

HOUSE BILL No. 2542

By Committee on Appropriations

2-22

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; benefits; lump sum payments; disability benefits; payments to beneficiaries; executive director; amending K.S.A. 74-4934, 74-4978h and 74-49,102 and K.S.A. 2000 Supp. 13-14a07, 14-10a07, 20-2603, 20-2610a, 74-4902, 74-4904, 74-4908, 74-4911e, 74-4914, 74-4914e, 74-4915b, 74-4915c, 74-4916, 74-4918, 74-4918a, 74-4919, 74-4919b, 74-4920, 74-4921, 74-4922, 74-4927h, 74-4932, 74-4940, 74-4957, 74-4957a, 74-4958, 74-4958a, 74-4959, 74-4960, 74-4960a, 74-4964, 74-4964a, 74-4965, 74-4967, 74-4989, 74-4998c and 74-49,128 and repealing the existing sections.

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

Section 1. K.S.A. 2000 Supp. 13-14a07 is hereby amended to read as follows: 13-14a07. (a) If any officer or member of a police or fire department, while in the performance of such officer's or member's duties, is killed or dies as a result of an injury received, or dies of any disease contracted by reason of such officer's or member's occupation as a policeman or fireman, or dies after having retired and leaves a spouse, such spouse, shall receive a monthly pension in an amount equal to 50% of the monthly salary of such deceased officer or member, if such spouse was lawfully married to such policeman or fireman at the time of such policeman's or fireman's retirement. Commencing on the effective date of this act, any surviving spouse, who was receiving benefits pursuant to this section and who had such benefits terminated by reason of such spouse's remarriage, shall be entitled to once again receive benefits pursuant to this section, except that such surviving spouse shall not be entitled to recover any benefits not received after the termination of benefits by reason of such surviving spouse's remarriage but before the effective date of this act. In the event there is no surviving spouse, then any child or children of the deceased shall receive, in equal shares a monthly amount equal to 50% of the monthly salary received at the time of retirement, such sums to be paid until such child or children attain the age of 18 years or until such child or children attain the age of 23 years, if such child or children are full-time students as provided in K.S.A. 74-49,117

1 and amendments thereto. Commencing on the effective date of this act,
2 any child who was receiving benefits pursuant to this section and who
3 had such benefits terminated by reason of such child's marriage, shall be
4 entitled to once again receive benefits pursuant to this section subject to
5 the limitations contained in this section, except that such child shall not
6 be entitled to recover any benefits not received after the termination of
7 benefits by reason of such child's marriage but before the effective date
8 of this act.

9 ~~(b) Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
10 ~~amendments thereto,~~ If any officer or member of such fire or police
11 department, after having become eligible for retirement as provided in
12 K.S.A. 13-14a08 and amendments thereto, is killed while not in the per-
13 formance of such officer's or member's official duties, or dies, an amount
14 equal to 50% of such officer's or member's monthly salary shall be paid
15 to such persons for the periods of time provided in subsection (a) and
16 shall be subject to all the limitations provided in subsection (a).

17 (c) Payments to the surviving spouse, child or children under the
18 provisions of subsection (a) or (b) shall begin no later than December 31
19 of the calendar year immediately following the calendar year in which the
20 member died.

21 Sec. 2. K.S.A. 2000 Supp. 14-10a07 is hereby amended to read as
22 follows: 14-10a07. (a) If any officer or member of a police or fire de-
23 partment, while in the performance of such officer's or member's duties,
24 is killed or dies as a result of an injury received, or dies of any disease
25 contracted by reason of such officer's or member's occupation as a po-
26 liceman or fireman, or dies after having retired and leaves a spouse, such
27 spouse, shall receive a monthly pension in an amount equal to 50% of the
28 monthly salary of such deceased officer or member, if such spouse was
29 lawfully married to such policeman or fireman at the time of such po-
30 liceman's or fireman's retirement. Commencing on the effective date of
31 this act, any surviving spouse, who was receiving benefits pursuant to this
32 section and who had such benefits terminated by reason of such spouse's
33 remarriage, shall be entitled to once again receive benefits pursuant to
34 this section, except that such surviving spouse shall not be entitled to
35 recover any benefits not received after the termination of benefits by
36 reason of such surviving spouse's remarriage but before the effective date
37 of this act. In the event there is no surviving spouse, then any child or
38 children of the deceased, shall receive, in equal shares a monthly amount
39 equal to 50% of the monthly salary received at the time of death, such
40 sums to be paid until such child or children attain the age of 18 years or
41 until such child or children attain the age of 23 years, if such child or
42 children are full-time students as provided in K.S.A. 74-49,117 and
43 amendments thereto. Commencing on the effective date of this act, any

1 child who was receiving benefits pursuant to this section and who had
2 such benefits terminated by reason of such child's marriage, shall be en-
3 titled to once again receive benefits pursuant to this section subject to
4 the limitations contained in this section, except that such child shall not
5 be entitled to recover any benefits not received after the termination of
6 benefits by reason of such child's marriage but before the effective date
7 of this act.

8 ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
9 ~~amendments thereto,~~ If any officer or member of such fire or police
10 department, after having become eligible for retirement as provided in
11 K.S.A. 14-10a08 and amendments thereto, is killed while not in the per-
12 formance of such officer's or member's official duties, or dies, an amount
13 equal to 50% of such officer's or member's monthly salary shall be paid
14 to such persons for the periods of time provided in subsection (a) and
15 shall be subject to all the limitations provided in subsection (a).

16 (c) Payments to the surviving spouse, child or children under the
17 provisions of subsection (a) or (b) must begin no later than December 31
18 of the calendar year immediately following the calendar year in which the
19 member died.

20 Sec. 3. K.S.A. 2000 Supp. 20-2603 is hereby amended to read as
21 follows: 20-2603. (a) Except as otherwise provided in this section, each
22 judge shall contribute 6% of the judge's salary for each payroll period to
23 the fund. Commencing with the first payroll period after 20 years of
24 service by the judge and after the judge reaches 65 years of age, and for
25 each payroll period thereafter, such judge shall contribute 2% of such
26 judge's salary to the fund. Commencing with the first payroll period after
27 the judge has enough years of service to entitle such judge upon retire-
28 ment to the maximum monthly retirement benefit of 70% of the final
29 average salary of such judge provided under the provisions of K.S.A. 20-
30 2610 and amendments thereto, and for each payroll period thereafter,
31 each judge shall contribute 4% of such judge's salary to the fund or,
32 commencing on and after the effective date of this act, each such judge
33 shall contribute 2% of such judge's salary to the fund.

34 (b) The director of accounts and reports shall deduct the amount
35 each judge is to contribute to the fund on the payroll of each judge for
36 each payroll period showing the amount deducted and its credit to the
37 fund. Such deductions shall be remitted quarterly, or as the board may
38 otherwise provide, to the executive ~~secretary~~ *director* of the Kansas public
39 employees retirement system for credit to the fund to the credit of the
40 judge's individual account therein.

41 (c) Interest on each judge's accumulated contributions at the rate
42 determined under subsection (a) of K.S.A. 74-4922 and amendments
43 thereto shall be added annually to the judge's individual account in the

1 fund.

2 (d) No member who has retired under the retirement system for
3 judges shall make contributions to that system or receive any service
4 credit under that system for any service after the date of such retirement.

5 (e) (1) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and
6 amendments thereto, each participating employer, pursuant to the pro-
7 visions of section 414(h)(2) of the federal internal revenue code, shall
8 pick up and pay the contributions which would otherwise be payable by
9 members as prescribed in subsection (a). The contributions so picked up
10 shall be treated as employer contributions for purposes of determining
11 the amounts of federal income taxes to withhold from the member's
12 compensation.

13 (2) Member contributions picked up by the employer shall be paid
14 from the same source of funds used for the payment of compensation to
15 a member. A deduction shall be made from each member's compensation
16 equal to the amount of the member's contributions picked up by the
17 employer, provided that such deduction shall not reduce the member's
18 compensation for purposes of computing benefits under the retirement
19 system for judges.

20 (3) Member contributions picked up by the employer shall be re-
21 mitted quarterly, or as the board may otherwise provide, to the executive
22 ~~secretary~~ *director* for credit to the Kansas public employees retirement
23 fund. Such contributions shall be credited to a separate account within
24 the member's individual account so that amounts contributed by the
25 member may be distinguished from the member contributions picked up
26 by the employer. Interest shall be added annually to members' individual
27 accounts.

28 Sec. 4. K.S.A. 2000 Supp. 20-2610a is hereby amended to read as
29 follows: 20-2610a. (a) A judge may elect to have such judge's retirement
30 annuity paid under one of the options provided in this section in lieu of
31 having it paid in the form stated in K.S.A. 20-2610 and amendments
32 thereto. Such election shall be made before the date of actual retirement.
33 A specific person shall be designated as joint annuitant at the time of
34 election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, joint and
35 survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor option.
36 Under no circumstances may an option be changed or canceled nor the
37 named joint annuitant changed after the date of actual retirement of the
38 judge.

39 (b) The amount of retirement annuity payable under an option shall
40 be based on the age of the judge and, if applicable, the age of the joint
41 annuitant, and shall be such amount as to be the actuarial equivalent of
42 the retirement annuity otherwise payable under K.S.A. 20-2610 and
43 amendments thereto as prescribed in subsection (c). Whenever the

1 amount of any benefit is to be determined on the basis of actuarial as-
2 sumptions, the assumptions shall be specified in a way that precludes
3 employer discretion. In no case shall the total amount of retirement an-
4 nuity payable under any option provided in this section be more than
5 100% of the retirement annuity which would have been otherwise payable
6 if no option had been elected under this section.

7 (c) The following retirement options, which are subject to the pro-
8 visions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are
9 available:

10 (1) *Joint and 1/2 to joint annuitant survivor.* A reduced retirement
11 annuity payable to the judge during the judge's lifetime in a monthly
12 amount equal to the product of (A) the monthly payment of the retire-
13 ment annuity otherwise payable under K.S.A. 20-2610 and amendments
14 thereto and (B) the percentage equal to 91% minus .4% for each year by
15 which the age of the judge's joint annuitant is less than the judge's age,
16 computed to the nearest whole year, or plus .4% for each year by which
17 the age of the judge's joint annuitant is more than the judge's age, com-
18 puted to the nearest whole year, with 1/2 of that monthly amount contin-
19 ued to the judge's joint annuitant during such joint annuitant's remaining
20 lifetime, if any, after the death of the judge. In the event that the desig-
21 nated joint annuitant under this option predeceases the retired judge, the
22 amount of the retirement annuity otherwise payable to the judge under
23 this option shall be adjusted automatically to the retirement annuity which
24 the judge would have received if no option had been elected under this
25 section.

26 (2) *Joint and survivor.* A reduced retirement annuity payable to the
27 judge during the judge's lifetime in a monthly amount equal to the prod-
28 uct of (A) the monthly payment of the retirement annuity otherwise pay-
29 able under K.S.A. 20-2610 and amendments thereto and (B) the per-
30 centage equal to 83% minus .6% for each year by which the age of the
31 judge's joint annuitant is less than the judge's age, computed to the near-
32 est whole year, or plus .6% for each year by which the age of the judge's
33 joint annuitant is more than the judge's age, computed to the nearest
34 whole year, with that monthly amount continued to the joint annuitant
35 during the joint annuitant's remaining lifetime, if any, after the death of
36 judge. In the event that the designated joint annuitant under this option
37 predeceases the retired judge, the amount of the retirement annuity oth-
38 erwise payable to the judge under this option shall be adjusted automat-
39 ically to the retirement annuity which the judge would have received if
40 no option had been elected under this section.

41 (3) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement
42 annuity payable to the judge during the judge's lifetime in a monthly
43 amount equal to the product of (A) the monthly payment of the retire-

1 ment annuity otherwise payable under K.S.A. 20-2610 and amendments
2 thereto and (B) the percentage equal to 87% minus .5% for each year by
3 which the age of the judge's joint annuitant is less than the judge's age,
4 computed to the nearest whole year, or plus .5% for each year by which
5 the age of the judge's joint annuitant is more than the judge's age, com-
6 puted to the nearest whole year, with $\frac{3}{4}$ of that monthly amount contin-
7 ued to the judge's joint annuitant during such joint annuitant's remaining
8 lifetime, if any, after the death of the judge. In the event that the desig-
9 nated joint annuitant under this option predeceases the retired judge, the
10 amount of the retirement annuity otherwise payable to the judge under
11 this option shall be adjusted automatically to the retirement annuity which
12 the judge would have received if no option had been elected under this
13 section.

14 (4) *Life with 5 years certain.* A reduced retirement annuity payable
15 to the judge during the judge's lifetime in a monthly amount equal to
16 98% of the monthly payment of the retirement annuity otherwise payable
17 under K.S.A. 20-2610 and amendments thereto and if the judge dies
18 within the five-year certain period, measured from the commencement
19 of retirement annuity payments, such monthly payments shall be contin-
20 ued to such judge's beneficiary during the balance of the five-year certain
21 period.

22 (5) *Life with 10 years certain.* A reduced retirement annuity payable
23 to the judge during the judge's lifetime in a monthly amount equal to
24 95% of the monthly payment of the retirement annuity otherwise payable
25 under K.S.A. 20-2610 and amendments thereto and if the judge dies
26 within the ten-year certain period, measured from the commencement
27 of retirement annuity payments, such monthly payments shall be contin-
28 ued to such judge's beneficiary during the balance of the ten-year certain
29 period.

30 (6) *Life with 15 years certain.* A reduced retirement annuity payable
31 to the judge during the judge's lifetime in a monthly amount equal to
32 88% of the monthly payment of the retirement annuity otherwise payable
33 under K.S.A. 20-2610 and amendments thereto and if the judge dies
34 within the fifteen-year certain period, measured from the commence-
35 ment of retirement annuity payments, such monthly payments shall be
36 continued to such judge's beneficiary during the balance of the fifteen-
37 year certain period.

38 (7) *Lump sum payment at retirement.* (A) Pursuant to this option,
39 the judge must specify a lump sum amount to be paid to the judge upon
40 the judge's retirement. The lump sum amount will be based on the ac-
41 tual present value of the benefit as provided in K.S.A. 20-2610, and
42 amendments thereto. The lump sum amount designated by the judge
43 must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial present

1 value of the benefit provided in K.S.A. 20-2610, and amendments thereto.

2 (B) Pursuant to this option, the judge must elect to have the remain-
3 ing actuarial present value paid in a monthly amount under the provisions
4 of K.S.A. 20-2610, and amendments thereto, or subsections (c)(1)
5 through (c)(6) of this section.

6 ~~(C) The amount of any retirement benefit payable pursuant to this~~
7 ~~subsection shall remain as provided in this subsection even in the event~~
8 ~~that the designated joint annuitant pursuant to subsections (c)(1), (c)(2)~~
9 ~~or (c)(3) predeceases the retirant. In the event that the designated joint~~
10 ~~annuitant pursuant to subsection (c)(1), (c)(2) or (c)(3), under this option~~
11 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~
12 ~~payable to the retirant under the option shall be adjusted automatically~~
13 ~~to the retirement benefit which the retirant would have received if no~~
14 ~~option had been elected under this section.~~

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

17 (d) If a judge, who is eligible to retire, dies without having actually
18 retired, the judge's spouse, if the spouse is the sole beneficiary for the
19 judge's accumulated contributions, may elect to receive benefits as a joint
20 annuitant under one of the options provided in this section in lieu of
21 receiving the judge's accumulated contributions.

22 (e) On and after July 1, 1993, if a judge with 15 or more years of
23 credited service dies before attaining retirement age, the judge's spouse,
24 if the spouse is the sole beneficiary for the judge's accumulated contri-
25 butions, may elect to receive benefits under one of the options provided
26 in this section in lieu of receiving the judge's accumulated contributions.
27 Payments under one of the options provided in this section to the judge's
28 spouse if so elected, shall commence on the date that the judge would
29 have first attained retirement age.

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

35 (g) The provisions of the law in effect on the retirement date of a
36 judge under the retirement system for judges shall govern the retirement
37 annuity payable to the retired judge and any joint annuitant, except, for
38 retirement benefits payable after July 1, 1993, for judges who retired prior
39 to July 1, 1982, in the event that the designated joint annuitant under the
40 option provided in subsection (c)(1), (2) or (3), as applicable, predeceased
41 the judge, the amount of the retirement benefit otherwise payable to the
42 judge under the option provided in subsection (c)(1), (2) or (3), as appli-
43 cable, shall be adjusted automatically to the retirement benefit which the

1 judge would have received if no option had been elected under this
2 section.

3 (h) Upon the death of a joint annuitant who is receiving a retirement
4 benefit under the provisions of this section, there shall be paid to such
5 joint annuitant's beneficiary an amount equal to the excess, if any, of the
6 accumulated contributions of the retired judge over the sum of all retire-
7 ment benefit payments made to such retired judge and such joint annu-
8 itant. Such joint annuitant shall designate a beneficiary by filing in the
9 office of the retirement system such designation at the time of death of
10 the retired judge. If there is no named beneficiary of such joint annuitant
11 living at the time of death of such joint annuitant, any amount provided
12 for by this section shall be paid to, in order of preference as follows:

- 13 (1) The joint annuitant's surviving spouse;
- 14 (2) the joint annuitant's dependent child or children;
- 15 (3) the joint annuitant's dependent parent or parents;
- 16 (4) the joint annuitant's nondependent child or children;
- 17 (5) the joint annuitant's nondependent parent or parents; or
- 18 (6) the estate of the deceased joint annuitant.

19 (i) In any event, benefits shall be adjusted as necessary to satisfy the
20 incidental death benefits regulations under the federal internal revenue
21 code.

22 Sec. 5. K.S.A. 2000 Supp. 74-4902 is hereby amended to read as
23 follows: 74-4902. As used in articles 49 and 49a of chapter 74 and amend-
24 ments thereto, unless otherwise provided or the context otherwise
25 requires:

26 (1) "Accumulated contributions" means the sum of all contributions
27 by a member to the system which are credited to the member's account,
28 with interest allowed thereon;

29 (2) "acts" means the provisions of articles 49 and 49a of the Kansas
30 Statutes Annotated and amendments thereto;

31 (3) "actuarial equivalent" means an annuity or benefit of equal value
32 to the accumulated contributions, annuity or benefit, when computed
33 upon the basis of the actuarial tables in use by the system. Whenever the
34 amount of any benefit is to be determined on the basis of actuarial as-
35 sumptions, the assumptions shall be specified in a way that precludes
36 employer discretion;

37 (4) "actuarial tables" means the actuarial tables approved and in use
38 by the board at any given time;

39 (5) "actuary" means the actuary or firm of actuaries employed or
40 retained by the board at any given time;

41 (6) "agent" means the individual designated by each participating em-
42 ployer through whom system transactions and communication are
43 directed;

1 (7) "beneficiary" means any natural person or persons or estate
2 named by a member to receive any benefits as provided for by this act.
3 Designations of beneficiaries by a member who is a member of more
4 than one retirement system made on or after July 1, 1987, shall be the
5 basis of any benefits payable under all systems unless otherwise provided
6 by law. Except as otherwise provided by subsection (33) of this section,
7 if there is no named beneficiary living at time of member's death, any
8 benefits provided for by this act shall be paid to: (A) The member's sur-
9 viving spouse; (B) the member's dependent child or children; (C) the
10 member's dependent parent or parents; (D) the member's nondependent
11 child or children; (E) the member's nondependent parent or parents; (F)
12 the estate of the deceased member; in the order of preference as specified
13 in this subsection.

