

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2452

As Recommended by House Committee on
Financial Institutions and Pensions

Brief*

HB 2452 would revise the benefits for members of the Kansas Police and Firemen's Retirement System (KP&F) who are Tier II members, meaning those employees hired since July 1, 1989, who are disabled and ultimately die due to a "service-connected" condition, as that term is defined by law. The bill would apply to deaths that occurred on and after July 1, 2019.

Assuming no death benefits are payable, the new benefit would be the greater of:

- A monthly benefit equal to 50.0 percent of the member's final average salary at the time of the disability, plus 10.0 percent for each dependent child who is under the age of either 18 years or 23 years if a full-time student; or
- The retirement benefit the deceased member would have received if the member had been able to retire, if there are no dependent children.

The total amount of benefits payable would not exceed 75.0 percent of the member's final average salary.

Under the current benefit structure, when a Tier II KP&F member becomes disabled and later dies due to a service-connected condition before reaching eligibility, the spouse receives both a one-time, lump-sum payment equal to 50.0

*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>

percent of the member's final average salary, which is the average of the three highest of the previous five years of employment, and a monthly benefit equal to 50.0 percent of the member's disability benefit. If there is no spouse, dependent children receive the benefit in equal shares.

Background

The bill was introduced by the House Committee on Financial Institutions and Pensions at the request of Representative Kelly on the behalf of a firefighter. During the House Committee hearing, the firefighter and representatives of the Kansas State Council of Firefighters and the Kansas State Lodge of the Fraternal Order of Police spoke in favor of the bill, stating the current benefit policy regarding surviving spouses and dependent children does not take into consideration the rare instances when a disabled KP&F member later dies due to a service-connected condition.

A representative of the Kansas Public Employees Retirement System (KPERS) explained the bill would increase KP&F employers' costs by 0.04 percent, which would include 0.03 percent for the new benefit and 0.01 percent increase in the payment rate for the unfunded actuarial liability (\$91,000).

According to the fiscal note prepared by the Division of the Budget, in consultation with KPERS and its consulting actuary, the bill, as introduced, would increase employer contributions by approximately \$212,000. KPERS states the administrative costs would be negligible and covered within existing resources. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.