement
annuity account on March 31 or as soon as practicable, based on the
member's account value as of December 31 of the preceding year. The
additional interest credit shall be determined as follows:
(1)  For the annual additional interest credit based on the member's
retirement annuity account balance as of December 31, 2015, the dividend
shall be equal to 75% of the average net rate of return as determined by the
board for calendar year 2015 on the market value of the system's assets
that is above 6%, except that such additional interest credit shall not-
(2) for the annual additional interest credit based on the member's retirement annuity account balance as of December 31, 2016, the dividend shall be equal to 75% of the average net rate of return as determined by the board for calendar years 2015 and 2016 on the market value of the system's assets that is above 6%, except that such additional interest credit shall not exceed 1.5%;

(3) for the additional interest credit based on the member's retirement annuity account balance as of December 31, 2017, the dividend shall be equal to 75% of the average net rate of return as determined by the board for calendar years 2015, 2016 and 2017 on the market value of the system's assets that is above 6%, except that such additional interest credit shall not exceed 1.5%;

(4) For the additional interest credit based on the member's retirement annuity account balance as of December 31, 2018, the dividend shall be equal to 75% of the average net rate of return as determined by the board for calendar years 2015, 2016, 2017 and 2018 on the market value of the system's assets that is above 6%, except that such additional interest credit shall not exceed 1.5%; and

(5) for the additional interest credit based on the member's retirement annuity account balance as of December 31, 2019 and all calendar years thereafter, the dividend shall be equal to 75% of the five-year average net compound rate of return as determined by the board for that calendar year and the previous four calendar years on the market value of the system's assets that is above 6%.

(c) For a member to be eligible for an additional interest credit, the member shall have an account balance at the time the interest credit is posted to the account.

(d) Interest credits under subsections (a) and (b) shall not be granted on the member's non-vested retirement annuity account following the end of the second plan year following the member's termination of employment covered under the plan.

Sec. 3. K.S.A. 74-49,306 and 74-49,308 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.