14 (8) "board of trustees," "board" or "trustees" means the managing
15 body of the system which is known as the Kansas public employees re-
16 tirement system board of trustees;

17 (9) "compensation" means, except as otherwise provided, all salary,
18 wages and other remuneration payable to a member for personal services
19 performed for a participating employer, including maintenance or any
20 allowance in lieu thereof provided a member as part of compensation,
21 but not including reimbursement for travel or moving expenses or on and
22 after July 1, 1994, payment pursuant to an early retirement incentive
23 program made prior to the retirement of the member. Beginning with
24 the employer's fiscal year which begins in calendar year 1991 or for em-
25 ployers other than the state of Kansas, beginning with the fiscal year
26 which begins in calendar year 1992, when the compensation of a member
27 who remains in substantially the same position during any two consecutive
28 years of participating service used in calculating final average salary is
29 increased by an amount which exceeds 15%, then the amount of such
30 increase which exceeds 15% shall not be included in compensation, ex-
31 cept that (A) any amount of compensation for accumulated sick leave or
32 vacation or annual leave paid to the member, (B) any increase in com-
33 pensation for any member due to a reclassification or reallocation of such
34 member's position or a reassignment of such member's job classification
35 to a higher range or level and (C) any increase in compensation as pro-
36 vided in any contract entered into prior to January 1, 1991, and still in
37 force on the effective date of this act, pursuant to an early retirement
38 incentive program as provided in K.S.A. 72-5395 *et seq.* and amendments
39 thereto, shall be included in the amount of compensation of such member
40 used in determining such member's final average salary and shall not be
41 subject to the 15% limitation provided in this subsection. Any contribu-
42 tions by such member on the amount of such increase which exceeds
43 15% which is not included in compensation shall be returned to the mem-

1 ber. Unless otherwise provided by law, beginning with the employer's
2 fiscal year coinciding with or following July 1, 1985, compensation shall
3 include any amounts for tax sheltered annuities or deferred compensation
4 plans. Beginning with the employer's fiscal year which begins in calendar
5 year 1991, compensation shall include amounts under sections 403b, 457
6 and 125 of the federal internal revenue code of 1986 and, as the board
7 deems appropriate, any other section of the federal internal revenue code
8 of 1986 which defers or excludes amounts from inclusion in income. For
9 purposes of applying limits under the federal internal revenue code "com-
10 pensation" shall have the meaning as provided in K.S.A. 2000 Supp. 74-
11 49,123 and amendments thereto;

12 (10) "credited service" means the sum of participating service and
13 prior service and in no event shall credited service include any service
14 which is credited under another retirement plan authorized under any
15 law of this state;

16 (11) "dependent" means a parent or child of a member who is de-
17 pendent upon the member for at least ½ of such parent or child's support;

18 (12) "effective date" means the date upon which the system becomes
19 effective by operation of law;

20 (13) "eligible employer" means the state of Kansas, and any county,
21 city, township, special district or any instrumentality of any one or several
22 of the aforementioned or any noncommercial public television or radio
23 station located in this state which receives state funds allocated by the
24 Kansas public broadcasting commission whose employees are covered by
25 social security. If a class or several classes of employees of any above
26 defined employer are not covered by social security, such employer shall
27 be deemed an eligible employer only with respect to such class or those
28 classes of employees who are covered by social security;

29 (14) "employee" means any appointed or elective officer or employee
30 of a participating employer whose employment is not seasonal or tem-
31 porary and whose employment requires at least 1,000 hours of work per
32 year, but not including: (A) Any employee who is a contributing member
33 of the United States civil service retirement system; (B) any employee
34 who is a contributing member of the federal employees retirement sys-
35 tem; (C) any employee who is a leased employee of a participating em-
36 ployer. "Leased employee" means the same as provided in section 414 of
37 the federal internal revenue code; and (D) any employee or class of em-
38 ployees specifically exempted by law. After June 30, 1975, no person who
39 is otherwise eligible for membership in the Kansas public employees re-
40 tirement system shall be barred from such membership by reason of
41 coverage by, eligibility for or future eligibility for a retirement annuity
42 under the provisions of K.S.A. 74-4925 and amendments thereto, except
43 that no person shall receive service credit under the Kansas public em-

1 ployees retirement system for any period of service for which benefits
2 accrue or are granted under a retirement annuity plan under the provi-
3 sions of K.S.A. 74-4925 and amendments thereto. After June 30, 1982,
4 no person who is otherwise eligible for membership in the Kansas public
5 employees retirement system shall be barred from such membership by
6 reason of coverage by, eligibility for or future eligibility for any benefit
7 under another retirement plan authorized under any law of this state,
8 except that no such person shall receive service credit under the Kansas
9 public employees retirement system for any period of service for which
10 any benefit accrues or is granted under any such retirement plan. Em-
11 ployee shall include persons who are in training at or employed by, or
12 both, a sheltered workshop for the blind operated by the secretary of
13 social and rehabilitation services. The entry date for such persons shall
14 be the beginning of the first pay period of the fiscal year commencing in
15 calendar year 1986. Such persons shall be granted prior service credit in
16 accordance with K.S.A. 74-4913 and amendments thereto. However, such
17 persons classified as home industry employees shall not be covered by
18 the retirement system. Employees shall include any member of a board
19 of county commissioners of any county and any council member or com-
20 missioner of a city whose compensation is equal to or exceeds \$5,000 per
21 year;

22 (15) "entry date" means the date as of which an eligible employer
23 joins the system. The first entry date pursuant to this act is January 1,
24 1962;

25 (16) "executive ~~secretary~~ *director*" means the managing officer of the
26 system employed by the board under this act;

27 (17) "final average salary" means in the case of a member who retires
28 prior to January 1, 1977, and in the case of a member who retires after
29 January 1, 1977, and who has less than five years of participating service
30 after January 1, 1967, the average highest annual compensation paid to
31 such member for any five years of the last 10 years of participating service
32 immediately preceding retirement or termination of employment, or in
33 the case of a member who retires on or after January 1, 1977, and who
34 has five or more years of participating service after January 1, 1967, the
35 average highest annual compensation paid to such member on or after
36 January 1, 1967, for any five years of participating service preceding re-
37 tirement or termination of employment, or, in any case, if participating
38 service is less than five years, then the average annual compensation paid
39 to the member during the full period of participating service, or, in any
40 case, if the member has less than one calendar year of participating service
41 such member's final average salary shall be computed by multiplying such
42 member's highest monthly salary received in that year by 12; in the case
43 of a member who became a member under subsection (3) of K.S.A. 74-

1 4925 and amendments thereto, or who became a member with a partic-
2 ipating employer as defined in subsection (3) of K.S.A. 74-4931 and
3 amendments thereto and who elects to have compensation paid in other
4 than 12 equal installments, such compensation shall be annualized as if
5 the member had elected to receive 12 equal installments for any such
6 periods preceding retirement; in the case of a member who retires after
7 July 1, 1987, the average highest annual compensation paid to such mem-
8 ber for any four years of participating service preceding retirement or
9 termination of employment; in the case of a member who retires on or
10 after July 1, 1993, who was first hired as an employee, as defined in
11 subsection (14) of K.S.A. 74-4902 and amendments thereto, prior to July
12 1, 1993, the average highest annual compensation, as defined in subsec-
13 tion (9), paid to such member for any four years of participating service
14 preceding retirement or termination of employment or the average high-
15 est annual salary, as defined in subsection (34), paid to such member for
16 any three years of participating service preceding retirement or termi-
17 nation of employment, whichever is greater; and in the case of a member
18 who retires on or after July 1, 1993, and who is first hired as an employee,
19 as defined in subsection (14) of K.S.A. 74-4902 and amendments thereto,
20 on or after July 1, 1993, the average highest annual salary, as defined in
21 subsection (34), paid to such member for any three years of participating
22 service preceding retirement or termination of employment. Final aver-
23 age salary shall not include any purchase of participating service credit
24 by a member as provided in subsection (2) of K.S.A. 74-4919h and
25 amendments thereto which is completed within five years of retirement.
26 For any application to purchase or repurchase service credit for a certain
27 period of service as provided by law received by the system after May 17,
28 1994, for any member who will have contributions deducted from such
29 member's compensation at a percentage rate equal to two or three times
30 the employee's rate of contribution or will begin paying to the system a
31 lump-sum amount for such member's purchase or repurchase and such
32 deductions or lump-sum payment commences after the commencement
33 of the first payroll period in the third quarter, "final average salary" shall
34 not include any amount of compensation or salary which is based on such
35 member's purchase or repurchase. Any application to purchase or repur-
36 chase multiple periods of service shall be treated as multiple applications.
37 For purposes of this subsection, the date that such member is first hired
38 as an employee for members who are employees of employers that
39 elected to participate in the system on or after January 1, 1994, shall be
40 the date that such employee's employer elected to participate in the sys-
41 tem. In the case of any former member who was eligible for assistance
42 pursuant to K.S.A. 74-4925 and amendments thereto prior to July 1, 1998,
43 for the purpose of calculating final average salary of such member, such

1 member's final average salary shall be based on such member's salary
2 while a member of the system or while eligible for assistance pursuant to
3 K.S.A. 74-4925 and amendments thereto, whichever is greater;

4 (18) "fiscal year" means, for the Kansas public employees retirement
5 system, the period commencing July 1 of any year and ending June 30 of
6 the next;

7 (19) "Kansas public employees retirement fund" means the fund cre-
8 ated by this act for payment of expenses and benefits under the system
9 and referred to as the fund;

10 (20) "leave of absence" means a period of absence from employment
11 without pay, authorized and approved by the employer, and which after
12 the effective date does not exceed one year;

13 (21) "member" means an eligible employee who is in the system and
14 is making the required employee contributions; any former employee who
15 has made the required contributions to the system and has not received
16 a refund if such member is within five years of termination of employment
17 with a participating employer; or any former employee who has made the
18 required contributions to the system, has not yet received a refund and
19 has been granted a vested benefit;

20 (22) "military service" means service in the uniformed forces of the
21 United States, for which retirement benefit credit must be given under
22 the provisions of USERRA or service in the armed forces of the United
23 States or in the commissioned corps of the United States public health
24 service, which service is immediately preceded by a period of employ-
25 ment as an employee or by the entering into of an employment contract
26 with a participating employer and is followed by return to employment
27 as an employee with the same or another participating employer within
28 12 months immediately following discharge from such military service,
29 except that if the board determines that such return within 12 months
30 was made impossible by reason of a service-connected disability, the pe-
31 riod within which the employee must return to employment with a par-
32 ticipating employer shall be extended not more than two years from the
33 date of discharge or separation from military service;

34 (23) "normal retirement date" means the date on or after which a
35 member may retire with full retirement benefits pursuant to K.S.A. 74-
36 4914 and amendments thereto;

37 (24) "participating employer" means an eligible employer who has
38 agreed to make contributions to the system on behalf of its employees;

39 (25) "participating service" means the period of employment after
40 the entry date for which credit is granted a member;

41 (26) "prior service" means the period of employment of a member
42 prior to the entry date for which credit is granted a member under this
43 act;

1 (27) “prior service annual salary” means the highest annual salary,
2 not including any amounts received as payment for overtime or as re-
3 imbursement for travel or moving expense, received for personal services
4 by the member from the current employer in any one of the three cal-
5 endar years immediately preceding January 1, 1962, or the entry date of
6 the employer, whichever is later, except that if a member entered the
7 employment of the state during the calendar year 1961, the prior service
8 annual salary shall be computed by multiplying such member’s highest
9 monthly salary received in that year by 12;

10 (28) “retirant” means a member who has retired under this system;

11 (29) “retirement benefit” means a monthly income or the actuarial
12 equivalent thereof paid in such manner as specified by the member pur-
13 suant to this act or as otherwise allowed to be paid at the discretion of
14 the board, with benefits accruing from the first day of the month coin-
15 ciding with or following retirement and ending on the last day of the
16 month in which death occurs. Upon proper identification a surviving
17 spouse may negotiate the warrant issued in the name of the retirant. *If*
18 *there is no surviving spouse, the last warrant shall be payable to the*
19 *designated beneficiary;*

20 (30) “retirement system” or “system” means the Kansas public em-
21 ployees retirement system as established by this act and as it may be
22 amended;

23 (31) “social security” means the old age, survivors and disability in-
24 surance section of the federal social security act;

25 (32) “total disability” means a physical or mental disability which pre-
26 vents the member from engaging, for remuneration or profit, in any oc-
27 cupation for which the member is reasonably suited by education, training
28 or experience;

29 (33) “trust” means an express trust, created by a trust instrument,
30 including a will, designated by a member to receive payment of the in-
31 sured death benefit under K.S.A. 74-4927 and amendments thereto and
32 payment of the member’s accumulated contributions under subsection
33 (1) of K.S.A. 74-4916 and amendments thereto. A designation of a trust
34 shall be filed with the board. If there is a designated trust at the time of
35 the member’s death, the insured death benefit for the member under
36 K.S.A. 74-4927 and amendments thereto and the member’s accumulated
37 contributions under subsection (1) of K.S.A. 74-4916 and amendments
38 thereto shall be paid to the trust in lieu of the member’s beneficiary. If
39 no will is admitted to probate within six months after the death of the
40 member or no trustee qualifies within such six months or if the designated
41 trust fails, for any reason whatsoever, the insured death benefit under
42 K.S.A. 74-4927 and amendments thereto and the member’s accumulated
43 contributions under subsection (1) of K.S.A. 74-4916 and amendments

1 thereto shall be paid in accordance with the provisions of subsection (7)
2 of this section as in other cases where there is no named beneficiary living
3 at the time of the member's death and any payments so made shall be a
4 full discharge and release to the system from any further claims;

5 (34) "salary" means all salary and wages payable to a member for
6 personal services performed for a participating employer, including main-
7 tenance or any allowance in lieu thereof provided a member as part of
8 salary. Salary shall not include reimbursement for travel or moving ex-
9 penses, payment for accumulated sick leave or vacation or annual leave,
10 severance pay or any other payments to the member determined by the
11 board to not be payments for personal services performed for a partici-
12 pating employer constituting salary or on and after July 1, 1994, payment
13 pursuant to an early retirement incentive program made prior to the
14 retirement of the member. When the salary of a member who remains
15 in substantially the same position during any two consecutive years of
16 participating service used in calculating final average salary is increased
17 by an amount which exceeds 15%, then the amount of such increase
18 which exceeds 15% shall not be included in salary. Any contributions by
19 such member on the amount of such increase which exceeds 15% which
20 is not included in compensation shall be returned to the member. Unless
21 otherwise provided by law, salary shall include any amounts for tax shel-
22 tered annuities or deferred compensation plans. Salary shall include
23 amounts under sections 403b, 457 and 125 of the federal internal revenue
24 code of 1986 and, as the board deems appropriate, any other section of
25 the federal internal revenue code of 1986 which defers or excludes
26 amounts from inclusion in income. For purposes of applying limits under
27 the federal internal revenue code "salary" shall have the meaning as pro-
28 vided in K.S.A. 2000 Supp. 74-49,123 and amendments thereto. In any
29 case, if participating service is less than three years, then the average
30 annual salary paid to the member during the full period of participating
31 service, or, in any case, if the member has less than one calendar year of
32 participating service such member's final average salary shall be com-
33 puted by multiplying such member's highest monthly salary received in
34 that year by 12;

35 (35) "federal internal revenue code" means the federal internal rev-
36 enue code of 1954 or 1986, as in effect on July 1, 1998, and as applicable
37 to a governmental plan; and

38 (36) "USERRA" means the federal uniformed services employment
39 and reemployment rights act of 1994 as in effect on July 1, 1998.

40 Sec. 6. K.S.A. 2000 Supp. 74-4904 is hereby amended to read as
41 follows: 74-4904. (1) The system may sue and be sued in its official name,
42 but its trustees, officers, employees and agents shall not be personally
43 liable for acts of the system unless such person acted with willful, wanton

1 or fraudulent misconduct or intentionally tortious conduct. Any agree-
2 ment in settlement of litigation involving the system and the investment
3 of moneys of the fund is a public record as provided in K.S.A. 45-215 *et*
4 *seq.* and amendments thereto and subject to the provisions of that act.
5 The service of all legal process and of all notices which may be required
6 to be in writing, whether legal proceedings or otherwise, shall be had on
7 the executive ~~secretary~~ *director* at such executive ~~secretary's~~ *director's*
8 office. All actions or proceedings directly or indirectly against the system
9 shall be brought in Shawnee county.

10 (2) Any person aggrieved by any order or decision of the board made
11 without a hearing, may, within 30 days after notice of the order or decision
12 of the board make written request to the board for a hearing thereon.
13 The board shall hear such party or parties in accordance with the provi-
14 sions of the Kansas administrative procedure act at its next regular meet-
15 ing or at a special meeting within 60 days after receipt of such request.
16 For the purpose of any hearing under this section, the board may appoint
17 one or more presiding officers. Any such presiding officer shall be a mem-
18 ber of the board, an employee of the board or any other person designated
19 by the board to serve as such presiding officer. Any such appointment
20 shall apply to a particular hearing or to a set or class of hearings as spec-
21 ified by the board in making such appointment. The board shall review
22 an initial order resulting from a hearing under this section. Any member
23 of the board who serves as a presiding officer shall be reimbursed for
24 actual and necessary expenses and shall receive compensation in an
25 amount fixed by the board not to exceed the per diem compensation
26 allowable for members of the board. The board is hereby authorized to
27 enter into a contract with any other person designated by the board to
28 serve as a presiding officer who is not a member or employee of the board
29 and to provide for reimbursement for actual and necessary expenses and
30 compensation for such person serving as a presiding officer.

31 Sec. 7. K.S.A. 2000 Supp. 74-4908 is hereby amended to read as
32 follows: 74-4908. (1) The board shall appoint an executive ~~secretary~~ *di-*
33 *rector* and shall establish the compensation therefor. Subject to the di-
34 rection of the board, the executive ~~secretary~~ *director* shall be the man-
35 aging officer of the system and as such shall have charge of the office,
36 records and supervision and direction of the employees of the system.
37 The executive ~~secretary~~ *director* shall be in the unclassified service under
38 the Kansas civil service act.

39 (2) The executive ~~secretary~~ *director* shall recommend to the board
40 the administrative organization, the number and qualifications of em-
41 ployees necessary to carry out the intent of this act and the directions of
42 the board. Upon approval of the board, the executive ~~secretary~~ *director*
43 is authorized to employ such persons in accordance with the Kansas civil

1 service act.

2 (3) The board of trustees shall select and employ or retain a qualified
3 actuary who shall serve at its pleasure as its technical advisor on matters
4 regarding operation of the system. The actuary shall:

5 (a) Make an annual valuation of the liabilities and reserves of the
6 system, and a determination of the contributions required by the system
7 to discharge its liabilities and administrative costs under this act, and
8 recommend to the board rates of employer contributions required to
9 establish and maintain the system on an actuarial reserve basis. Such
10 recommended employer contributions shall not be based on any other
11 purpose outside of the needs of the system as prescribed by this
12 subsection.

13 (b) As soon after the effective date as practicable and once every
14 three years thereafter, make a general investigation of the actuarial ex-
15 perience under the system including mortality, retirement, employment
16 turnover and interest, and recommend actuarial tables for use in valua-
17 tions and in calculating actuarial equivalent values based on such
18 investigation.

19 (c) Cooperate with and provide any assistance to the actuary, the
20 legislative coordinating council and the joint committee on pensions, in-
21 vestments and benefits related to the independent actuarial audit and
22 evaluation as provided in K.S.A. 2000 Supp. 74-4908a and amendments
23 thereto.

24 (d) Perform such other duties as may be assigned by the board.

25 (4) The attorney general of the state shall furnish such legal services
26 as may be necessary upon receipt of a request from the board, except
27 that legal services may be furnished by other counsel as the board in its
28 discretion deems necessary and prudent.

29 (5) The board shall employ or retain qualified investment counsel or
30 counselors or may negotiate with a trust company to assist and advise in
31 the judicious investment of funds as herein provided.

32 (6) The board may appoint a deputy executive ~~secretary~~ *director*, an
33 investment officer, an investment analyst, a real estate manager, a direct
34 placement manager, a chief fiscal officer, a member services officer, an
35 attorney, an assistant investment officer and an information resource of-
36 ficer to advise and assist the board in the performance of powers, duties
37 and functions relating to the management and investment of the fund
38 and in such other matters as may be directed by the board. Such ap-
39 pointed officers and employees shall be in the unclassified service under
40 the Kansas civil service act. The compensation of such appointed officers
41 and employees shall be established by the board.

42 Sec. 8. K.S.A. 2000 Supp. 74-4911e is hereby amended to read as
43 follows: 74-4911e. (a) Each person who is an elected official on and after

1 January 1, 1985, and who is a member of the Kansas public employees
2 retirement system, may elect to continue to participate in the Kansas
3 public employees retirement system under the provisions of this act after
4 the date such person's service as an elected official terminates unless such
5 person immediately becomes an employee of another participating em-
6 ployer. Such person's election is valid only if such person files notice of
7 such election in the office of the executive ~~secretary~~ *director* of the Kansas
8 public employees retirement system, in a form acceptable to the system,
9 within 30 days of the termination of such person's service as an elected
10 official.

11 (b) For the purposes of contributions to and benefits under the Kan-
12 sas public employees retirement system, compensation of such members
13 shall be a monthly amount equal to the greater of (1) the compensation
14 to which the elected official was entitled for services as an elected official
15 during the period January 15 to February 14, inclusive, of the most recent
16 year, or (2) the monthly amount of such person's compensation at the
17 time that such person's service as an elected official terminates. The em-
18 ployer rate of contribution for the state of Kansas and employee rate of
19 contribution shall be applied to such amounts monthly. Such person shall
20 remit the required employer and employee contributions to the system
21 quarterly in advance with a report as may be required by the system.

22 (c) Any election by such person under subsection (a) shall remain in
23 effect until revoked in writing and received by the system or such person
24 becomes an employee of another participating employer or upon failure
25 of such person to remit to the system the employer and employee con-
26 tributions required under subsection (b).

27 (d) This act or acts amendatory thereof and supplemental thereto
28 shall become a part of the Kansas public employees retirement act as
29 defined in subsection (2) of K.S.A. 74-4902 and amendments thereto and
30 shall be governed thereby in all respects, except if words and phrases
31 used in this act appear to have a different meaning, the provisions of this
32 act shall prevail.

33 (e) The provisions of subsection (2) of K.S.A. 74-4916 and amend-
34 ments thereto are not applicable to any person making an election under
35 subsection (a).

36 (f) No election shall be made as provided in subsection (a) after June
37 30, 1998.

38 Sec. 9. K.S.A. 2000 Supp. 74-4914 is hereby amended to read as
39 follows: 74-4914. (1) The normal retirement date for a member of the
40 system shall be the first day of the month coinciding with or following
41 termination of employment with any participating employer not followed
42 by employment with any participating employer within 30 days and the
43 attainment of age 65 or, commencing July 1, 1993, age 62 with the com-

1 pletion of 10 years of credited service or the first day of the month co-
2 inciding with or following the date that the total of the number of years
3 of credited service and the number of years of attained age of the member
4 is equal to or more than 85. In no event shall a normal retirement date
5 for a member be before six months after the entry date of the participating
6 employer by whom such member is employed. A member may retire on
7 the normal retirement date or on the first day of any month thereafter
8 upon the filing with the office of the retirement system of an application
9 in such form and manner as the board shall prescribe. Nothing herein
10 shall prevent any person, member or retirant from being employed, ap-
11 pointed or elected as an employee, appointee, officer or member of the
12 legislature. Elected officers may retire from the system on any date on
13 or after the attainment of the normal retirement date, but no retirement
14 benefits payable under this act shall be paid until the member has ter-
15 minated such member's office.

16 (2) No retirant shall make contributions to the system or receive serv-
17 ice credit for any service after the date of retirement.

18 (3) Any member who is an employee of an affiliating employer pur-
19 suant to K.S.A. 74-4954b and amendments thereto and has not withdrawn
20 such member's accumulated contributions from the Kansas police and
21 firemen's retirement system may retire before such member's normal
22 retirement date on the first day of any month coinciding with or following
23 the attainment of age 55.

24 (4) Any member may retire before such member's normal retirement
25 date on the first day of any month coinciding with or following termination
26 of employment with any participating employer not followed by employ-
27 ment with any participating employer within 30 days and the attainment
28 of age 55 with the completion of 10 years of credited service, but in no
29 event before six months after the entry date, upon the filing with the
30 office of the retirement system of an application for retirement in such
31 form and manner as the board shall prescribe.

32 (5) If a retirant who retired on or after July 1, 1988, is employed or
33 appointed in or to any position or office for which compensation for serv-
34 ice is paid in an amount equal to \$15,000 or more in any one such calendar
35 year, by any participating employer for which such retirant was employed
36 or appointed during the final two years of such retirant's participation,
37 such retirant shall not receive any retirement benefit for any month for
38 which such retirant serves in such position or office. The participating
39 employer shall report to the system within 30 days of when the compen-
40 sation paid to the retirant is equal to or exceeds any limitation provided
41 by this section. Any retirant employed by a participating employer shall
42 not make contributions nor receive additional credit under such system
43 for such service except as provided by this section. Upon request of the

1 executive ~~secretary~~ *director* of the system, the secretary of revenue shall
2 provide such information as may be needed by the executive ~~secretary~~
3 *director* to carry out the provisions of this act. The provisions of this
4 subsection shall not apply to retirants employed as substitute teachers or
5 officers, employees or appointees of the legislature. The provisions of this
6 subsection shall not apply to members of the legislature prior to January
7 8, 2000. The provisions of this subsection shall not apply to any other
8 elected officials prior to the term of office of such elected official which
9 commences on or after July 1, 2000. The provisions of this subsection
10 shall apply to any other elected official on and after the term of office of
11 such other elected official which commences on or after July 1, 2000.
12 Except as otherwise provided, commencing January 8, 2001, the provi-
13 sions of this subsection shall apply to members of the legislature. For
14 determination of the amount of compensation paid pursuant to this sub-
15 section, for members of the legislature, compensation shall include any
16 amount paid as provided pursuant to subsections (a), (b), (c) and (d) of
17 K.S.A. 46-137a, and amendments thereto, or pursuant to K.S.A. 46-137b,
18 and amendments thereto. Notwithstanding any provision of law to the
19 contrary, when a member of the legislature is paid an amount of com-
20 pensation of \$15,000 or more in any one calendar year, the member may
21 continue to receive any amount provided in subsections (b) and (d) of
22 K.S.A. 46-137a, and amendments thereto, and still be entitled to receive
23 such member's retirement benefit.

24 (6) For purposes of this section, any employee of a local governmental
25 unit which has its own pension plan who becomes an employee of a
26 participating employer as a result of a merger or consolidation of services
27 provided by local governmental units, which occurred on January 1, 1994,
28 may count service with such local governmental unit in determining
29 whether such employee has met the years of credited service require-
30 ments contained in this section.

31 Sec. 10. K.S.A. 2000 Supp. 74-4914e is hereby amended to read as
32 follows: 74-4914e. (1) As used in this section:

33 (a) "Correctional employee" means any member of the system who
34 is a security officer or other employee of the department of corrections
35 and who is in a position for which the duties and responsibilities involve
36 regular contact with inmates as certified by the secretary of corrections;

37 (b) "disability" means the total inability to perform permanently the
38 duties of the position of a correctional employee in which the correctional
39 employee was employed at the time of disability;

40 (c) "service-connected" means any physical or mental disability re-
41 sulting from external force, violence or disease occasioned by an act of
42 duty as a correctional employee and includes, for any correctional em-
43 ployee after five years of credited service, any death or disability resulting

1 from a heart disease or disease of the lung or respiratory tract, except that
2 in the event that the correctional employee ceases to be a contributing
3 member except by reason of a service-connected disability for a period
4 of six months or more and then again becomes a contributing member
5 the provision relating to death or disability resulting from a heart disease
6 or disease of the lung or respiratory tract shall not apply until such cor-
7 rectional employee has again become a contributing member for a period
8 of not less than two years or unless clear and precise evidence is presented
9 that the heart disease or disease of the lung or respiratory tract was in
10 fact occasioned by an act of duty as a correctional employee; and

11 (d) "final average salary" means the average highest annual compen-
12 sation paid to a correctional employee for any three of the last five years
13 of participating service immediately preceding the date of disability, or if
14 participating service is less than three years, then the average annual
15 compensation paid to the correctional employee during the full period of
16 participating service or if a correctional employee has less than one cal-
17 endar year of participating service the correctional employee's final av-
18 erage salary shall be computed by multiplying the correctional employee's
19 highest monthly salary received in that year by 12.

20 (2) If any active contributing correctional employee becomes totally
21 and permanently disabled due to service-connected causes as defined in
22 subsection (1), such correctional employee shall be retired and the fol-
23 lowing benefits shall become payable and shall continue until the correc-
24 tional employee's death or until the correctional employee recovers from
25 the disability if a report of the event in a form acceptable to the board is
26 filed in the office of the executive ~~secretary~~ *director* of the board within
27 220 days after the date of the event or act of duty causing such disability
28 and an application for such benefit, in such form and manner as the board
29 shall prescribe, is filed by the correctional employee or the correctional
30 employee's authorized representative in the office of the executive ~~see-~~
31 ~~retary~~ *director* of the board within two years of the date of disability:

32 (a) The correctional employee shall receive a retirement benefit
33 equal to 50% of the correctional employee's final average salary. Such
34 benefit shall accrue from the day upon which the correctional employee
35 ceases to draw compensation.

36 (b) Each of the correctional employee's unmarried children under
37 the age of 18 years or each of the correctional employee's children under
38 the age of 23 years who are full-time students as provided in K.S.A. 74-
39 49,117 and amendments thereto shall receive an annual benefit equal to
40 10% of the correctional employee's final average salary. Such benefit shall
41 accrue from the day upon which the correctional employee ceases to draw
42 compensation and shall end on the first day of the month in which each
43 such child or children attains the age of 18 years, die or marry, whichever

1 occurs earlier or in which each such child or children attains the age of
2 23 years, if such child or children are full-time students as provided in
3 K.S.A. 74-49,117 and amendments thereto.

4 (c) In no case shall the total benefits payable under paragraphs (a)
5 and (b) of this subsection (2) be in excess of 75% of the correctional
6 employee's final average salary.

7 (d) In the event a correctional employee who is retired under para-
8 graph (a) of this subsection (2), dies within two years after the date of
9 such retirement, then benefits may be payable under subsection (2) of
10 K.S.A. 74-4916 and amendments thereto.

11 (e) In the event a correctional employee who is retired under para-
12 graph (a) of this subsection (2), dies more than two years after the date
13 of such retirement, and the proximate cause of such death is the service-
14 connected cause from which the disability resulted, then benefits may be
15 payable under subsection (2) of K.S.A. 74-4916 and amendments thereto.

16 (f) In the event a correctional employee who is retired under sub-
17 section (2) dies after the date of retirement and no benefits are payable
18 under paragraphs (d) and (e) the following benefits shall be payable:

19 (i) To the correctional employee's spouse, if lawfully wedded to the
20 correctional employee at the time of the correctional employee's death,
21 a lump-sum benefit equal to 50% of the correctional employee's final
22 average salary at the time of the correctional employee's retirement.

23 (ii) To the correctional employee's spouse, if lawfully wedded to the
24 correctional employee at the time of the correctional employee's death,
25 an annual benefit equal to 50% of the correctional employee's retirement
26 benefit payable in monthly installments, to accrue from the first day of
27 the month following the correctional employee's date of death and ending
28 on the first day of the month in which the spouse dies. If there is no
29 surviving spouse, or if after the death of the spouse there remain one or
30 more children under the age of 18 years or one or more children under
31 the age of 23 years who is a full-time student as provided in K.S.A. 74-
32 49,117, and amendments thereto, the annual spouse's benefit shall be
33 payable in equal shares to such children and each child's share shall end
34 on the first day of the month in which such child attains the age of 18
35 years or dies, whichever occurs earlier or in which such child attains the
36 age of 23 years, if such child is a full-time student as provided in K.S.A.
37 74-49,117, and amendments thereto.

38 The provisions of this subsection shall apply in all cases of such cor-
39 rectional employees who die after October 1, 1996.

40 (3) If any correctional employee who is an active contributing mem-
41 ber prior to such correctional employee's normal retirement becomes
42 totally and permanently disabled for a period of 180 days from causes not
43 service-connected, and not as the result of a willfully negligent or inten-

1 tional act of the correctional employee, such correctional employee shall
2 be retired and the following benefit shall become payable and shall con-
3 tinue until the correctional employee's death or until the correctional
4 employee recovers from such disability whichever occurs first if a report
5 of the disability in a form acceptable to the board is filed in the office of
6 the executive ~~secretary~~ *director* of the board within 220 days after the
7 date of the commencement of such disability and if an application for
8 such benefit in such form and manner as the board shall prescribe is filed
9 in the office of the executive ~~secretary~~ *director* of the board within two
10 years of the date of disability:

11 A retirement benefit equal to 2% of the correctional employee's final
12 average salary multiplied by the number of years of credited service, ex-
13 cept that such retirement benefit shall be at least equal to 25% of the
14 member's final average salary but not to exceed the amount of the re-
15 tirement benefit provided in paragraph (a) of subsection (2). Such benefit
16 shall not become payable until satisfactory evidence is presented to the
17 board that the correctional employee is and has been for a period of 180
18 days totally and permanently disabled, but benefits shall accrue from the
19 day upon which the correctional employee ceases to draw compensation.

20 (4) Any correctional employee who is employed for compensation by
21 an employer other than the department of corrections and whose disa-
22 bility is incurred in the course of such other employment shall not be
23 eligible for any of the benefits provided in subsection (3).

24 (5) If a correctional employee becomes totally and permanently dis-
25 abled and no benefits are payable under subsections (2) or (3), the sum
26 of the correctional employee's accumulated contributions shall be paid to
27 the correctional employee.

28 (6) Any correctional employee receiving benefits under this section
29 shall submit to medical examination, not oftener than annually, by one or
30 more physicians or any other practitioners of the healing arts holding a
31 valid license issued by Kansas state board of healing arts, as the board of
32 trustees may direct. If upon such medical examination the examiners re-
33 port to the board that the retirant is physically able and capable of resum-
34 ing employment with the participating employer from whose employment
35 the correctional employee retired, the disability benefits shall terminate.
36 A retirant who has been receiving benefits under the provisions of this
37 section and who returns to employment of a participating employer shall
38 immediately commence accruing service credit which shall be added to
39 that which has been accrued by virtue of previous service.

40 (7) Any retirant who has been receiving benefits under the provisions
41 of this section for a period of five years shall be deemed finally retired
42 and shall not be subject to further medical examinations, except that if
43 the board of trustees shall have reasonable grounds to question whether

1 the retirant remains totally and permanently disabled, a further medical
2 examination or examinations may be required.

3 (8) Refusal or neglect to submit to examination as provided in sub-
4 section (6) shall be sufficient cause for suspending or discontinuing ben-
5 efit payments under this section and if such refusal or neglect shall con-
6 tinue for a period of one year, the correctional employee's rights in and
7 to all benefits under the system may be revoked by the board.

8 (9) Any retirement benefits payable under the provisions of this sec-
9 tion shall be in lieu of all other benefits under the system.

10 (10) Each correctional employee shall report to such member's par-
11 ticipating employer any event or act of duty causing disability within 200
12 days after such event or act of duty. The department of corrections shall
13 file in the office of the executive ~~secretary~~ *director* of the board, in a form
14 acceptable to the board, a report of the event or act of duty causing
15 disability within 220 days after the event or act of duty.

16 (11) Benefits payable under this section shall be reduced by the orig-
17 inal amount of any disability benefits received under the federal social
18 security act or the workers compensation act. For any correctional em-
19 ployee already retired on the effective date of this act, no reduction of
20 the original social security benefits shall be applicable to benefits paid
21 prior to the effective date of this act. In no case shall a correctional em-
22 ployee who is entitled to receive benefits under this section receive less
23 than \$100 per month.

24 (12) The provisions of this section shall apply to disabilities occurring
25 after June 30, 1982, and prior to July 1, 1995. At the direction of the
26 board of trustees, the actuary shall conduct an experience evaluation of
27 benefits payable under this section and the board shall provide copies of
28 such study to the governor and members of the legislature.

29 (13) The provisions of K.S.A. 74-4927 and amendments thereto re-
30 lating to insured disability benefits shall not be applicable to correctional
31 employees subject to the provisions of this section.

32 (14) In the event a correctional employee who is retired under sub-
33 section (3) dies after the date of retirement and no benefits are payable
34 under that subsection, the following benefits shall be payable:

35 (i) To the correctional employee's spouse, if lawfully wedded to the
36 correctional employee at the time of the correctional employee's death,
37 a lump-sum benefit equal to 50% of the correctional employee's final
38 average salary at the time of the correctional employee's retirement.

39 (ii) To the correctional employee's spouse, if lawfully wedded to the
40 correctional employee at the time of the correctional employee's death,
41 an annual benefit equal to 50% of the correctional employee's retirement
42 benefit payable in monthly installments, to accrue from the first day of
43 the month following the correctional employee's date of death and ending

1 on the first day of the month in which the spouse dies. If there is no
2 surviving spouse, or if after the death of the spouse there remain one or
3 more children under the age of 18 years or one or more children under
4 the age of 23 years who is a full-time student as provided in K.S.A. 74-
5 49,117, and amendments thereto, the annual spouse's benefit shall be
6 payable in equal shares to such children and each child's share shall end
7 on the first day of the month in which such child attains the age of 18
8 years or dies, whichever occurs earlier or in which such child attains the
9 age of 23 years, if such child is a full-time student as provided in K.S.A.
10 74-49,117, and amendments thereto.

11 The provisions of this subsection shall apply in all cases of such cor-
12 rectional employees who die after October 1, 1996.

13 Sec. 11. K.S.A. 2000 Supp. 74-4915b is hereby amended to read as
14 follows: 74-4915b. (a) Notwithstanding any provision of law to the con-
15 trary, any member who is a member of the legislature who is also em-
16 ployed by another participating employer of the Kansas public employees
17 retirement system other than the legislature and is an eligible employee
18 as defined in K.S.A. 74-4902, and amendments thereto, may retire from
19 service from such other participating employer and may continue to serve
20 as a member of the legislature, except that, commencing January 8, 2001,
21 such member of the legislature shall not receive any retirement benefit
22 for any month for which such member of the legislature serves when
23 compensation as provided in subsection (e) is paid in an amount equal to
24 \$15,000 or more in any one such calendar year. Such member's retire-
25 ment benefit shall be based on the final average salary of such member
26 for service prior to service as a member of the legislature.

27 (b) No such member who is a member of the legislature who retires
28 as provided in subsection (a) and who continues to serve as a member of
29 the legislature shall accrue any additional service credit for such service
30 as a member of the legislature or be entitled to any benefit provided in
31 K.S.A. 74-4916 or 74-4927, and amendments thereto.

32 (c) When such member who is a member of the legislature retires as
33 a member of the legislature, such member's final average salary shall be
34 recalculated to include legislative compensation, if such inclusion of such
35 compensation increases such member's final average salary, of the mem-
36 ber up to the time of retirement from the participating employer other
37 than the legislature as provided in subsection (a).

38 (d) No such member who is a member of the legislature shall accrue
39 any additional retirement benefits for the period of time between the
40 date the member retired from the participating employer other than the
41 legislature and the date such member retires as a member of the
42 legislature.

43 (e) The participating employer shall report to the system within 30

1 days of when the compensation paid to the retirant is equal to or exceeds
2 any limitation provided in subsection (a). Upon request of the executive
3 ~~secretary~~ *director* of the system, the secretary of revenue shall provide
4 such information as may be needed by the executive ~~secretary~~ *director*
5 to carry out the provisions of this section. For determination of the
6 amount of legislative compensation, as provided in subsection (a) and this
7 subsection, for members of the legislature, compensation shall include
8 any amount paid as provided pursuant to subsections (a), (b), (c) and (d)
9 of K.S.A. 46-137a, and amendments thereto, or pursuant to K.S.A. 46-
10 137b, and amendments thereto. Notwithstanding any provision of law to
11 the contrary, when a member of the legislature is paid an amount of
12 compensation of \$15,000 or more in any one calendar year, the member
13 may continue to receive any amount provided in subsections (b) and (d)
14 of K.S.A. 46-137a, and amendments thereto, and still be entitled to re-
15 ceive such member's retirement benefit.

16 (f) The provisions of this section are intended to further the public
17 policy of encouraging persons to serve in elective public office by per-
18 mitting a member of the system, who is a member through employment
19 with a participating employer in a nonelected position and who holds an
20 elected office as a member of the legislature and who is also a member
21 of the system for such elected office, to retire under the system from
22 such nonelected employment and to continue serving in such elected
23 public office.

24 (g) The words and phrases used in this section have the meanings
25 respectively ascribed thereto by K.S.A. 74-4902, and amendments
26 thereto, unless a different meaning is plainly required by the context.

27 (h) The provisions of this section shall be effective on and after July 1,
28 2000.

29 Sec. 12. K.S.A. 2000 Supp. 74-4915c is hereby amended to read as
30 follows: 74-4915c. (a) Notwithstanding any provision of law to the con-
31 trary, any member who is an elected local official of a municipality who
32 is also employed by another participating employer of the Kansas public
33 employees retirement system other than the municipality and is an eli-
34 gible employee as defined in K.S.A. 74-4902, and amendments thereto,
35 may retire from service from such other participating employer and may
36 continue to serve as an elected local official, except that such local official
37 shall not receive any retirement benefit for any month for which such
38 local official serves in such office when compensation is paid in an amount
39 equal to \$15,000 or more in any one such calendar year. The participating
40 employer shall report to the system within 30 days of when the compen-
41 sation paid to the retirant is equal to or exceeds any limitation provided
42 in this subsection. Upon request of the executive ~~secretary~~ *director* of the
43 system, the secretary of revenue shall provide such information as may

1 be needed by the executive ~~secretary~~ *director* to carry out the provisions
2 of this section.

3 (b) No such member who is an elected local official who retires as
4 provided in subsection (a) and who continues to serve as an elected local
5 official shall accrue any additional service credit for such service as an
6 elected local official or be entitled to any benefit provided in K.S.A. 74-
7 4916 or 74-4927, and amendments thereto.

8 (c) The provisions of this section are intended to further the public
9 policy of encouraging persons to serve in elective public office by per-
10 mitting a member of the system, who is a member through employment
11 with a participating employer in a nonelected position and who holds an
12 elected office as an elected local official of a municipality and who is also
13 a member of the system for such elected office, to retire under the system
14 from such nonelected employment and to continue serving in such
15 elected public office.

16 (d) The words and phrases used in this section have the meanings
17 respectively ascribed thereto by K.S.A. 74-4902, and amendments
18 thereto, unless a different meaning is plainly required by the context.

19 Sec. 13. K.S.A. 2000 Supp. 74-4916 is hereby amended to read as
20 follows: 74-4916. (1) Upon the death of a member before retirement, the
21 member's accumulated contributions shall be paid to the member's
22 beneficiary.

23 (2) (a) In the event that a member dies before retirement as a result
24 of an accident arising out of and in the course of the member's actual
25 performance of duty in the employ of a participating employer inde-
26 pendent of all other causes and not as a result of a willfully negligent or
27 intentional act of the member, an accidental death benefit shall be pay-
28 able if: (A) A report of the accident, in a form acceptable to the board, is
29 filed in the office of the executive ~~secretary~~ *director* of the board within
30 60 days after the date of the accident causing such death and an appli-
31 cation for such benefit, in such form and manner as the board shall pre-
32 scribe, is filed in the office of the executive ~~secretary~~ *director* of the board
33 within two years of the date of the accident, but the board may waive
34 such time limits for a reasonable period if in the judgment of the board
35 the failure to meet these limits was due to lack of knowledge or incapacity;
36 and (B) the board finds from such evidence as it may require, to be
37 submitted in such form and manner as it shall prescribe, that the natural
38 and proximate cause of death was the result of an accident arising out of
39 and in the course of the member's employment with a participating em-
40 ployer independent of all other causes at a definite time and place. Such
41 accidental death benefit shall be a lump-sum amount of \$50,000 and an
42 annual amount of $\frac{1}{2}$ of the member's final average salary which shall
43 accrue from the first day of the month following the date of death and

1 which shall be payable in monthly installments or as the board may direct,
2 but, after June 30, 1982, in no case shall the accidental death benefit be
3 less than \$100 per month. The accidental death benefit payments shall
4 be paid to the surviving spouse of such deceased member, such payments
5 to continue so long as such surviving spouse lives or if there is no surviving
6 spouse, or in the case the spouse dies before the youngest child of such
7 deceased member attains age 18 or before the youngest child of such
8 deceased member attains age 23 years, if such child is a full-time student
9 as provided in K.S.A. 74-49,117 and amendments thereto or if there are
10 one or more children of the member who are totally disabled and de-
11 pendent on the member or spouse, then to the child or children of such
12 member under age 18 or under age 23, if such child or children are full-
13 time students as provided in K.S.A. 74-49,117 and amendments thereto
14 and to the child or children of the member who are totally disabled and
15 dependent on the member or spouse, divided in such manner as the board
16 in its discretion shall determine, to continue until the youngest surviving
17 child dies or attains age 18 or attains age 23 if such child is a full-time
18 student as provided in K.S.A. 79-49,117 and amendments thereto or, in
19 the case of the child or children who are totally disabled and dependent
20 on the member or spouse, until death or until no longer totally disabled,
21 or if there is no surviving spouse or child eligible for accidental death
22 benefits under this subsection (2) at the time of the member's death, then
23 to the parent or parents of such member who are dependent on such
24 member, to continue until the last such parent dies. All payments due
25 under this subsection (2) to a minor shall be made to a legally appointed
26 conservator of such minor or totally disabled child as provided in subsec-
27 tion (7) of K.S.A. 74-4902 and amendments thereto. Commencing on the
28 effective date of this act, any surviving spouse, who was receiving benefits
29 pursuant to this section and who had such benefits terminated by reason
30 of such spouse's remarriage, shall be entitled to once again receive ben-
31 efits pursuant to this section, except that such surviving spouse shall not
32 be entitled to recover any benefits not received after the termination of
33 benefits by reason of such surviving spouse's remarriage but before the
34 effective date of this act.

35 (b) In construction of this section of the act there shall be no pre-
36 sumption that the death of the member was the result of an accident nor
37 shall there be a liberal interpretation of the law or evidence in favor of
38 the person claiming under this subsection (2). In the event of the death
39 of a member resulting from a heart, circulatory or respiratory condition
40 there must be clear and precise evidence that death was the result of an
41 accident independent of all other causes which arose out of and in the
42 course of the member's actual performance of duties in the employ of a
43 participating employer.

1 (c) The annual benefit under this subsection (2) shall be reduced by
2 any workers compensation benefit payable. If the workers compensation
3 benefit is paid in a lump-sum, the amount of such reduction shall be
4 calculated on a monthly basis over the period of time for which workers
5 compensation benefits would have been payable had such lump-sum not
6 been paid. For any recipient already in receipt of such benefits on the
7 effective date of this act, no change in the original reduction for workers
8 compensation benefits shall be applicable to benefits paid prior to July 1,
9 1994. In the event that a member should die as a result of an accident as
10 described in this subsection (2), all elections or options previously made
11 by the deceased member shall become void and of no effect whatsoever
12 and the retirement system shall be liable only for the accidental death
13 benefit, refund of accumulated contributions as described in subsection
14 (1) and any insured death benefit that may be due. The benefit payable
15 under this subsection (2) shall be known and referred to as the "accidental
16 death benefit."

17 (3) (a) Upon the application of a member, or the member's appoint-
18 ing authority acting for the member, a member who is in the employ of
19 a participating employer and becomes totally and permanently disabled
20 for duty in the employ of a participating employer, by reason of an acci-
21 dent which occurred prior to July 1, 1975, may be retired by the board
22 if, (A) the board finds the total and permanent disability to be the natural
23 and proximate result of an accident causing personal injury or disease
24 independent of all other causes and arising out of and in the course of
25 the member's actual performance of duties as an employee of a partici-
26 pating employer; and (B) a report of the accident, in a form acceptable
27 to the board is filed in the office of the executive ~~secretary~~ *director* of
28 the board within 200 days after the date of the accident causing such
29 injury; and (C) such application for retirement under this provision, in
30 such form and manner as shall be prescribed by the board, is filed in the
31 office of the executive ~~secretary~~ *director* of the board within two years of
32 the date of the accident; and (D) after a medical examination of the
33 member has been made by or under the direction of a medical physician
34 or physicians or any other practitioner holding a valid license to practice
35 a branch of the healing arts issued by the state board of healing arts
36 designated by the board and the medical physician or physicians or any
37 other practitioner holding a valid license to practice a branch of the heal-
38 ing arts issued by the state board of healing arts report in writing to the
39 board that the member is physically or mentally totally disabled for duty
40 in the employ of a participating employer and that such disability will
41 probably be permanent; and (E) the board finds that the member became
42 permanently and totally disabled on a date certain based on the evidence
43 furnished and the professional guidance obtained and that such disability

1 was not the result of a willfully negligent or intentional act of the member.
2 If the board shall so retire the applicant, the member shall receive an-
3 nually an accidental total disability benefit equal to $\frac{1}{2}$ of the member's
4 final average salary which shall accrue from the first day of the month
5 following the date of such accidental total and permanent disability as
6 found by the board payable in monthly installments or as the board may
7 direct.

8 (b) In construction of this subsection (3) there shall be no presump-
9 tion that the disability of the member was the result of an accident nor
10 shall there be a liberal interpretation of the law or evidence in favor of
11 the member claiming under this subsection (3). In the event of the dis-
12 ability of a member resulting from a heart, circulatory or respiratory con-
13 dition there must be clear and precise evidence that disability was the
14 result of an accident independent of all other causes which arose out of
15 and in the course of the member's actual performance of duties in the
16 employ of a participating employer.

17 (c) A member will continue to receive such accidental total disability
18 benefit so long as the member is wholly and continuously disabled by
19 such injury and prevented thereby from engaging in any gainful occu-
20 pation or employment for which the member is reasonably qualified by
21 reason of education, training or experience. The accidental loss of both
22 hands by actual severance through or above the wrist joint, or the acci-
23 dental loss of both feet by actual severance through or above the ankle
24 joint or the entire and irrecoverable accidental loss of sight of both eyes,
25 or such severance of one hand and one foot, and such severance of one
26 hand or one foot and such loss of sight of one eye, shall be deemed
27 accidental total and permanent disability and accidental total disability
28 benefits shall be paid so long as the member lives.

29 (d) Any retirant retired by reason of such accidental total and per-
30 manent disability who has been receiving benefits under the provisions
31 of this subsection (3) for a period of five years shall be deemed finally
32 retired and shall not be subject to further medical examinations, except
33 that if the board of trustees has reasonable grounds to question whether
34 the retirant remains totally and permanently disabled, a further medical
35 examination or examinations may be required. Refusal or neglect to sub-
36 mit to examination shall be sufficient cause for suspending or discontin-
37 uing the accidental total disability benefit. If the refusal or neglect con-
38 tinues for a period of one year, all of the member's rights with respect to
39 such accidental total disability benefit may be revoked by the board.

40 (e) In the event that a retirant who is receiving an accidental total
41 disability benefit dies within five years after the date of the retirant's
42 retirement, an accidental death benefit shall then be payable as provided
43 in subsection (2) of this section.

1 (f) A member who retires under the provisions of this subsection (3)
2 shall receive such benefits as provided in this subsection (3) in lieu of all
3 other retirement benefits provided under the retirement system except
4 that no member shall be entitled to receive any payments under this
5 subsection (3) for a period for which insured disability benefits are
6 received.

7 (g) The value, as determined by the board upon recommendation of
8 the actuary, of any workmen's compensation benefits paid or payable to
9 the recipient of an accidental total disability benefit shall be deducted
10 from the amount payable under this section.

11 (h) The benefit payable under subsection (3) of this section shall be
12 known and referred to as "accidental total disability benefit."

13 (4) The payment of benefits as provided in this section is subject to
14 the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto.

15 Sec. 14. K.S.A. 2000 Supp. 74-4918 is hereby amended to read as
16 follows: 74-4918. (1) A member may elect to have such member's retire-
17 ment benefit paid under one of the options provided in this section in
18 lieu of having it paid in the form stated in K.S.A. 74-4915 and amend-
19 ments thereto. Such election must be made before the date of actual
20 retirement. A specific person must be designated as joint annuitant at the
21 time of election of the joint and $\frac{1}{2}$ to joint annuitant survivor option, the
22 joint and survivor option and the joint and $\frac{3}{4}$ to joint annuitant survivor
23 option. Under no circumstances may an option be changed or canceled
24 nor the named joint annuitant changed after the date of actual retirement
25 of the member.

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

34 (3) The following retirement options, which are subject to the pro-
35 visions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are
36 available:

37 (A) *Joint and $\frac{1}{2}$ to joint annuitant survivor.* A reduced retirement
38 benefit is payable to the retirant during the retirant's lifetime in a monthly
39 amount equal to the product of (i) the monthly payment of the retirement
40 benefit otherwise payable under K.S.A. 74-4915 and amendments thereto
41 and (ii) the percentage equal to 91% minus .4% for each year by which
42 the age of the retirant's joint annuitant is less than the retirant's age,
43 computed to the nearest whole year, or plus .4% for each year by which

1 the age of the retirant's joint annuitant is more than the retirant's age,
2 computed to the nearest whole year, with $\frac{1}{2}$ of that monthly amount
3 continued to the retirant's joint annuitant during such joint annuitant's
4 remaining lifetime, if any, after the death of the retirant. In the event that
5 the designated joint annuitant under this option predeceases the retirant,
6 the amount of the retirement benefit otherwise payable to the retirant
7 under this option shall be adjusted automatically to the retirement benefit
8 which the retirant would have received if no option had been elected
9 under this section.

10 (B) *Joint and survivor.* A reduced retirement benefit is payable to
11 the retirant during the retirant's lifetime in a monthly amount equal to
12 the product of (i) the monthly payment of the retirement benefit other-
13 wise payable under K.S.A. 74-4915 and amendments thereto and (ii) the
14 percentage equal to 83% minus .6% for each year by which the age of
15 the retirant's joint annuitant is less than the retirant's age, computed to
16 the nearest whole year, or plus .6% for each year by which the age of the
17 retirant's joint annuitant is more than the retirant's age, computed to the
18 nearest whole year, with that amount continued to the joint annuitant
19 during the joint annuitant's remaining lifetime, if any, after the death of
20 the retirant. In the event that the designated joint annuitant under this
21 option predeceases the retirant, the amount of the retirement benefit
22 otherwise payable to the retirant under this option shall be adjusted au-
23 tomatically to the retirement benefit which the retirant would have re-
24 ceived if no option had been elected under this section.

25 (C) *Joint and $\frac{3}{4}$ to joint annuitant survivor.* A reduced retirement
26 benefit is payable to the retirant during the retirant's lifetime in a monthly
27 amount equal to the product of (i) the monthly payment of the retirement
28 benefit otherwise payable under K.S.A. 74-4915 and amendments thereto
29 and (ii) the percentage equal to 87% minus .5% for each year by which
30 the age of the retirant's joint annuitant is less than the retirant's age,
31 computed to the nearest whole year, or plus .5% for each year by which
32 the age of the retirant's joint annuitant is more than the retirant's age,
33 computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount
34 continued to the retirant's joint annuitant during such joint annuitant's
35 remaining lifetime, if any, after the death of the retirant. In the event that
36 the designated joint annuitant under this option predeceases the retirant,
37 the amount of the retirement benefit otherwise payable to the retirant
38 under this option shall be adjusted automatically to the retirement benefit
39 which the retirant would have received if no option had been elected
40 under this section.

41 (D) *Life with 5 years certain.* A reduced retirement benefit is payable
42 to the retirant during the retirant's lifetime in a monthly amount equal
43 to 98% of the monthly payment of the retirement benefit otherwise pay-

1 able under K.S.A. 74-4915 and amendments thereto and if the retiree
2 dies within the five-year certain period, measured from the commence-
3 ment of retirement benefit payments, such payments shall be continued
4 to the retiree's beneficiary during the balance of the five-year certain
5 period.

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

14 (F) *Life with 15 years certain.* A reduced retirement benefit is pay-
15 able to the retiree during the retiree's lifetime in a monthly amount
16 equal to 88% of the monthly payment of the retirement benefit otherwise
17 payable under K.S.A. 74-4915 and amendments thereto and if the retiree
18 dies within the fifteen-year certain period, measured from the com-
19 mencement of retirement benefit payments, such payments shall be con-
20 tinued to the retiree's beneficiary during the balance of the fifteen-year
21 certain period.

22 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
23 member must specify a lump sum amount to be paid to the member
24 upon the member's retirement. The lump sum amount will be based on
25 the actuarial present value of the benefit as provided in K.S.A. 74-4915,
26 and amendments thereto. The lump sum amount designated by the mem-
27 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
28 present value of the benefit provided in K.S.A. 74-4915, and amendments
29 thereto.

30 (ii) Pursuant to this option, the member must elect to have the re-
31 maining actuarial present value paid in a monthly amount under the pro-
32 visions of K.S.A. 74-4915, and amendments thereto, or subsections (3)(A)
33 through (3)(F) of this section.

34 ~~(iii) The amount of any retirement benefit payable pursuant to this~~
35 ~~subsection shall remain as provided in this subsection even in the event~~
36 ~~that the designated joint annuitant pursuant to subsection (3)(A), (3)(B)~~
37 ~~or (3)(C) predeceases the retiree. In the event that the designated joint~~
38 ~~annuitant pursuant to subsection (3)(A), (3)(B) or (3)(C) under this option~~
39 ~~predeceases the retiree, the amount of the retirement benefit otherwise~~
40 ~~payable to the retiree under this option shall be adjusted automatically~~
41 ~~to the retirement benefit which the retiree would have received if no~~
42 ~~option had been elected under this section.~~

43 (iv) The provisions of this subsection shall be effective on and after

1 July 1, 2001.

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

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

11 (6) On and after January 1, 1991, if a member with 15 or more years
12 of credited service dies before attaining retirement age, the member's
13 spouse, if the spouse is the sole beneficiary for the member's accumulated
14 contributions, may elect to receive benefits under one of the options
15 provided in this section in lieu of receiving the member's accumulated
16 contributions. Payments under one of the options provided in this section
17 to the member's spouse if so elected, shall commence on the date that
18 the member would have attained retirement age.

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

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

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

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

7 Sec. 15. K.S.A. 2000 Supp. 74-4918a is hereby amended to read as
8 follows: 74-4918a. (a) If the member who is married at the time of re-
9 tirement selects or will receive a retirement benefit or annuity which
10 would provide to such member's spouse upon the member's death no
11 monthly payments or payment which is less than the payment that the
12 spouse would receive as a joint annuitant under the joint and $\frac{1}{2}$ to joint
13 annuitant survivor option, as provided in K.S.A. 20-2610a, 74-4918, 74-
14 4964 or 74-4964a and amendments thereto, *or selects the lump sum pay-*
15 *ment at retirement benefit option as provided in subsection (3)(G) of*
16 *K.S.A. 74-4918, and amendments thereto*, at the time of such selection of
17 a retirement benefit or annuity the member shall submit a notarized state-
18 ment of the marital status of the member and, if the member is currently
19 married, a statement of the spouse's consent or objection to the member's
20 selected retirement benefit or annuity under the provisions of this section
21 signed by the spouse and notarized in such form and manner as provided
22 by the system.

23 (b) (i) If the spouse of the member does not consent to the member's
24 selection of a retirement benefit or annuity under the provisions of this
25 section before the date of actual retirement, the system shall:

26 (A) Notify the spouse that the spouse has 90 days to consent or have
27 the member change such member's selected retirement benefit or an-
28 nuity; and

29 (B) pay the retirement benefit or annuity at the amount as provided
30 by the joint and $\frac{1}{2}$ to joint annuitant survivor option until the spouse
31 consents or for 90 days, whichever is less.

32 (ii) Upon consent of the spouse or at the end of 90 days, the retire-
33 ment benefit or annuity must be recalculated and paid as provided by the
34 terms of the member's original selected retirement benefit or annuity
35 retroactively to the date on which the retirement became effective.

36 (iii) The system is not liable for any damages resulting from false
37 designation of marital status by a member or retiree.

38 (c) For purposes of this section, "retirement system" or "system"
39 means the Kansas public employees retirement system, the Kansas police
40 and firemen's retirement system and the retirement system for judges.

41 (d) The provisions of this section shall take effect on and after July
42 1, 1994.

43 Sec. 16. K.S.A. 2000 Supp. 74-4919 is hereby amended to read as

1 follows: 74-4919. (1) Each participating employer, beginning with the first
2 payroll for services performed after the entry date, shall deduct from the
3 compensation of each member 4% of such member's compensation as
4 employee contributions. Such deductions shall be remitted quarterly, or
5 as the board may otherwise provide, to the executive ~~secretary~~ *director*
6 for deposit in the Kansas public employees retirement fund. Such de-
7 ductions shall be credited to the members' individual accounts and in-
8 terest shall be added annually to such accounts.

9 (2) (a) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and
10 amendments thereto, each participating employer, pursuant to the pro-
11 visions of section 414(h)(2) of the federal internal revenue code, shall
12 pick up and pay the contributions which would otherwise be payable by
13 members as prescribed in subsection (1) commencing with the third quar-
14 ter of 1984. The contributions so picked up shall be treated as employer
15 contributions for purposes of determining the amounts of federal income
16 taxes to withhold from the member's compensation.

17 (b) Member contributions picked up by the employer shall be paid
18 from the same source of funds used for the payment of compensation to
19 a member. A deduction shall be made from each member's compensation
20 equal to the amount of the member's contributions picked up by the
21 employer, provided that such deduction shall not reduce the member's
22 compensation for purposes of computing benefits under the system.

23 (c) Member contributions picked up by the employer shall be remit-
24 ted quarterly, or as the board may otherwise provide, to the executive
25 ~~secretary~~ *director* for credit to the Kansas public employees retirement
26 fund. Such contributions shall be credited to a separate account within
27 the member's individual account so that amounts contributed by the
28 member commencing with the third quarter of 1984 may be distinguished
29 from the member contributions picked up by the employer. Interest shall
30 be added annually to members' individual accounts.

31 Sec. 17. K.S.A. 2000 Supp. 74-4919b is hereby amended to read as
32 follows: 74-4919b. (a) Any employee of a participating employer who
33 becomes a member of the system as provided in K.S.A. 74-4911 or 74-
34 4935 and amendments thereto, who has previously been a member of the
35 system and who has forfeited participating and prior service credit by
36 reason of termination of employment with a participating employer and
37 withdrawal of such member's accumulated contributions, may have all or
38 a part of such forfeited service reinstated as provided in K.S.A. 74-4901
39 through 74-4930 and amendments thereto.

40 (b) Any member, if not actively employed, who has previously been
41 a member of the system and who has forfeited participating and prior
42 service credit by reason of termination of employment with a participating
43 employer and withdrawal of such member's accumulated contributions

1 may have all or a part of such forfeited service reinstated as provided in
2 K.S.A. 74-4901 through 74-4930 and amendments thereto. Subject to the
3 provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, such
4 member may purchase such service credit by means of a single lump-
5 sum payment. The lump-sum payment shall be an amount determined
6 by the actuary using the member's annual rate of compensation when last
7 participating, the actuarial assumptions and tables currently in use by the
8 retirement system and the member's attained age. ~~The provisions of this~~
9 ~~subsection shall not apply to repurchase of previously forfeited service~~
10 ~~credit as provided in subsection (b) of K.S.A. 74-4911b and amendments~~
11 ~~thereto.~~

12 Sec. 18. K.S.A. 2000 Supp. 74-4920 is hereby amended to read as
13 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
14 and appraisal as provided in subsection (3)(a) of K.S.A. 74-4908 and
15 amendments thereto, the board shall certify, on or before July 15 of each
16 year, to the division of the budget in the case of the state and to the agent
17 for each other participating employer an actuarially determined estimate
18 of the rate of contribution which will be required, together with all ac-
19 cumulated contributions and other assets of the system, to be paid by
20 each such participating employer to pay all liabilities which shall exist or
21 accrue under the system, including amortization of the actuarial accrued
22 liability over a period of 40 years commencing on July 1, 1993, and the
23 actuarial accrued liability for members of the faculty and other persons
24 who are employed by the state board of regents or by educational insti-
25 tutions under its management assisted by the state board of regents in
26 the purchase of retirement annuities as provided in K.S.A. 74-4925 and
27 amendments thereto, as provided in this section. The actuarial accrued
28 liability for all participating employers other than the state board of re-
29 gents relating to members of the faculty and other persons described in
30 this section, shall be amortized by annual payments that increase 4% for
31 each year remaining in the amortization period. For all participating em-
32 ployers other than the state board of regents relating to members of the
33 faculty and other persons described in this section, the projected unit
34 credit actuarial cost method shall be used in annual actuarial valuations,
35 commencing with the 1993 valuation, to determine the employer contri-
36 bution rates that shall be certified by the board. The actuarial accrued
37 liability for members of the faculty and other persons described in this
38 subsection assisted by the state board of regents in the purchase of re-
39 tirement annuities as provided in K.S.A. 74-4925 and amendments
40 thereto shall be amortized by annual level payments over a period of 11
41 years commencing July 1, 1993. Such certified rate of contribution shall
42 be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908
43 and amendments thereto and shall not be based on any other purpose

1 outside of the needs of the system.

2 (b) (i) For employers affiliating on and after January 1, 1999, upon
3 the basis of an annual actuarial valuation and appraisal of the system
4 conducted in the manner provided for in K.S.A. 74-4908 and amend-
5 ments thereto, the board shall certify, on or before July 15 of each year
6 to each such employer an actuarially determined estimate of the rate of
7 contribution which shall be required to be paid by each such employer
8 to pay all of the liabilities which shall accrue under the system from and
9 after the entry date as determined by the board, upon recommendation
10 of the actuary. Such rate shall be termed the employer's participating
11 service contribution and shall be uniform for all participating employers.
12 Such additional liability shall be amortized over a period of 34 years com-
13 mencing on July 1, 1999, by annual payments that increase 4% for each
14 year remaining in the amortization period. For all participating employers
15 described in this section, the projected unit credit actuarial cost method
16 shall be used in annual actuarial valuations to determine the employer
17 contribution rates that shall be certified by the board.

18 (ii) The board shall determine for each such employer separately an
19 amount sufficient to amortize over a period of not to exceed 34 years
20 commencing July 1, 1999, all liabilities for prior service costs which shall
21 have accrued at the time of entry into the system. On the basis of such
22 determination the board shall annually certify to each such employer sep-
23 arately an actuarially determined estimate of the rate of contribution
24 which shall be required to be paid by that employer to pay all of the
25 liabilities for such prior service costs. Such rate shall be termed the em-
26 ployer's prior service contribution.

27 (2) The division of the budget and the governor shall include in the
28 budget and in the budget request for appropriations for personal services
29 the sum required to satisfy the state's obligation under this act as certified
30 by the board and shall present the same to the legislature for allowance
31 and appropriation.

32 (3) Each other participating employer shall appropriate and pay to
33 the system a sum sufficient to satisfy the obligation under this act as
34 certified by the board.

35 (4) Each participating employer is hereby authorized to pay the em-
36 ployer's contribution from the same fund that the compensation for which
37 such contribution is made is paid from or from any other funds available
38 to it for such purpose. Each political subdivision, other than an instru-
39 mentality of the state, which is by law authorized to levy taxes for other
40 purposes, may levy annually at the time of its levy of taxes, a tax which
41 may be in addition to all other taxes authorized by law for the purpose of
42 making its contributions under this act and, in the case of cities and coun-
43 ties, to pay a portion of the principal and interest on bonds issued under

1 the authority of K.S.A. 12-1774 and amendments thereto by cities located
2 in the county, which tax, together with any other fund available, shall be
3 sufficient to enable it to make such contribution. In lieu of levying the
4 tax authorized in this subsection, any taxing subdivision may pay such
5 costs from any employee benefits contribution fund established pursuant
6 to K.S.A. 12-16,102 and amendments thereto. Each participating em-
7 ployer which is not by law authorized to levy taxes as described above,
8 but which prepares a budget for its expenses for the ensuing year and
9 presents the same to a governing body which is authorized by law to levy
10 taxes as described above, may include in its budget an amount sufficient
11 to make its contributions under this act which may be in addition to all
12 other taxes authorized by law. Such governing body to which the budget
13 is submitted for approval, may levy a tax sufficient to allow the partici-
14 pating employer to make its contributions under this act, which tax, to-
15 gether with any other fund available, shall be sufficient to enable the
16 participating employer to make the contributions required by this act.

17 (5) The rate of contribution certified to a participating employer as
18 provided in this section shall apply during the fiscal year of the partici-
19 pating employer which begins in the second calendar year following the
20 year of the actuarial valuation. For the fiscal year commencing in calendar
21 year 1993, the employer rate of contribution for the state of Kansas and
22 for participating employers under K.S.A. 74-4931 and amendments
23 thereto shall be 3.1% of the amount of compensation upon which mem-
24 bers contribute during the period. For the fiscal year commencing in
25 calendar year 1994, the employer rate of contribution for the state of
26 Kansas and for participating employers under K.S.A. 74-4931 and amend-
27 ments thereto shall be 3.2% of the amount of compensation upon which
28 members contribute during the period. For the fiscal year commencing
29 in calendar year 1994, the employer rate of contribution for participating
30 employers other than the state of Kansas shall be 2.2% of the amount of
31 compensation upon which members contribute during the period. Except
32 as specifically provided in this section, for the fiscal year commencing in
33 calendar year 1995, the rate of contribution certified to a participating
34 employer shall in no event exceed such participating employer's contri-
35 bution rate for the immediately preceding fiscal year by more than 0.1%
36 of the amount of compensation upon which members contribute during
37 the period. Except as specifically provided in this section, for fiscal years
38 commencing in calendar year 1996 and in each subsequent calendar year,
39 the rate of contribution certified to the state of Kansas shall in no event
40 exceed the state's contribution rate for the immediately preceding fiscal
41 year by more than 0.2% of the amount of compensation upon which
42 members contribute during the period. Except as specifically provided in
43 this section, for fiscal years commencing in calendar year 1997 and in

1 each subsequent calendar year, the rate of contribution certified to par-
2 ticipating employers other than the state of Kansas shall in no event ex-
3 ceed such participating employer's contribution rate for the immediately
4 preceding fiscal year by more than 0.15% of the amount of compensation
5 upon which members contribute during the period. There shall be an
6 employer rate of contribution certified to the state of Kansas and partic-
7 ipating employers under K.S.A. 74-4931 and amendments thereto. There
8 shall be a separate employer rate of contribution certified to all other
9 participating employers other than the state of Kansas.

10 (6) The actuarial cost of any legislation enacted in the 1994 session
11 of the Kansas legislature will be included in the June 30, 1994, actuarial
12 valuation in determining contribution rates for participating employers.

13 (7) The actuarial cost of the provisions of K.S.A. 1998 Supp. 74-4950i
14 will be included in the June 30, 1998, actuarial valuation in determining
15 contribution rates for participating employers. The actuarial accrued lia-
16 bility incurred for the provisions of K.S.A. 1998 Supp. 74-4950i shall be
17 amortized over 15 years.

18 (8) Except as otherwise provided by law, the actuarial cost of any
19 legislation enacted by the Kansas legislature, except the actuarial cost of
20 K.S.A. 2000 Supp. 74-49,114a, shall be in addition to the employer con-
21 tribution rates certified for the employer contribution rate in the fiscal
22 year immediately following such enactment.

23 (9) The board with the advice of the actuary may fix the contribution
24 rates for participating employers joining the system after one year from
25 the first entry date or for employers who exercise the option contained
26 in K.S.A. 74-4912 and amendments thereto at rates different from the
27 rate fixed for employers joining within one year of the first entry date.

28 (10) For employers affiliating on and after January 1, 1999, the rates
29 of contribution certified to the participating employer as provided in this
30 section shall apply during the fiscal year immediately following such cer-
31 tification, but the rate of contribution during the first year following the
32 employer's entry date shall be equal to 7% of the amount of compensation
33 on which members contribute during the year. Any amount of such first
34 year's contribution which may be in excess of the necessary current serv-
35 ice contribution shall be credited by the board to the respective em-
36 ployer's prior service liability.

37 (11) Employer contributions shall in no way be limited by any other
38 act which now or in the future establishes or limits the compensation of
39 any member.

40 (12) Notwithstanding any provision of law to the contrary, each par-
41 ticipating employer shall remit quarterly, or as the board may otherwise
42 provide, all employee deductions and required employer contributions to
43 the executive ~~secretary~~ *director* for credit to the Kansas public employees

1 retirement fund within three days after the end of the period covered by
2 the remittance by electronic funds transfer. Remittances of such deduc-
3 tions and contributions received after such date are delinquent. Delin-
4 quent payments due under this subsection shall be subject to interest at
5 the rate established for interest on judgments under subsection (a) of
6 K.S.A. 16-204 and amendments thereto. At the request of the board,
7 delinquent payments which are due or interest owed on such payments,
8 or both, may be deducted from any other moneys payable to such em-
9 ployer by any department or agency of the state.

10 Sec. 19. K.S.A. 2000 Supp. 74-4921 is hereby amended to read as
11 follows: 74-4921. (1) There is hereby created in the state treasury the
12 Kansas public employees retirement fund. All employee and employer
13 contributions shall be deposited in the state treasury to be credited to the
14 Kansas public employees retirement fund. The fund is a trust fund and
15 shall be used solely for the exclusive purpose of providing benefits to
16 members and member beneficiaries and defraying reasonable expenses
17 of administering the fund. Investment income of the fund shall be added
18 or credited to the fund as provided by law. All benefits payable under the
19 system, refund of contributions and overpayments, purchases or invest-
20 ments under the law and expenses in connection with the system unless
21 otherwise provided by law shall be paid from the fund. The director of
22 accounts and reports is authorized to draw warrants on the state treasurer
23 and against such fund upon the filing in the director's office of proper
24 vouchers executed by the chairperson or the executive ~~secretary~~ *director*
25 of the board. As an alternative, payments from the fund may be made by
26 credits to the accounts of recipients of payments in banks, savings and
27 loan associations and credit unions. A payment shall be so made only upon
28 the written authorization and direction of the recipient of payment and
29 upon receipt of such authorization such payments shall be made in ac-
30 cordance therewith. Orders for payment of such claims may be contained
31 on (a) a letter, memorandum, telegram, computer printout or similar
32 writing, or (b) any form of communication, other than voice, which is
33 registered upon magnetic tape, disc or any other medium designed to
34 capture and contain in durable form conventional signals used for the
35 electronic communication of messages.

36 (2) The board shall have the responsibility for the management of
37 the fund and shall discharge the board's duties with respect to the fund
38 solely in the interests of the members and beneficiaries of the system for
39 the exclusive purpose of providing benefits to members and such mem-
40 ber's beneficiaries and defraying reasonable expenses of administering
41 the fund and shall invest and reinvest moneys in the fund and acquire,
42 retain, manage, including the exercise of any voting rights and disposal of
43 investments of the fund within the limitations and according to the pow-

1 ers, duties and purposes as prescribed by this section.

2 (3) Moneys in the fund shall be invested and reinvested to achieve
3 the investment objective which is preservation of the fund to provide
4 benefits to members and member beneficiaries, as provided by law and
5 accordingly providing that the moneys are as productive as possible, sub-
6 ject to the standards set forth in this act. No moneys in the fund shall be
7 invested or reinvested if the sole or primary investment objective is for
8 economic development or social purposes or objectives.

9 (4) In investing and reinvesting moneys in the fund and in acquiring,
10 retaining, managing and disposing of investments of the fund, the board
11 shall exercise the judgment, care, skill, prudence and diligence under the
12 circumstances then prevailing, which persons of prudence, discretion and
13 intelligence acting in a like capacity and familiar with such matters would
14 use in the conduct of an enterprise of like character and with like aims
15 by diversifying the investments of the fund so as to minimize the risk of
16 large losses, unless under the circumstances it is clearly prudent not to
17 do so, and not in regard to speculation but in regard to the permanent
18 disposition of similar funds, considering the probable income as well as
19 the probable safety of their capital.

20 (5) Notwithstanding subsection (4): (a) Total investments in common
21 stock may be made in the amount of up to 60% of the total book value
22 of the fund;

23 (b) the board may invest or reinvest moneys of the fund in alternative
24 investments if the following conditions are satisfied:

25 (i) The total of such alternative investments does not exceed more
26 than 5% of the total investment assets of the fund. If the total of such
27 alternative investments exceeds more than 5% of the total investment
28 assets of the fund on the effective date of this act, the board shall not
29 invest or reinvest any moneys of the fund in alternative investments until
30 the total of such alternative investments is less the 5% of the total in-
31 vestment assets of the fund subject to the 5% limitation contained in this
32 subsection. Nothing in this subsection requires the board to liquidate or
33 sell the system's holdings in any alternative investment held by the system
34 on the effective date of this act, unless such liquidation or sale would be
35 in the best interest of the members and beneficiaries of the system and
36 be prudent under the standards contained in this section. The 5% limi-
37 tation contained in this section shall not have been violated if the total of
38 such alternative investments exceeds 5% of the total investment assets of
39 the fund as a result of market forces acting to increase the value of such
40 alternative investments relative to the rest of the system's investments;
41 however, the board shall not invest or reinvest any moneys of the fund
42 in alternative investments until the total of such alternative investments
43 is less than 5% of the total investment assets of the fund subject to the

1 5% limitation contained in this subsection;

2 (ii) if in addition to the system, there are at least two other sophisti-
3 cated investors, as defined by section 301 of the securities and exchange
4 act of 1933;

5 (iii) the system's share in any individual alternative investment is lim-
6 ited to an investment representing not more than 20% of any such indi-
7 vidual alternative investment;

8 (iv) the system has received a favorable and appropriate recommen-
9 dation from a qualified, independent expert in investment management
10 or analysis in that particular type of alternative investment;

11 (v) the alternative investment is consistent with the system's invest-
12 ment policies and objectives as provided in subsection (6);

13 (vi) the individual alternative investment does not exceed more than
14 2.5% of the total alternative investments made under this subsection. If
15 the alternative investment is made pursuant to participation by the system
16 in a multi-investor pool, the 2.5% limitation contained in this subsection
17 is applied to the underlying individual assets of such pool and not to
18 investment in the pool itself. The total of such alternative investments
19 made pursuant to participation by the system in any one individual multi-
20 investor pool shall not exceed more than 20% of the total of alternative
21 investments made by the system pursuant to this subsection. Nothing in
22 this subsection requires the board to liquidate or sell the system's holdings
23 in any alternative investments made pursuant to participation by the sys-
24 tem in any one individual multi-investor pool held by the system on the
25 effective date of this act, unless such liquidation or sale would be in the
26 best interest of the members and beneficiaries of the system and be pru-
27 dent under the standards contained in this section. The 20% limitation
28 contained in this subsection shall not have been violated if the total of
29 such investment in any one individual multi-investor pool exceeds 20%
30 of the total alternative investments of the fund as a result of market forces
31 acting to increase the value of such a multi-investor pool relative to the
32 rest of the system's alternative investments; however, the board shall not
33 invest or reinvest any moneys of the fund in any such individual multi-
34 investor pool until the value of such individual multi-investor pool is less
35 than 20% of the total alternative investments of the fund;

36 (vii) the board has received and considered the investment manager's
37 due diligence findings submitted to the board as required by subsection
38 (6)(c); and

39 (viii) prior to the time the alternative investment is made, the system
40 has in place procedures and systems to ensure that the investment is
41 properly monitored and investment performance is accurately measured.

42 For purposes of this act, "alternative investment" means nontraditional
43 investments outside the established nationally recognized public stock

1 exchanges and government securities market. Alternative investments
2 shall include, but not be limited to, private placements, venture capital,
3 partnerships, limited partnerships and leveraged buyout partnerships;

4 (c) except as otherwise provided, the board may invest or reinvest
5 moneys of the fund in real estate investments if the following conditions
6 are satisfied:

7 (i) The system has received a favorable and appropriate recommen-
8 dation from a qualified, independent expert in investment management
9 or analysis in that particular type of real estate investment;

10 (ii) the real estate investment is consistent with the system's invest-
11 ment policies and objectives as provided in subsection (6); ~~and~~

12 (iii) the board has received and considered the investment manager's
13 due diligence findings submitted to the board as required by subsection
14 (6)(c); and

15 (d) the board shall not invest or reinvest moneys of the fund in any
16 banking institution, savings and loan association or credit union which
17 positions the system as a shareholder or owner of such banking institution,
18 savings and loan association or credit union.

19 (6) Subject to the objective set forth in subsection (3) and the stan-
20 dards set forth in subsections (4) and (5) the board shall formulate policies
21 and objectives for the investment and reinvestment of moneys in the fund
22 and the acquisition, retention, management and disposition of invest-
23 ments of the fund. Such policies and objectives shall include:

24 (a) Specific asset allocation standards and objectives;

25 (b) establishment of criteria for evaluating the risk versus the poten-
26 tial return on a particular investment;

27 (c) a requirement that all investment managers submit such man-
28 ager's due diligence findings on each investment to the board or invest-
29 ment advisory committee for approval or rejection prior to making any
30 alternative investment;

31 (d) a requirement that all investment managers shall immediately re-
32 port all instances of default on investments to the board and provide the
33 board with recommendations and options, including, but not limited to,
34 curing the default or withdrawal from the investment; and

35 (e) establishment of criteria that would be used as a guideline for
36 determining when no additional add-on investments or reinvestments
37 would be made and when the investment would be liquidated.

38 The board shall review such policies and objectives, make changes con-
39 sidered necessary or desirable and readopt such policies and objectives
40 on an annual basis.

41 (7) The board may enter into contracts with one or more persons
42 whom the board determines to be qualified, whereby the persons under-
43 take to perform the functions specified in subsection (2) to the extent

1 provided in the contract. Performance of functions under contract so
2 entered into shall be paid pursuant to rates fixed by the board subject to
3 provisions of appropriation acts and shall be based on specific contractual
4 fee arrangements. The system shall not pay or reimburse any expenses of
5 persons contracted with pursuant to this subsection, except that after
6 approval of the board, the system may pay approved investment related
7 expenses subject to provisions of appropriation acts. The board shall re-
8 quire that a person contracted with to obtain commercial insurance which
9 provides for errors and omissions coverage for such person in an amount
10 to be specified by the board, provided that such coverage shall be at least
11 the greater of \$500,000 or 1% of the funds entrusted to such person up
12 to a maximum of \$10,000,000. The board shall require a person con-
13 tracted with to give a fidelity bond in a penal sum as may be fixed by law
14 or, if not so fixed, as may be fixed by the board, with corporate surety
15 authorized to do business in this state. Such persons contracted with the
16 board pursuant to this subsection and any persons contracted with such
17 persons to perform the functions specified in subsection (2) shall be
18 deemed to be agents of the board and the system in the performance of
19 contractual obligations.

20 (8) (a) In the acquisition or disposition of securities, the board may
21 rely on the written legal opinion of a reputable bond attorney or attorneys,
22 the written opinion of the attorney of the investment counselor or man-
23 agers, or the written opinion of the attorney general certifying the legality
24 of the securities.

25 (b) The board shall employ or retain qualified investment counsel or
26 counselors or may negotiate with a trust company to assist and advise in
27 the judicious investment of funds as herein provided.

28 (9) (a) Except as provided in subsection (7) and this subsection, the
29 custody of money and securities of the fund shall remain in the custody
30 of the state treasurer, except that the board may arrange for the custody
31 of such money and securities as it considers advisable with one or more
32 member banks or trust companies of the federal reserve system or with
33 one or more banks in the state of Kansas, or both, to be held in safe-
34 keeping by the banks or trust companies for the collection of the principal
35 and interest or other income or of the proceeds of sale. The services
36 provided by the banks or trust companies shall be paid pursuant to rates
37 fixed by the board subject to provisions of appropriation acts.

38 (b) The state treasurer and the board shall collect the principal and
39 interest or other income of investments or the proceeds of sale of secu-
40 rities in the custody of the state treasurer and pay same when so collected
41 into the fund.

42 (c) The principal and interest or other income or the proceeds of sale
43 of securities as provided in clause (a) of this subsection (9) shall be re-

1 ported to the state treasurer and the board and credited to the fund.

2 (10) The board shall with the advice of the director of accounts and
3 reports establish the requirements and procedure for reporting any and
4 all activity relating to investment functions provided for in this act in order
5 to prepare a record monthly of the investment income and changes made
6 during the preceding month. The record will reflect a detailed summary
7 of investment, reinvestment, purchase, sale and exchange transactions
8 and such other information as the board may consider advisable to reflect
9 a true accounting of the investment activity of the fund.

10 (11) The board shall provide for an examination of the investment
11 program annually. The examination shall include an evaluation of current
12 investment policies and practices and of specific investments of the fund
13 in relation to the objective set forth in subsection (3), the standard set
14 forth in subsection (4) and other criteria as may be appropriate, and rec-
15 ommendations relating to the fund investment policies and practices and
16 to specific investments of the fund as are considered necessary or desir-
17 able. The board shall include in its annual report to the governor as pro-
18 vided in K.S.A. 74-4907, and amendments thereto, a report or a summary
19 thereof covering the investments of the fund.

20 (12) (a) An annual financial-compliance audit of the system, includ-
21 ing any performance audit subjects which are directed to be included in
22 such annual audit by the legislative post audit committee, performance
23 audits of the system as prescribed under the Kansas governmental op-
24 erations law, and such other audits as are directed by the legislative post
25 audit committee under the Kansas legislative post audit act shall be con-
26 ducted. The annual financial-compliance audit shall include, but not be
27 limited to, a review of alternative investments of the system with any
28 estimates of permanent impairments to the value of such alternative in-
29 vestments reported by the system pursuant to K.S.A. 74-4907, and
30 amendments thereto.

31 (b) In accordance with this subsection (12), the annual financial-com-
32 pliance audit may include one or more performance audit subjects as
33 directed by the legislative post audit committee. In considering perform-
34 ance audit subjects to be included in any financial-compliance audit con-
35 ducted pursuant to this subsection (12), the legislative post audit com-
36 mittee shall consider recommendations and requests for performance
37 audits, relating to the system or the management thereof, by the joint
38 committee on pensions, investments and benefits or by any other com-
39 mittee or individual member of the legislature. Commencing with the
40 financial-compliance audit for the fiscal year ending June 30, 1998, the
41 legislative post audit committee shall specify if one or more performance
42 audit subjects shall be included in the financial-compliance audit con-
43 ducted pursuant to this subsection (12), in addition to such other subjects

1 as may be directed to be included in the financial-compliance audit by
2 the legislative post audit committee. Except as otherwise determined by
3 the legislative post audit committee pursuant to this subsection (12), com-
4 mencing with the financial-compliance audit for the fiscal year ending
5 June 30, 1998, one or more performance audit subjects specified by the
6 legislative post audit committee shall be included at least once every two
7 fiscal years in a financial-compliance audit conducted pursuant to this
8 subsection (12). The legislative post audit committee may direct that one
9 or more performance audit subjects are to be included in a financial-
10 compliance audit conducted pursuant to this subsection (12) not more
11 than once during a specific period of three fiscal years, in lieu of once
12 every two fiscal years.

13 (c) The auditor to conduct the financial-compliance audit required
14 pursuant to this subsection (12) shall be specified in accordance with
15 K.S.A. 46-1122, and amendments thereto. If the legislative post audit
16 committee specifies under such statute that a firm, as defined by K.S.A.
17 46-1112, and amendments thereto, is to perform all or part of the audit
18 work of such audit, such firm shall be selected and shall perform such
19 audit work as provided in K.S.A. 46-1123, and amendments thereto, and
20 K.S.A. 46-1125 through 46-1127, and amendments thereto. The audits
21 required pursuant to this subsection (12) shall be conducted in accord-
22 ance with generally accepted governmental auditing standards. The fi-
23 nancial-compliance audit required pursuant to this subsection (12) shall
24 be conducted as soon after the close of the fiscal year as practicable, but
25 shall be completed no later than six months after the close of the fiscal
26 year. The post auditor shall annually compute the reasonably anticipated
27 cost of providing the financial-compliance audit pursuant to this subsec-
28 tion (12), subject to review and approval by the contract audit committee
29 established by K.S.A. 46-1120, and amendments thereto. Upon such ap-
30 proval, the system shall reimburse the division of post audit for the
31 amount approved by the contract audit committee. The furnishing of the
32 financial-compliance audit pursuant to this subsection (12) shall be a
33 transaction between the legislative post auditor and the system and shall
34 be settled in accordance with the provisions of K.S.A. 75-5516, and
35 amendments thereto.

36 (d) Any internal assessment or examination of alternative investments
37 of the system performed by any person or entity employed or retained
38 by the board which evaluates or monitors the performance of alternative
39 investments shall be reported to the legislative post auditor so that such
40 report may be reviewed in accordance with the annual financial-compli-
41 ance audits conducted pursuant to this subsection (12).

42 Sec. 20. K.S.A. 2000 Supp. 74-4922 is hereby amended to read as
43 follows: 74-4922. The executive ~~secretary~~ *director* shall maintain such

1 records as are necessary to determine the following reserves.

2 (a) *Member's accumulated contribution reserve.* This reserve shall be
3 maintained within the fund for each member and for each member having
4 a vested benefit. Each such reserve account shall be credited with the
5 employee's contributions upon receipt thereof and shall be credited on
6 June 30 each year with interest: (1) At the actuarial assumption rate
7 adopted by the board on the balance in the employee's account as of the
8 preceding December 31 for those who first became members prior to
9 July 1, 1993; and (2) 4% for those who first became members on and
10 after July 1, 1993. For the purposes of crediting interest upon accumu-
11 lated contributions, the term member shall include the beneficiary of a
12 member during the twelve-month period following the death of a mem-
13 ber and the beneficiary of a member pursuant to subsection (6) of K.S.A.
14 74-4918 and amendments thereto during any period commencing on the
15 date of death of such member and ending on the date that the member
16 would have attained retirement age. Refunds of employee's accumulated
17 contributions prior to retirement shall be made from this reserve. Upon
18 commencement of payments of the retirement benefit, the amount in
19 this reserve account for the retiring member or members, shall be trans-
20 ferred to the retirement benefit payment reserve.

21 (b) *Retirement benefit accumulation reserve.* This reserve within the
22 fund shall be credited with the portion of employer contributions for
23 retirement benefits both for prior service and for participating service
24 and with income of the fund not otherwise directed by law to a different
25 reserve. The board shall credit interest to all other reserves and reserve
26 accounts as provided by law at rates determined by the board. Interest
27 so credited shall be transferred from the retirement benefit accumulation
28 reserve. Separate reserve accounts shall not be maintained for each par-
29 ticipating employer joining the system on the first entry date. The board
30 shall determine whether or not separate reserve accounts shall be main-
31 tained for each participating employer joining the system after the first
32 entry date.

33 (c) *Retirement benefit payment reserve.* (i) This reserve within the
34 fund will be credited with the amount transferred from the member's
35 accumulated contributions reserve and from the retirement benefit ac-
36 cumulation reserve and with interest allocated to this reserve at the rate
37 determined each year by the board. This reserve shall be charged with
38 payments of retirement benefits including payments upon death of the
39 excess of member's accumulated contributions over retirement benefit
40 payments paid to date of death. Annually, upon receipt of the actuarial
41 valuation as of the end of the previous fiscal year the board shall cause
42 certain adjustments to be made which shall be made prior to the end of
43 the fiscal year immediately following the fiscal year for which the actuarial

1 valuation is applicable.

2 (ii) The amount of these adjustments shall be the difference between
3 the amount required by the current actuarial valuation and the amount
4 required by the previous year's actuarial valuation plus amounts trans-
5 ferred to this reserve less amounts paid out of this reserve during the
6 fiscal year to be adjusted. Such adjustments required to maintain this
7 reserve on an actuarial reserve basis as of June 30 of the previous fiscal
8 year shall be accomplished by transfers to or from, as applicable, the
9 retirement benefit accumulation reserve.

10 (d) *Expense reserve.* This reserve within the fund shall be credited
11 with interest allocated to this reserve at the rate determined each year by
12 the board. It shall be charged with payments of all expenses incurred in
13 connection with the administration of the system.

14 Sec. 21. K.S.A. 2000 Supp. 74-4927h is hereby amended to read as
15 follows: 74-4927h. (1) The provisions of this section shall apply to em-
16 ployees of the state board of regents and institutions under its manage-
17 ment covered by the provisions of K.S.A. 74-4925 and 74-4927a and
18 amendments thereto. This section shall be administered by the board of
19 trustees of the Kansas public employees retirement system.

20 (2) (a) In the event that a member dies before retirement as a result
21 of an accident arising out of and in the course of the member's actual
22 performance of duty in the employ of a participating employer inde-
23 pendent of all other causes and not as a result of a willfully negligent or
24 intentional act of the member, an accidental death benefit shall be pay-
25 able if: (A) A report of the accident, in a form acceptable to the board, is
26 filed in the office of the executive ~~secretary~~ *director* of the board within
27 60 days of the date of the accident causing such death, and an application
28 for such benefit, in such form and manner as the board shall prescribe,
29 is filed in the office of the executive ~~secretary~~ *director* of the board within
30 two years of the date of the accident, but the board may waive such time
31 limits for a reasonable period if in the judgment of the board the failure
32 to meet these limits was due to lack of knowledge or incapacity; and (B)
33 the board finds from such evidence as it may require, to be submitted in
34 such form and manner as it shall prescribe, that the natural and proximate
35 cause of death was the result of an accident arising out of and in the
36 course of the member's employment with a participating employer in-
37 dependent of all other causes at a definite time and place. Such accidental
38 death benefit shall be a lump-sum amount of \$50,000 and an annual
39 amount of $\frac{1}{2}$ of the member's final average salary which shall accrue from
40 the first day of the month following the date of death and which shall be
41 payable in monthly installments or as the board may direct, but in no case
42 shall the accidental death benefit be less than \$100 per month. The ac-
43 cidental death benefit payments shall be paid to the surviving spouse of

1 such deceased member, such payments to continue so long as such sur-
2 viving spouse lives or until such surviving spouse remarries. If there is no
3 surviving spouse, or in the case the spouse dies or remarries before the
4 youngest child of such deceased member attains age 18 years or before
5 the youngest child of such deceased member attains age 23, if such child
6 is a full-time student as provided in K.S.A. 74-49,117, or if there are one
7 or more children of the member who are totally disabled and dependent
8 on the member or spouse, the accidental death benefit payments shall be
9 paid to the child or children of such member under age 18 years or under
10 age 23 years, if such child or children are full-time students as provided
11 in K.S.A. 74-49,117 and to the child or children of the member who are
12 totally disabled and dependent on the member or spouse, such payments
13 to be divided in such manner as the board in its discretion shall determine
14 and to continue until the youngest surviving child dies or attains age 18
15 years or attains age 23 years, if such child is a full-time student as provided
16 in K.S.A. 74-49,117, in the case of the child or children who are totally
17 disabled and dependent on the member or spouse, until death or until
18 no longer totally disabled. If there is no surviving spouse or child eligible
19 for accidental death benefits under this subsection (2) at the time of the
20 member's death, the accidental death benefit payments shall be paid to
21 the parent or parents of such member who are dependent on such mem-
22 ber, such payments to continue until the last such parent dies. All pay-
23 ments due under this subsection (2) to a minor shall be made to a legally
24 appointed conservator of such minor or totally disabled child as provided
25 in subsection (7) of K.S.A. 74-4902 and amendments thereto.

26 (b) In construction of this section, there shall be no presumption that
27 the death of the member was the result of an accident nor shall there be
28 a liberal interpretation of the law or evidence in favor of the person claim-
29 ing under this subsection (2). In the event of the death of a member
30 resulting from a heart, circulatory or respiratory condition, there must be
31 clear and precise evidence that death was the result of an accident in-
32 dependent of all other causes which arose out of and in the course of the
33 member's actual performance of duties in the employ of a participating
34 employer.

35 (c) The value, as determined by the board upon recommendation of
36 the actuary, of any worker's compensation benefits paid or payable to the
37 recipient or recipients of an annual benefit under this subsection (2) shall
38 be deducted from the amounts which become payable under this section.
39 In the event that a member should die as a result of an accident as de-
40 scribed in this subsection (2), all elections or options previously made by
41 the deceased member shall become void and of no effect whatsoever and
42 the retirement system shall be liable only for the accidental death benefit
43 and any insured death benefit that may be due. The benefit payable under

1 this subsection (2) shall be known and referred to as the “accidental death
2 benefit.”

3 (3) Any costs to the board from the claims arising under this section
4 shall be included in the rate certified by the board to finance the costs of
5 members under subsection (3) of K.S.A. 74-4925 and amendments
6 thereto.

7 (4) The payment of benefits as provided in this section is subject to
8 the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto.

9 Sec. 22. K.S.A. 2000 Supp. 74-4932 is hereby amended to read as
10 follows: 74-4932. As used in this act, unless the context otherwise
11 requires:

12 (1) “Accumulated contributions” means the sum of all contributions
13 by a member to the system which shall be credited to such member’s
14 account, with interest allowed thereon, plus such member’s contributions
15 transferred from the school employees savings fund of the state school
16 retirement system;

17 (2) “compensation” means the same as defined in subsection (9) of
18 K.S.A. 74-4902 and amendments thereto;

19 (3) “school year” means the twelve-month period beginning Septem-
20 ber 1 and ending August 31;

21 (4) “employee” means any employee of a participating employer
22 which is an eligible employer, as specified in K.S.A. 74-4931 and amend-
23 ments thereto, whose employment is not seasonal or temporary and
24 whose employment requires at least 630 hours of work per year or 3.5
25 hours of work per day for at least 180 days or any employee who is con-
26 currently employed by two or more eligible employers, as specified in
27 K.S.A. 74-4931 and amendments thereto, whose combined employment
28 is not seasonal or temporary and whose combined employment requires
29 at least 630 hours of work per year or 3.5 hours of work per day for at
30 least 180 days. Employee shall not include:

31 (a) Any employee who is covered by or eligible for or who will be-
32 come eligible for retirement benefits under any retirement plan or system
33 provided by K.S.A. 74-4925 and amendments thereto;

34 (b) any employee who is a contributing member of the United States
35 civil service retirement system;

36 (c) any employee or class of employees specifically exempt by law,
37 except those persons who were formerly employees of one or more of
38 the participating employers which are eligible employers as specified in
39 K.S.A. 74-4931 and amendments thereto, who are covered by and have
40 contributions on deposit with the state school retirement system and who
41 have not retired under that system on the day next preceding entry date;

42 (d) any employee who on entry date is covered by or eligible for or
43 will become eligible for retirement benefits under a separate retirement

1 system authorized or established under K.S.A. 72-1758 to 72-1769, inclu-
2 sive, and amendments thereto, or K.S.A. 72-6780 and amendments
3 thereto, except that this paragraph (d) shall not include any employee,
4 who before September 1, 1974, elects to become a member of the Kansas
5 public employees retirement system as provided in K.S.A. 74-4935a and
6 amendments thereto; or

7 (e) on and after July 1, 1975, no person who is otherwise eligible for
8 membership in the Kansas public employees retirement system shall be
9 barred from such membership by reason of coverage by, eligibility for or
10 future eligibility for a retirement annuity under the provisions of K.S.A.
11 74-4925 and amendments thereto. However, no person shall receive serv-
12 ice credit under the Kansas public employees retirement system for any
13 period of service for which benefits accrue or are granted under a retire-
14 ment annuity plan under the provisions of K.S.A. 74-4925 and amend-
15 ments thereto;

16 (5) “executive ~~secretary~~ *director*” means the managing officer of the
17 system as defined in subsection (16) of K.S.A. 74-4902 and amendments
18 thereto;

19 (6) “military service” means the same as defined in subsection (22)
20 of K.S.A. 74-4902 and amendments thereto, and includes such service
21 when followed by return to employment with the same or another par-
22 ticipating employer on or before the beginning of the next school year
23 following discharge or separation from such military service;

24 (7) “normal retirement date” means the same as defined in subsec-
25 tion (23) of K.S.A. 74-4902 and amendments thereto, as modified by
26 subsection (1) of K.S.A. 74-4937 and amendments thereto;

27 (8) “school employment” means the employment of a member when
28 employed by an eligible employer as specified in any of ~~subsections~~ *sub-*
29 *section* (1), (2) or (3) of K.S.A. 74-4931 and amendments thereto; and

30 (9) “USERRA” means the same as defined in subsection (35) of
31 K.S.A. 74-4902 and amendments thereto.

32 Sec. 23. K.S.A. 74-4934 is hereby amended to read as follows: 74-
33 4934. (1) On and after July 1, 1970, the state school retirement board is
34 abolished and such board shall have no further legal authority or powers.
35 On such date all of the powers provided in K.S.A. 72-5501 to 72-5534
36 and amendments thereto shall devolve upon and be performed by the
37 board of trustees of the Kansas public employees retirement system, and
38 all powers heretofore exercised by the state school retirement board, in-
39 cluding management and control of the assets and funds of the state
40 school retirement system, shall be and become vested in the board of
41 trustees of the Kansas public employees retirement system. Whenever in
42 the statutes of this state the words “state school retirement board” or
43 words of like effect are used, the same shall be deemed to mean the

1 board of trustees of the Kansas public employees retirement system. The
2 board of trustees of the Kansas public employees retirement system is
3 authorized to execute transfer endorsements for any stock or security of
4 the state school retirement system and such endorsements may be in the
5 name of the state school retirement board.

6 (2) On January 1, 1971, there shall be transferred from the school
7 employees savings fund of the state school retirement system such mon-
8 eys and securities, and accumulated earnings thereon, as are equal to the
9 accumulated contributions (savings annuity deductions or accumulated
10 deductions) of the members of the state school retirement system on
11 deposit with the state school retirement system who become members of
12 this system on January 1, 1971, as provided in K.S.A. 74-4935. Such trans-
13 fer of securities in the school employees savings fund shall be on the basis
14 of the book value of such securities. The member's account in this system
15 shall be credited with the amount in his savings annuity account (savings
16 annuity deductions or accumulated deductions) so transferred.

17 (3) "Executive ~~secretary~~ *director*" as used in K.S.A. 72-5501 to 72-
18 5534, inclusive, and amendments thereto means the same as is provided
19 in subsection (5) of K.S.A. 74-4932. The duties provided in such statutes
20 to be performed by the executive ~~secretary~~ *director* shall be performed
21 by the person holding the office defined in subsection (5) of K.S.A. 74-
22 4932. Employees of the state school retirement board shall continue in
23 state service and retain all their rights under the Kansas civil service act.

24 Sec. 24. K.S.A. 2000 Supp. 74-4940 is hereby amended to read as
25 follows: 74-4940. (a) Subject to the provisions of subsection (b), all mem-
26 bers in school employment who are subject to the continuing contract
27 law shall be paid their contractual compensation in not less than 12 sub-
28 stantially equal installments, paid once, or more often, each month com-
29 mencing in September of each school year.

30 (b) Upon written authorization from any member in school employ-
31 ment who is subject to the continuing contract law, an employer shall pay
32 the balance of such member's contractual compensation for the school
33 year in one payment upon completion of all contractual obligations of the
34 member. The authorization shall be filed with the employer not later than
35 April 1 of the school year in and for which the balance payment is first
36 authorized. A written authorization under this subsection shall remain in
37 effect until revoked in writing by the member filing the authorization. So
38 long as the authorization of such member remains in effect, the balance
39 of the member's contractual compensation shall be paid each school year
40 in accordance with the provisions of this subsection. Such payment shall
41 be made no later than June 30 of the school year. For the purposes of
42 the Kansas public employees retirement system, the employer shall make
43 the appropriate employee contribution deduction from the payment and

1 shall report and remit the amount so deducted to the executive ~~secretary~~
2 *director* at the time monthly deductions and quarterly reports would nor-
3 mally be made under K.S.A. 74-4919, and amendments thereto, if the
4 authorization for one payment was not in effect.

5 (c) Notwithstanding the provisions of subsections (a) and (b), each
6 member in school employment who is subject to the continuing contract
7 law, who has completed the balance of such member's contractual obli-
8 gations and retires prior to the end of a school year under K.S.A. 74-4937,
9 and amendments thereto, shall be paid the balance of the member's con-
10 tractual compensation in one payment during the calendar month im-
11 mediately preceding the date of retirement. For the purposes of the Kan-
12 sas public employees retirement system, the employer shall make the
13 appropriate employee contribution deduction from the payment and shall
14 report and remit the amount so deducted to the executive ~~secretary~~ *di-*
15 *rector* at the time monthly deductions and reports are made under K.S.A.
16 74-4919, and amendments thereto, for the period in which the payment
17 is made except that such report and remittance shall not include any
18 amount which would have been reported normally in the next ensuing
19 period under subsection (b). No employee contribution deduction shall
20 be made from such amount and such amount shall not be included as
21 compensation in determining the member's final average salary.

22 (d) An employer of members in school employment who are not sub-
23 ject to the continuing contract law may adopt a policy providing that any
24 or all such members shall be paid their contractual compensation each
25 school year in not less than 12 substantially equal installments, paid once,
26 or more often, each month commencing in the first month of any such
27 member's school employment. A copy of any such policy shall be provided
28 to each such member in school employment.

29 (e) As used in this section, the term "school employment" means the
30 employment of a member when employed by an eligible employer as
31 specified in any of subsections (1), (2) or (3) of K.S.A. 74-4931, and
32 amendments thereto.

33 Sec. 25. K.S.A. 2000 Supp. 74-4957 is hereby amended to read as
34 follows: 74-4957. (1) The normal retirement date for a member of the
35 system who is appointed or employed prior to July 1, 1989, and who does
36 not make an election pursuant to K.S.A. 74-4955a and amendments
37 thereto shall be the first day of the month coinciding with or following
38 termination of employment not followed by employment with any partic-
39 ipating employer within 30 days and the attainment of age 55 and the
40 completion of 20 years of credited service. Any member may retire on
41 such member's normal retirement date or on the first day of any month
42 thereafter.

43 (2) *Early retirement.* Any member who is appointed or employed

1 prior to July 1, 1989, and who does not make an election pursuant to
2 K.S.A. 74-4955a and amendments thereto may retire before such mem-
3 ber's normal retirement date on the first day of any month coinciding
4 with or following termination of employment not followed by employ-
5 ment with any participating employer within 30 days and the attainment
6 of age 50 and the completion of 20 years of credited service.

7 (3) Notwithstanding the provisions of subsections (1) and (2) of this
8 section and K.S.A. 74-4955a, 74-4957a, 74-4958a, 74-4960a, 74-4963a and
9 74-4964a and amendments thereto, the normal retirement date for any
10 member who was, up to the entry date of such member's employer, cov-
11 ered by a pension system under the provisions of K.S.A. 13-14a01 to 13-
12 14a14, inclusive, or 14-10a01 to 14-10a15, inclusive, and amendments
13 thereto, shall be the first day of the month coinciding with or following
14 the attainment of age 50 and the completion of 25 years of credited
15 service.

16 (4) In no event shall a member be eligible to retire until such member
17 has been a contributing member of the system for 12 months of partici-
18 pating service, and shall have given such member's employer prior notice
19 of retirement.

20 (5) If a retirant who retired on or after July 1, 1994, is employed,
21 elected or appointed in or to any position or office for which compensa-
22 tion for service is paid in an amount equal to \$15,000 or more in any one
23 such calendar year, by the same state agency or the same police or fire
24 department of any county, city, township or special district or the same
25 sheriff's office of a county during the final two years of such retirant's
26 participation, such retirant shall not receive any retirement benefit for
27 any month for which such retirant serves in such position or office. The
28 participating employer shall report to the system within 30 days of when
29 the compensation paid to the retirant is equal to or exceeds any limitation
30 provided by this section. Any retirant employed by a participating em-
31 ployer in the Kansas police and firemen's retirement system shall not
32 make contributions nor receive additional credit under such system for
33 such service except as provided by this section. Upon request of the ex-
34 ecutive ~~secretary~~ *director* of the system, the secretary of revenue shall
35 provide such information as may be needed by the executive ~~secretary~~
36 *director* to carry out the provisions of this act.

37 Sec. 26. K.S.A. 2000 Supp. 74-4957a is hereby amended to read as
38 follows: 74-4957a. (1) The normal retirement date for a member of the
39 system who is appointed or employed on or after July 1, 1989, or who
40 makes an election pursuant to K.S.A. 74-4955a and amendments thereto
41 to be covered by the provisions of this act shall be the first day of the
42 month coinciding with or following termination of employment not fol-
43 lowed by employment with any participating employer within 30 days and

1 the attainment of age 55 and the completion of 20 years of credited serv-
2 ice, age 50 and the completion of 25 years of credited service or age 60
3 with the completion of 15 years of credited service. Any such member
4 may retire on such member's normal retirement date or on the first day
5 of any month thereafter.

6 (2) Any member may retire before such member's normal retirement
7 date on the first day of any month coinciding with or following termination
8 of employment not followed by employment with any participating em-
9 ployer within 30 days and the attainment of age 50 and the completion
10 of 20 years of credited service.

11 (3) In no event shall a member be eligible to retire until such member
12 has been a contributing member of the system for 12 months of partici-
13 pating service, and shall have given such member's employer prior notice
14 of retirement.

15 (4) If a retirant who retired on or after July 1, 1996, is employed,
16 elected or appointed in or to any position or office for which compensa-
17 tion for service is paid in an amount equal to \$15,000 or more in any one
18 such calendar year, by the same state agency or the same police or fire
19 department of any county, city, township or special district or the same
20 sheriff's office of a county during the final two years of such retirant's
21 participation, such retirant shall not receive any retirement benefit for
22 any month for which such retirant serves in such position or office. The
23 participating employer shall report to the system within 30 days of when
24 the compensation paid to the retirant is equal to or exceeds any limitation
25 provided by this section. Any retirant employed by a participating em-
26 ployer in the Kansas police and firemen's retirement system shall not
27 make contributions nor receive additional credit under such system for
28 such service except as provided by this section. Upon request of the ex-
29 ecutive ~~secretary~~ *director* of the system, the secretary of revenue shall
30 provide such information as may be needed by the executive ~~secretary~~
31 *director* to carry out the provisions of this act.

32 (5) The provisions of this section shall be effective on and after July
33 1, 1989, and shall apply only to members who were appointed or em-
34 ployed prior to July 1, 1989, and who made an election pursuant to K.S.A.
35 74-4955a and amendments thereto; and persons appointed or employed
36 on or after July 1, 1989.

37 Sec. 27. K.S.A. 2000 Supp. 74-4958 is hereby amended to read as
38 follows: 74-4958. (1) Any member who retires on or after July 1, 1993,
39 shall be entitled to receive an age and service retirement benefit equal
40 to 2.5% of such member's final average salary multiplied by the number
41 of years of credited service except that in no case shall such retirement
42 benefit exceed 80% of such member's final average salary.

43 (2) Any member who is appointed or employed prior to July 1, 1989,

1 who does not make an election pursuant to K.S.A. 74-4955a and amend-
2 ments thereto and who retires before such member's normal retirement
3 date shall receive an early retirement benefit equal to the annual retire-
4 ment benefit payable had the member retired on the normal retirement
5 date reduced by an amount equal to the product of (A) such annual re-
6 tirement benefit payable had the member retired on the normal retire-
7 ment date, multiplied by (B) the product of .4% multiplied by the number
8 of months difference, to the nearest whole month, between the member's
9 attained age at the time of retirement and age 55.

10 (3) ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
11 ~~amendments thereto,~~ Upon the death after retirement of a member who
12 was covered, up to the entry date of the member's employer, by a pension
13 system under the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and
14 amendments thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and
15 amendments thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and
16 amendments thereto, and who had not elected to retire under one of the
17 options provided under K.S.A. 74-4964 and amendments thereto, the
18 member's spouse, if such spouse was the member's lawfully wedded
19 spouse for a period of not less than one year at the time of the member's
20 retirement or if such spouse had been the member's lawfully wedded
21 spouse for at least three years after the time of the member's retirement,
22 shall receive: (A) *Pursuant to the provisions of K.S.A. 2000 Supp. 74-*
23 *49,128, and amendments thereto,* a lump-sum benefit equal to $\frac{1}{2}$ the
24 member's final average salary at the time of the member's retirement;
25 and ~~shall receive~~ (B) an annual spouse's benefit equal to 75% of the
26 member's retirement benefit payable in monthly installments, to accrue
27 from the last day of the month following the member's date of death and
28 ending on the last day of the month in which the spouse dies. Com-
29 mencing on the effective date of this act, any surviving spouse, who was
30 receiving benefits pursuant to this section and who had such benefits
31 terminated by reason of such spouse's remarriage, shall be entitled to
32 once again receive benefits pursuant to this section, except that such
33 surviving spouse shall not be entitled to recover any benefits not received
34 after the termination of benefits by reason of such surviving spouse's
35 remarriage but before the effective date of this act. If there is no surviving
36 spouse, or if after the death of the spouse there remain one or more
37 children under the age of 18 years or one or more children under the age
38 of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and
39 amendments thereto, the ~~annual~~ spouse's benefit shall be payable, subject
40 to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments
41 thereto, in equal shares to such children and each child's share shall end
42 on the last day of the month in which such child attains the age of 18
43 years or dies, whichever occurs earlier or in which such child attains the

1 age of 23 years if such child is a full-time student as provided in K.S.A.
2 74-49,117 and amendments thereto. Commencing on the effective date
3 of this act, any child who was receiving benefits pursuant to this section
4 and who had such benefits terminated by reason of such child's marriage,
5 shall be entitled to once again receive benefits pursuant to this section
6 subject to the limitations contained in this section, except that such child
7 shall not be entitled to recover any benefits not received after the ter-
8 mination of benefits by reason of such child's marriage but before the
9 effective date of this act. All payments due under this section to a minor
10 shall be made to a legally appointed conservator of such minor as provided
11 in subsection (7) of K.S.A. 74-4902 and amendments thereto. No person
12 shall be entitled to receive more than one benefit under the provisions
13 of this subsection. Any person who otherwise meets the qualifications to
14 receive more than one benefit under this subsection shall elect the benefit
15 such person shall receive.

16 (4) Upon the death after retirement of a member who had not elected
17 to retire under one of the options provided under K.S.A. 74-4964 and
18 amendments thereto, such member's beneficiary shall receive an amount
19 equal to the excess, if any, of such member's accumulated contributions
20 over the sum of all retirement benefit payments made.

21 (5) The provisions of law in effect on the retirement date of a member
22 under the system shall govern the retirement benefit payable to the re-
23 tirant, any joint annuitant and any beneficiary.

24 Sec. 28. K.S.A. 2000 Supp. 74-4958a is hereby amended to read as
25 follows: 74-4958a. (1) Any member who retires on or after July 1, 1993,
26 shall be entitled to receive an age and service retirement benefit equal
27 to 2.5% of such member's final average salary multiplied by the number
28 of years of credited service except that in no case shall such retirement
29 benefit exceed 80% of such member's final average salary.

30 (2) Any member who retires before such member's normal retire-
31 ment date shall receive an early retirement benefit equal to the annual
32 retirement benefit payable had the member retired on the normal retire-
33 ment date reduced by an amount equal to the product of (A) such annual
34 retirement benefit payable had the member retired on the normal retire-
35 ment date, multiplied by (B) the product of .4% multiplied by the number
36 of months difference, to the nearest whole month, between the member's
37 attained age at the time of retirement and age 55.

38 (3) Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and
39 amendments thereto, upon the death after retirement of a member who
40 was covered, up to the entry date of the member's employer, by a pension
41 system under the provisions of K.S.A. 12-5001 to 12-5007, inclusive, and
42 amendments thereto, or K.S.A. 13-14a01 to 13-14a14, inclusive, and
43 amendments thereto, or K.S.A. 14-10a01 to 14-10a15, inclusive, and

1 amendments thereto, and who had not elected to retire under one of the
2 options provided under K.S.A. 74-4964 and amendments thereto, the
3 member's spouse, if such spouse was the member's lawfully wedded
4 spouse for a period of not less than one year at the time of the member's
5 retirement or if such spouse had been the member's lawfully wedded
6 spouse for at least three years after the time of the member's retirement,
7 shall receive: (A) Pursuant to the provisions of K.S.A. 2000 Supp. 74-
8 49,128, and amendments thereto, a lump-sum benefit equal to $\frac{1}{2}$ the
9 member's final average salary at the time of the member's retirement;
10 and shall receive (B) an annual spouse's benefit equal to 75% of the
11 member's retirement benefit payable in monthly installments, to accrue
12 from the first day of the month following the member's date of death and
13 ending on the last day of the month in which the spouse dies. Com-
14 mencing on the effective date of this act, any surviving spouse, who was
15 receiving benefits pursuant to this section and who had such benefits
16 terminated by reason of such spouse's remarriage, shall be entitled to
17 once again receive benefits pursuant to this section, except that such
18 surviving spouse shall not be entitled to recover any benefits not received
19 after the termination of benefits by reason of such surviving spouse's
20 remarriage but before the effective date of this act. If there is no surviving
21 spouse, or if after the death of the spouse there remain one or more
22 children under the age of 18 years or one or more children under the age
23 of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and
24 amendments thereto, the annual spouse's benefit shall be payable, subject
25 to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments
26 thereto, in equal shares to such children and each child's share shall end
27 on the last day of the month in which such child attains the age of 18
28 years or dies, whichever occurs earlier or in which such child attains the
29 age of 23 years, if such child is a full-time student as provided in K.S.A.
30 74-49,117 and amendments thereto. Commencing on the effective date
31 of this act, any child who was receiving benefits pursuant to this section
32 and who had such benefits terminated by reason of such child's marriage,
33 shall be entitled to once again receive benefits pursuant to this section
34 subject to the limitations contained in this section, except that such child
35 shall not be entitled to recover any benefits not received after the ter-
36 mination of benefits by reason of such child's marriage but before the
37 effective date of this act. All payments due under this section to a minor
38 shall be made to a legally appointed conservator of such minor as provided
39 in subsection (7) of K.S.A. 74-4902 and amendments thereto. No person
40 shall be entitled to receive more than one benefit under the provisions
41 of this subsection. Any person who otherwise meets the qualifications to
42 receive more than one benefit under this subsection shall elect the benefit
43 such person shall receive.

1 (4) Upon the death after retirement of a member who had not elected
2 to retire under one of the options provided under K.S.A. 74-4964 and
3 amendments thereto, such member's beneficiary shall receive an amount
4 equal to the excess, if any, of such member's accumulated contributions
5 over the sum of all retirement benefit payments made.

6 (5) The provisions of this section shall be effective on and after July
7 1, 1989 and shall apply only to members who were appointed or employed
8 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-
9 4955a and amendments thereto; and persons appointed or employed on
10 or after July 1, 1989.

11 (6) The provisions of law in effect on the retirement date of a member
12 under the system shall govern the retirement benefit payable to the re-
13 tirant, any joint annuitant and any beneficiary.

14 Sec. 29. K.S.A. 2000 Supp. 74-4959 is hereby amended to read as
15 follows: 74-4959. (1) Upon the death from service-connected causes as
16 defined in this act, of an active contributing member prior to retirement,
17 the following benefits shall be payable if a report of the event, in a form
18 acceptable to the board, is filed in the office of the executive ~~secretary~~
19 *director* of the board within 200 days after the date of the act of duty
20 causing such death and an application for such benefits, in such form and
21 manner as prescribed by the board, is filed in the office of the executive
22 ~~secretary~~ *director* of the board within two years of the date of death, but
23 the board may waive such time limits for a reasonable period if in the
24 judgment of the board the failure to meet these limits was due to lack of
25 knowledge or incapacity:

26 (a) To the member's spouse, if lawfully wedded to the member at the
27 time of the member's death, an annual spouse's benefit equal to 50% of
28 the member's final average salary, which shall accrue from the first day
29 of the month coinciding with or following the member's death and shall
30 end on the first day of the month in which the spouse's death occurs.
31 Commencing on the effective date of this act, any surviving spouse, who
32 was receiving benefits pursuant to this section and who had such benefits
33 terminated by reason of such spouse's remarriage, shall be entitled to
34 once again receive benefits pursuant to this section, except that such
35 surviving spouse shall not be entitled to recover any benefits not received
36 after the termination of benefits by reason of such surviving spouse's
37 remarriage but before the effective date of this act.

38 (b) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and
39 amendments thereto, to the member's children under the age of 18 years
40 or under the age of 23 years, if such children are full-time students as
41 provided in K.S.A. 74-49,117 and amendments thereto an annual chil-
42 dren's benefit equal to 10% of the member's final average salary for each
43 such child, which shall accrue from the first day of the month coinciding

1 with or following the member's death and shall end on the last day of the
2 month in which such child attains the age of 18 years or dies, whichever
3 occurs earlier or in which such child attains the age of 23 years, if such
4 child is a full-time student as provided in K.S.A. 74-49,117 and amend-
5 ments thereto, except that if there is no eligible spouse, or if upon the
6 death of the spouse there remain one or more children under the age of
7 18 years or under the age of 23 years, if such children are full-time stu-
8 dents as provided in K.S.A. 74-49,117 and amendments thereto, the an-
9 nual spouse's benefit shall be paid in equal shares to such children and
10 each child's share shall end on the last day of the month in which such
11 child attains the age of 18 years or dies, whichever occurs earlier or in
12 which such child attains the age of 23 years, if such child is a full-time
13 student as provided in K.S.A. 74-49,117 and amendments thereto. Com-
14 mencing on the effective date of this act, any child who was receiving
15 benefits pursuant to this section and who had such benefits terminated
16 by reason of such child's marriage, shall be entitled to once again receive
17 benefits pursuant to this section subject to the limitations contained in
18 this section, except that such child shall not be entitled to recover any
19 benefits not received after the termination of benefits by reason of such
20 child's marriage but before the effective date of this act.

21 (c) In no case shall benefits payable under the provisions of para-
22 graphs (a) and (b) of this subsection (1) exceed 75% of the member's
23 final average salary.

24 (2) Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and
25 amendments thereto, upon the death from causes not service-connected
26 of an active contributing member prior to retirement, the member's
27 spouse, if lawfully wedded to the member at the time of the member's
28 death, shall receive immediately a lump-sum benefit equal to 100% of
29 the member's final average salary and shall be entitled to receive an an-
30 nual death benefit equal to the member's retirement benefit calculated
31 as if the member had retired on the member's normal retirement date,
32 but based upon the member's final average salary and years of credited
33 service on the date of death but not to exceed the amount of the annual
34 spouse's benefit provided in paragraph (a) of subsection (1). An applica-
35 tion for such benefits in such form and manner as prescribed by the board
36 must be filed in the office of the executive ~~secretary~~ *director* of the board
37 within two years of the date of death, but the board may waive such time
38 limit for a reasonable period if in the judgment of the board the failure
39 to meet this limit was due to the lack of knowledge or incapacity. On and
40 after July 1, 1993, the annual spouse's benefit under this subsection (2)
41 shall accrue from the first day of the month coinciding with or following
42 the member's death and shall continue until the spouse's death. Com-
43 mencing on the effective date of this act, any surviving spouse, who was

1 receiving benefits pursuant to this section and who had such benefits
2 terminated by reason of such spouse's remarriage, shall be entitled to
3 once again receive benefits pursuant to this section, except that such
4 surviving spouse shall not be entitled to recover any benefits not received
5 after the termination of benefits by reason of such surviving spouse's
6 remarriage but before the effective date of this act. If there is no eligible
7 spouse or if after the death of the spouse there remain one or more
8 children of the member under the age of 18 years or one or more children
9 of the member under the age of 23 years, if such children are full-time
10 students as provided in K.S.A. 74-49,117 and amendments thereto, the
11 spouse's benefit shall be payable, subject to the provisions of K.S.A. 2000
12 Supp. 74-49,123 and amendments thereto, in equal shares to such chil-
13 dren and each child's share shall end on the last day of the month in
14 which such child attains the age of 18 years or dies, whichever occurs
15 earlier or in which such child attains the age of 23 years, if such child is
16 a full-time student as provided in K.S.A. 74-49,117 and amendments
17 thereto. Commencing on the effective date of this act, any child who was
18 receiving benefits pursuant to this section and who had such benefits
19 terminated by reason of such child's marriage, shall be entitled to once
20 again receive benefits pursuant to this section subject to the limitations
21 contained in this section, except that such child shall not be entitled to
22 recover any benefits not received after the termination of benefits by
23 reason of such child's marriage but before the effective date of this act.

24 (3) Upon the death of a member prior to retirement, if no benefits
25 are payable under the provisions of subsection (1) or (2), the sum of the
26 following shall be paid to the member's beneficiary: (a) The member's
27 accumulated contributions; and (b) a lump sum death benefit equal to
28 100% of the member's current annual salary reduced by the sum of the
29 member's accumulated contributions paid as provided by this section.

30 (4) All payments due under this section to a minor shall be made to
31 a legally appointed conservator of such minor as provided in subsection
32 (7) of K.S.A. 74-4902 and amendments thereto.

33 Sec. 30. K.S.A. 2000 Supp. 74-4960 is hereby amended to read as
34 follows: 74-4960. (1) If any active contributing member becomes totally
35 and permanently disabled due to service-connected causes as defined in
36 subsection (10) of K.S.A. 74-4952 and amendments thereto, such mem-
37 ber shall be retired and the following benefits shall become payable and
38 shall continue until the member's death or until the member recovers
39 from the disability if: A report of the event in a form acceptable to the
40 board is filed in the office of the executive ~~secretary~~ *director* of the board
41 within 220 days after the date of the event or act of duty causing such
42 disability; and an application for such benefit, in such form and manner
43 as the board prescribes, is filed by the member or the member's author-

1 ized representative in the office of the executive ~~secretary~~ *director* of the
2 board within two years of the date of disability, *except the board may*
3 *waive such two-year requirement if the board is presented with evidence*
4 *that clearly warrants such a waiver:*

5 (a) On and after July 1, 1993, the member shall receive a retirement
6 benefit equal to 50% of the member's final average salary or, if the mem-
7 ber has no dependents, as defined in subsection (1)(b), the retirement
8 benefit the member would have been entitled to as provided under K.S.A.
9 74-4958 and amendments thereto had the member retired, whichever is
10 greater. Such benefit shall accrue from the day upon which the member
11 ceases to draw compensation.

12 (b) *Except as otherwise provided by this subsection*, each of the mem-
13 ber's children under the age of 18 years or each of the member's children
14 under the age of 23 years who is a full-time student as provided in K.S.A.
15 74-49,117 and amendments thereto shall receive an annual benefit equal
16 to 10% of the member's final average salary. Such benefit shall accrue
17 from the day upon which the member ceases to draw compensation and
18 shall end on the last day of the month in which each such child or children
19 shall attain the age of 18 years or die, whichever occurs earlier or in which
20 such children attain the age of 23 years, if such child is a full-time student
21 as provided in K.S.A. 74-49,117 and amendments thereto. Commencing
22 on the effective date of this act, any child who was receiving benefits
23 pursuant to this section and who had such benefits terminated by reason
24 of such child's marriage, shall be entitled to once again receive benefits
25 pursuant to this section subject to the limitations contained in this section,
26 except that such child shall not be entitled to recover any benefits not
27 received after the termination of benefits by reason of such child's mar-
28 riage but before the effective date of this act. *For a member who becomes*
29 *totally and permanently disabled as provided in this section on and after*
30 *July 1, 2001, only the member's children who were born, conceived or*
31 *adopted prior to the commencement of the member's disability are entitled*
32 *to the annual benefit as provided in this subsection.*

33 (c) In no case shall the total of the benefits payable under paragraphs
34 (a) and (b) of this subsection (1) be in excess of 75% of the member's
35 final average salary.

36 (d) In the event a member who is retired under subsection (1) dies
37 within two years after the date of such retirement and no benefits are
38 payable under subsection (3) of K.S.A. 74-4958 and amendments thereto,
39 then benefits may be payable under subsection (1) of K.S.A. 74-4959 and
40 amendments thereto.

41 (e) In the event a member who is retired under subsection (1) dies
42 more than two years after the date of such retirement, and the proximate
43 cause of such death is the service-connected cause from which the disa-

1 bility resulted and no benefits are payable under subsection (3) of K.S.A.
2 74-4958 and amendments thereto, then benefits may be payable under
3 subsection (1) of K.S.A. 74-4959 and amendments thereto. The provisions
4 of this paragraph (e) of this subsection (1) shall apply in all cases of such
5 members who die after June 30, 1978.

6 (f) In the event a member who is retired under subsection (1) dies
7 after the date of such retirement, and no benefits are payable under
8 paragraphs (d) and (e) of subsection (1), nor under subsection (3) of
9 K.S.A. 74-4958 and amendments thereto, the following benefits shall be
10 payable:

11 (i) To the member's spouse, if lawfully wedded to the member at the
12 time of the member's death, a lump-sum benefit equal to 50% of the
13 member's final average salary at the time of the member's retirement.

14 (ii) To the member's spouse, if lawfully wedded to the member at
15 the time of the member's death, an annual benefit equal to 50% of the
16 member's retirement benefit payable in monthly installments, to accrue
17 from the first day of the month following the member's date of death and
18 ending on the last day of the month in which the spouse dies. Com-
19 mencing on the effective date of this act, any surviving spouse, who was
20 receiving benefits pursuant to this section and who had such benefits
21 terminated by reason of such spouse's remarriage, shall be entitled to
22 once again receive benefits pursuant to this section, except that such
23 surviving spouse shall not be entitled to recover any benefits not received
24 after the termination of benefits by reason of such surviving spouse's
25 remarriage but before the effective date of this act. If there is no surviving
26 spouse, or if after the death of the spouse there remain one or more
27 children under the age of 18 years or one or more children under the age
28 of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and
29 amendments thereto, the annual spouse's benefit shall be payable, subject
30 to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments
31 thereto, in equal shares to such children and each child's share shall end
32 on the last day of the month in which such child attains the age of 18
33 years or dies, whichever occurs earlier or in which such child attains the
34 age of 23 years, if such child is a full-time student as provided in K.S.A.
35 74-49,117 and amendments thereto. Commencing on the effective date
36 of this act, any child who was receiving benefits pursuant to this section
37 and who had such benefits terminated by reason of such child's marriage,
38 shall be entitled to once again receive benefits pursuant to this section
39 subject to the limitations contained in this section, except that such child
40 shall not be entitled to recover any benefits not received after the ter-
41 mination of benefits by reason of such child's marriage but before the
42 effective date of this act.

43 The provisions of paragraph (f) of subsection (1) shall apply in all cases

1 of such members who die after December 1, 1984.

2 (2) (a) If any active contributing member, prior to such member's
3 normal retirement, becomes totally and permanently disabled for a period
4 of 180 days from causes not service-connected, and not as the result of a
5 willfully negligent or intentional act of the member, such member shall
6 be retired and the following benefit shall become payable and shall con-
7 tinue until the member's death or until the member recovers from such
8 disability, whichever occurs first, if a report of the disability in a form
9 acceptable to the board is filed in the office of the executive ~~secretary~~
10 *director* of the board within 220 days after the date of the commencement
11 of such disability and if an application for such benefit in such form and
12 manner as the board shall prescribe is filed in the office of the executive
13 ~~secretary~~ *director* of the board within two years of the date of disability,
14 *except that the board may waive such two-year requirement, if the board*
15 *is presented with evidence that clearly warrants such a waiver.*

16 A retirement benefit equal to 2.5% of the member's final average salary
17 multiplied by the number of years of credited service or the retirement
18 benefit the member would have been entitled to as provided under K.S.A.
19 74-4958 and amendments thereto had the member retired, whichever is
20 greater, multiplied by the number of years of credited service except that
21 such retirement benefit shall be at least equal to 25% of the member's
22 final average salary but shall not exceed the amount of the retirement
23 benefit provided in paragraph (a) of subsection (1). Such benefit shall not
24 become payable until satisfactory evidence shall be presented to the board
25 that the member is and has been totally and permanently disabled for a
26 period of 180 days, but benefits shall accrue from the day upon which
27 the member ceases to draw compensation.

28 ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
29 ~~amendments thereto,~~ In the event a member who is retired under subsec-
30 tion (2) dies after the date of such retirement, ~~and no benefits are payable~~
31 ~~under subsection (3) of K.S.A. 74-4958 and amendments thereto,~~ the
32 following benefits shall be payable:

33 (i) ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
34 ~~amendments thereto,~~ to the member's spouse, if lawfully wedded to the
35 member at the time of the member's death ~~and if no benefits are payable~~
36 ~~under subsection (3) of K.S.A. 74-4958, and amendments thereto,~~ a lump-
37 sum benefit equal to 50% of the member's final average salary at the time
38 of the member's retirement.

39 (ii) To the member's spouse, if lawfully wedded to the member at
40 the time of the member's death, an annual benefit equal to 50% of the
41 member's retirement benefit payable in monthly installments, to accrue
42 from the first day of the month following the member's date of death and
43 ending on the last day of the month in which the spouse dies. Com-

1 mencing on the effective date of this act, any surviving spouse, who was
2 receiving benefits pursuant to this section and who had such benefits
3 terminated by reason of such spouse's remarriage, shall be entitled to
4 once again receive benefits pursuant to this section, except that such
5 surviving spouse shall not be entitled to recover any benefits not received
6 after the termination of benefits by reason of such surviving spouse's
7 remarriage but before the effective date of this act. If there is no surviving
8 spouse, or if after the death of the spouse there remain one or more
9 children under the age of 18 years or one or more children under the age
10 of 23 years who are full-time students as provided in K.S.A. 74-49,117
11 and amendments thereto, the ~~annual~~ spouse's benefit shall be payable,
12 subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments
13 thereto, in equal shares to such children and each child's share shall end
14 on the last day of the month in which such child attains the age of 18
15 years or dies, whichever occurs earlier or in which such child attains the
16 age of 23 years, if such child is a full-time student as provided in K.S.A.
17 74-49,117 and amendments thereto. Commencing on the effective date
18 of this act, any child who was receiving benefits pursuant to this section
19 and who had such benefits terminated by reason of such child's marriage,
20 shall be entitled to once again receive benefits pursuant to this section
21 subject to the limitations contained in this section, except that such child
22 shall not be entitled to recover any benefits not received after the ter-
23 mination of benefits by reason of such child's marriage but before the
24 effective date of this act.

25 The provisions of paragraph (b) of subsection (2) shall apply in all cases
26 of such members who die after July 1, 1989.

27 (3) Any member who was employed for compensation by an em-
28 ployer other than the member's participating employer and whose disa-
29 bility was incurred in the course of such other employment shall not be
30 eligible for any of the benefits provided in subsection (2).

31 (4) If a member becomes totally and permanently disabled and no
32 benefits are payable under subsection (1) or (2), the sum of the member's
33 accumulated contributions shall be paid to the member.

34 (5) Any member receiving benefits under this section shall submit to
35 medical examination, not more frequent than annually, by one or more
36 physicians or any other practitioners of the healing arts holding a valid
37 license issued by Kansas state board of healing arts, as the board of trus-
38 tees may direct. If upon such medical examination, the examiner's report
39 to the board states that the retirant is physically able and capable of re-
40 suming employment with the same or a different participating employer,
41 the disability benefits shall terminate. A retirant who has been receiving
42 benefits under the provisions of this section and who returns to employ-
43 ment, as defined in subsection (4) of K.S.A. 74-4952 and amendments

1 thereto, of a participating employer shall immediately commence accru-
2 ing service credit which shall be added to that which has been accrued
3 by virtue of previous service.

4 (6) Any retirant who has been receiving benefits under the provisions
5 of this section for a period of five years shall be deemed finally retired
6 and shall not be subject to further medical examinations, except that if
7 the board of trustees shall have reasonable grounds to question whether
8 the retirant remains totally and permanently disabled, a further medical
9 examination or examinations may be required.

10 (7) Refusal or neglect to submit to examination as provided in sub-
11 section (5) shall be sufficient cause for suspending or discontinuing ben-
12 efit payments under this section and if such refusal or neglect shall con-
13 tinue for a period of one year, the member's rights in and to all benefits
14 under this system may be revoked by the board.

15 (8) Any retirement benefits payable under the provisions of this sec-
16 tion shall be in lieu of normal retirement benefits as provided in subsec-
17 tions (1) and (2) of K.S.A. 74-4958 and amendments thereto.

18 (9) Each member shall report to such member's participating em-
19 ployer any event or act of duty causing disability within 200 days after
20 such event or act of duty. The member's participating employer shall file
21 in the office of the executive ~~secretary~~ *director* of the board, in a form
22 acceptable to the board, a report of the event or act of duty causing
23 disability within 220 days after the event or act of duty.

24 (10) In any case of any event occurring prior to July 1, 1979, and after
25 June 30, 1998, for which a report of the event was made by the partici-
26 pating employer to the director of ~~workers'~~ *workers* compensation in ac-
27 cordance with K.S.A. 44-557 and amendments thereto, such report to the
28 director of ~~workers'~~ *workers* compensation shall satisfy the requirement
29 under subsection (1) of this section to file a report of such event, in a
30 form acceptable to the board within 220 days. No such report to the
31 director of workers' compensation shall be deemed to satisfy such re-
32 quirement with respect to events occurring on or after July 1, 1979, and
33 prior to July 1, 1998.

34 (11) All payments due under this section to a minor shall be made to
35 a legally appointed conservator of such minor.

36 (12) The provisions of this section shall apply only to members who
37 were appointed or employed prior to July 1, 1989, and who did not make
38 an election pursuant to K.S.A. 74-4955a and amendments thereto.

39 (13) Any retirant who has been receiving benefits under the provi-
40 sions of this section and who returns to employment with the same or
41 different participating employer in the system shall be deemed no longer
42 retired.

43 (14) *Upon the death of a member after retirement, if no benefits are*

1 *payable under the provisions of this section, the excess, if any, of the*
2 *retirant's accumulated contributions over the sum of all benefits paid shall*
3 *be paid to the member's beneficiary.*

4 Sec. 31. K.S.A. 2000 Supp. 74-4960a is hereby amended to read as
5 follows: 74-4960a. (1) If any active contributing member who is appointed
6 or employed on or after July 1, 1989, or who makes an election pursuant
7 to K.S.A. 74-4955a and amendments thereto to be covered by the pro-
8 visions of this act becomes disabled as defined in subsection (2), such
9 member shall receive a monthly benefit equal to 50% of the member's
10 final average salary at the time such member was disabled payable in
11 monthly installments, accruing from the first day upon which the member
12 ceases to draw compensation, if a report of the disability in such form
13 and manner as the board shall prescribe is filed in the office of the ex-
14 ecutive ~~secretary~~ *director* of the board within 220 days after the date of
15 the commencement of such disability and if an application for such ben-
16 efit in such form and manner as the board shall prescribe is filed in the
17 office of the executive ~~secretary~~ *director* of the board within two years of
18 the date of the commencement of such disability, *except that the board*
19 *may waive such two-year requirement, if the board is presented with*
20 *evidence that clearly warrants such a waiver.*

21 (2) For the purposes of this section, "disabled" means total inability
22 to perform permanently the duties of the position of policeman or
23 fireman.

24 ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
25 ~~amendments thereto, In the event a member who is disabled and entitled~~
26 ~~to such benefits as provided in subsection (1) dies after the date of such~~
27 ~~disability, and no benefits are payable under subsection (3) of K.S.A. 74-~~
28 ~~4958 and amendments thereto, the following benefits shall be payable:~~

29 (i) ~~Pursuant to the provisions of K.S.A. 2000 Supp. 74-49,128, and~~
30 ~~amendments thereto, to the member's spouse, if lawfully wedded to the~~
31 ~~member at the time of the member's death, and if no benefits are payable~~
32 ~~under subsection (3) of K.S.A. 74-4958a, and amendments thereto, a~~
33 ~~lump-sum benefit equal to 50% of the member's final average salary at~~
34 ~~the time such member was disabled.~~

35 (ii) To the member's spouse, if lawfully wedded to the member at
36 the time of the member's death, an annual benefit equal to 50% of the
37 member's benefit payable in monthly installments, to accrue from the
38 first day of the month following the member's date of death and ending
39 on the last day of the month in which the spouse dies. Commencing on
40 the effective date of this act, any surviving spouse, who was receiving
41 benefits pursuant to this section and who had such benefits terminated
42 by reason of such spouse's remarriage, shall be entitled to once again
43 receive benefits pursuant to this section, except that such surviving spouse

1 shall not be entitled to recover any benefits not received after the ter-
2 mination of benefits by reason of such surviving spouse's remarriage but
3 before the effective date of this act. If there is no surviving spouse, or if
4 after the death of the spouse there remain one or more children under
5 the age of 18 years or one or more children under the age of 23 years
6 who is a full-time student as provided in K.S.A. 74-49,117 and amend-
7 ments thereto, the ~~annual~~ spouse's benefit shall be payable, subject to
8 the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto,
9 in equal shares to such children and each child's share shall end on the
10 last day of the month in which such child attains the age of 18 years or
11 dies, whichever occurs earlier or in which such child attains the age of 23
12 years, if such child is a full-time student as provided in K.S.A. 74-49,117
13 and amendments thereto. Commencing on the effective date of this act,
14 any child who was receiving benefits pursuant to this section and who
15 had such benefits terminated by reason of such child's marriage, shall be
16 entitled to once again receive benefits pursuant to this section subject to
17 the limitations contained in this section, except that such child shall not
18 be entitled to recover any benefits not received after the termination of
19 benefits by reason of such child's marriage but before the effective date
20 of this act.

21 (4) Any member who was employed for compensation by an em-
22 ployer other than the member's participating employer and whose disa-
23 bility was incurred in the course of such other employment shall not be
24 eligible for any of the benefits provided in subsection (1) or (3).

25 (5) If a member becomes totally and permanently disabled and no
26 benefits are payable under subsection (1), the sum of the member's ac-
27 cumulated contributions shall be paid to the member.

28 (6) Any member receiving benefits under this section shall submit to
29 medical examination, not more frequent than annually, by one or more
30 physicians or any other practitioners of the healing arts holding a valid
31 license issued by the state board of healing arts to practice a branch of
32 the healing arts, as the board of trustees may direct. If upon such medical
33 examination, the examiner's report to the board states that the member
34 is physically able and capable of resuming employment with the same or
35 a different participating employer, the disability benefits shall terminate.
36 A member who has been receiving benefits under the provisions of this
37 section and who returns to employment, as defined in subsection (4) of
38 K.S.A. 74-4952 and amendments thereto, of a participating employer shall
39 immediately commence accruing service credit which shall be added to
40 that which has been accrued by virtue of previous service.

41 (7) Any member who has been receiving benefits under the provi-
42 sions of this section for a period of five years shall be deemed permanent
43 and shall not be subject to further medical examinations, except that if

1 the board of trustees shall have reasonable grounds to question whether
2 the member remains totally and permanently disabled, a further medical
3 examination or examinations may be required.

4 (8) Refusal or neglect to submit to examination as provided in sub-
5 section (6) shall be sufficient cause for suspending or discontinuing ben-
6 efit payments under this section and if such refusal or neglect shall con-
7 tinue for a period of one year, the member's rights in and to all benefits
8 under this system may be revoked by the board.

9 (9) In the event that a member becomes disabled and is eligible for
10 benefits provided in this section, such member shall be given participating
11 service credit for the entire period of such disability.

12 (10) Any member who is receiving benefits pursuant to this section
13 shall file annually a statement of earnings for the previous year in such
14 form and manner as the board shall prescribe. Any disability benefit paid
15 to a member entitled to such benefit pursuant to this section shall be
16 reduced by the board in an amount equal to a \$1 reduction in such benefit
17 for every \$2 of earnings of such member which were earned during the
18 previous year while such member was disabled. Such reduction shall ap-
19 ply only to a member's earnings which exceed \$10,000.

20 (11) Any benefits provided pursuant to this section and any partici-
21 pating service credit given pursuant to subsection (9) shall terminate upon
22 the earliest date such member is eligible for retirement upon attainment
23 of the normal retirement date as provided in K.S.A. 74-4964a and amend-
24 ments thereto.

25 (12) Any member who has received benefits under the provisions of
26 this section for a period of five years or more immediately preceding
27 retirement shall have such member's final average salary adjusted upon
28 retirement by the actuarial salary assumption rates in existence during
29 such period. Effective July 1, 1993, each member's current annual rate
30 shall be adjusted upon retirement by 5% for each year of disability after
31 July 1, 1993, but before July 1, 1998. Effective July 1, 1998, such mem-
32 ber's current annual rate shall be adjusted upon retirement by an amount
33 equal to the lesser of: (1) The percentage increase in the consumer price
34 index for all urban consumers as published by the bureau of labor statistics
35 of the United States department of labor minus one percent; or (2) four
36 percent per annum, measured from the member's last day on the payroll
37 to the month that is two months prior to the month of retirement, for
38 each year of disability after July 1, 1998.

39 (13) All payments due under this section to a minor shall be made to
40 a legally appointed conservator of such minor.

41 (14) The provisions of this section shall be effective on and after July
42 1, 1989 and shall apply only to members who were appointed or employed
43 prior to July 1, 1989, and who made an election pursuant to K.S.A. 74-

1 4955a and amendments thereto; and persons appointed or employed on
2 or after July 1, 1989.

3 (15) Any retirant who has been receiving benefits under the provi-
4 sions of this section and who returns to employment with the same or
5 different participating employer in the system shall be deemed no longer
6 retired.

7 (16) *Upon the death of a member after retirement, if no benefits are*
8 *payable under the provisions of this section, the excess, if any, of the*
9 *retirant's accumulated contributions over the sum of all benefits paid shall*
10 *be paid to the member's beneficiary.*

11 Sec. 32. K.S.A. 2000 Supp. 74-4964 is hereby amended to read as
12 follows: 74-4964. (1) A member may elect to have such member's retire-
13 ment benefit paid under one of the options provided in this section in
14 lieu of having it paid in the form stated in subsections (1) and (2) of K.S.A.
15 74-4958 and amendments thereto. Such election must be made before
16 the date of actual retirement. Only a specific individual person may be
17 designated as a joint annuitant at the time of election of the joint and $\frac{1}{2}$
18 to joint annuitant survivor option, the joint and survivor option and the
19 joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no circumstances
20 may an option be changed or canceled nor the named joint annuitant
21 changed after the date of actual retirement of the member.

22 (2) The amount of a retirement benefit payable under an option shall
23 be based on the age of the member and, if applicable, the age of the joint
24 annuitant, and shall be such amount as to be the actuarial equivalent of
25 the retirement benefit otherwise payable under subsections (1) or (2) of
26 K.S.A. 74-4958 and amendments thereto as prescribed under subsection
27 (5). In no case shall the total amount of retirement benefit paid under
28 any option provided in this section be more than 100% of the retirement
29 benefit which would have been otherwise payable if no option had been
30 elected under this section.

31 (3) If a member who was, up to the entry date of such member's
32 employer, covered by a pension system under the provisions of K.S.A.
33 13-14a01 to 13-14a14, inclusive or 14-10a01 through 14-10a15, inclusive,
34 and amendments thereto so elects one of the options under this section,
35 payment of such option shall be in lieu of any payments provided in
36 subsection (3) of K.S.A. 74-4958 and amendments thereto.

37 (4) Such election of an option shall become null and void upon the
38 death of a member prior to such member's retirement, except that if a
39 member, who is eligible to retire in accordance with the provisions of
40 subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies
41 without having actually retired the member's spouse, if the spouse is
42 beneficiary for the member's accumulated contributions, and no benefits
43 are payable under subsections (1) and (2) of K.S.A. 74-4959 and amend-

1 ments thereto, may elect to receive benefits under one of the options
2 provided in this section, in lieu of receiving the member's accumulated
3 contributions.

4 (5) The following retirement options which are subject to the provi-
5 sions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are
6 available:

7 (A) *Joint and 1/2 to joint annuitant survivor.* A reduced retirement
8 benefit is payable to the retirant during the retirant's lifetime in a monthly
9 amount equal to the product of (A) the monthly payment of the retire-
10 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
11 thereto and (B) the percentage equal to 94.5% minus .2% for each year
12 by which the age of the retirant's joint annuitant is less than the retirant's
13 age, computed to the nearest whole year, or plus .2% for each year by
14 which the age of the retirant's joint annuitant is more than the retirant's
15 age, computed to the nearest whole year, with 1/2 of that monthly amount
16 continued to the retirant's joint annuitant during such joint annuitant's
17 remaining lifetime, if any, after the death of the retirant. In the event that
18 the designated joint annuitant under this option predeceases the retirant,
19 the amount of the retirement benefit otherwise payable to the retirant
20 under this option shall be adjusted automatically to the retirement benefit
21 which the retirant would have received if no option had been elected
22 under this section.

23 (B) *Joint and survivor.* A reduced retirement benefit is payable to
24 the retirant during the retirant's lifetime in a monthly amount equal to
25 the product of (A) the monthly payment of the retirement annuity oth-
26 erwise payable under K.S.A. 74-4958 and amendments thereto and (B)
27 the percentage equal to 88% minus .4% for each year by which the age
28 of the retirant's joint annuitant is less than the retirant's age, computed
29 to the nearest whole year, or plus .4% for each year by which the age of
30 the retirant's joint annuitant is more than the retirant's age, computed to
31 the nearest whole year, with that monthly amount continued to the joint
32 annuitant during the joint annuitant's remaining lifetime, if any, after the
33 death of retirant. In the event that the designated joint annuitant under
34 this option predeceases the retirant, the amount of the retirement benefit
35 otherwise payable to the retirant under this option shall be adjusted au-
36 tomatically to the retirement benefit which the retirant would have re-
37 ceived if no option had been elected under this section.

38 (C) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement
39 benefit is payable to the retirant during the retirant's lifetime in a monthly
40 amount equal to the product of (A) the monthly payment of the retire-
41 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
42 thereto and (B) the percentage equal to 91% minus .3% for each year by
43 which the age of the retirant's joint annuitant is less than the retirant's

1 age, computed to the nearest whole year, or plus .3% for each year by
2 which the age of the retirant's joint annuitant is more than the retirant's
3 age, computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount
4 continued to the retirant's joint annuitant during such joint annuitant's
5 remaining lifetime, if any, after the death of the retirant. In the event that
6 the designated joint annuitant under this option predeceases the retirant,
7 the amount of the retirement benefit otherwise payable to the retirant
8 under this option shall be adjusted automatically to the retirement benefit
9 which the retirant would have received if no option had been elected
10 under this section.

11 (D) *Life with 5 years certain.* A reduced retirement benefit is payable
12 to the retirant during the retirant's lifetime in a monthly amount equal
13 to 99% of the monthly payment of the retirement benefit otherwise pay-
14 able under K.S.A. 74-4958 and amendments thereto, and if the retirant
15 dies within the five-year certain period, measured from the commence-
16 ment of retirement benefit payments, such payments will be continued
17 to the retirant's beneficiary during the balance of the five-year certain
18 period.

19 (E) *Life with 10 years certain.* A reduced retirement benefit is pay-
20 able to the retirant during the retirant's lifetime in a monthly amount
21 equal to 98% of the monthly payment of the retirement benefit otherwise
22 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-
23 ant dies within the ten-year certain period, measured from the com-
24 mencement of retirement benefit payments, such payments will be con-
25 tinued to the retirant's beneficiary during the balance of the ten-year
26 certain period.

27 (F) *Life with 15 years certain.* A reduced retirement benefit is pay-
28 able to the retirant during the retirant's lifetime in a monthly amount
29 equal to 92% of the monthly payment of the retirement benefit otherwise
30 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-
31 ant dies within the fifteen-year certain period, measured from the com-
32 mencement of retirement benefit payments, such payments will be con-
33 tinued to the retirant's beneficiary during the balance of the fifteen-year
34 certain period.

35 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
36 member must specify a lump sum amount to be paid to the member
37 upon the member's retirement. The lump sum amount will be based on
38 the actuarial present value of the benefit as provided in K.S.A. 74-4958,
39 and amendments thereto. The lump sum amount designated by the mem-
40 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
41 present value of the benefit provided in K.S.A. 74-4958, and amendments
42 thereto.

43 (ii) Pursuant to this option, the member must elect to have the re-

1 maining actuarial present value paid in a monthly amount under the pro-
2 visions of K.S.A. 74-4958, and amendments thereto, or subsections (5)(A)
3 through (5)(F) of this section.

4 (iii) ~~The amount of any retirement benefit payable pursuant to this~~
5 ~~subsection shall remain as provided in this subsection even in the event~~
6 ~~that the designated joint annuitant pursuant to subsections (5)(A), (5)(B)~~
7 ~~or (5)(C) predeceases the retirant. In the event that the designated joint~~
8 ~~annuitant pursuant to subsection (5)(A), (5)(B) or (5)(C) under this option~~
9 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~
10 ~~payable to the retirant under this option shall be adjusted automatically~~
11 ~~to the retirement benefit which the retirant would have received if no~~
12 ~~option had been elected under this section.~~

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

15 (6) On and after July 1, 1996, if a member with 20 or more years of
16 credited service dies before attaining retirement age, the member's
17 spouse, if the spouse is the sole beneficiary for the member's accumulated
18 contributions, may elect to receive benefits under one of the options
19 provided in this section in lieu of receiving the member's accumulated
20 contributions or in lieu of receiving benefits as provided in K.S.A. 74-
21 4959 and amendments thereto. Payments under one of the options pro-
22 vided in this section to the member's spouse if so elected, shall commence
23 on the date that the member would have attained retirement age.

24 (7) Benefits payable to a joint annuitant shall accrue from the first
25 day of the month following the death of a member or retirant and, in the
26 case of the joint and ½ to joint annuitant survivor option, the joint and
27 survivor option and the joint and ¾ to joint annuitant survivor option,
28 shall end on the last day of the month in which the joint annuitant dies.

29 (8) The provisions of the law in effect on the retirement date of a
30 member under the system shall govern the retirement benefit payable to
31 the retirant and any joint annuitant, except, for retirement benefits pay-
32 able after July 1, 1993, for retirants who retired prior to July 1, 1982, in
33 the event that the designated joint annuitant under the option provided
34 in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant,
35 the amount of the retirement benefit otherwise payable to the retirant
36 under the option provided in subsection (5)(A), (B) or (C), as applicable,
37 shall be adjusted automatically to the retirement benefit which the retir-
38 ant would have received if no option had been elected under this section.

39 (9) Upon the death of a joint annuitant who is receiving a retirement
40 benefit under the provisions of this section, there shall be paid to such
41 joint annuitant's beneficiary an amount equal to the excess, if any, of the
42 accumulated contributions of the retirant over the sum of all retirement
43 benefit payments made to such retirant and such joint annuitant. Such

1 joint annuitant shall designate a beneficiary by filing in the office of the
2 retirement system such designation at the time of death of the retirant.
3 If there is no named beneficiary of such joint annuitant living at the time
4 of death of such joint annuitant, any amount provided for by this section
5 shall be paid to, in order of preference as follows:

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

12 (10) The provisions of this section shall apply only to members who
13 were appointed or employed prior to July 1, 1989, and who did not make
14 an election pursuant to K.S.A. 74-4955a and amendments thereto.

15 Sec. 33. K.S.A. 2000 Supp. 74-4964a is hereby amended to read as
16 follows: 74-4964a. (1) A member may elect to have such member's re-
17 tirement benefit paid under one of the options provided in this section
18 in lieu of having it paid in the form stated in subsections (1) and (2) of
19 K.S.A. 74-4958 and amendments thereto. Such election must be made
20 before the date of actual retirement. Only a specific individual person
21 may be designated as a joint annuitant at the time of election of the joint
22 and $\frac{1}{2}$ to joint annuitant survivor option, the joint and survivor option
23 and the joint and $\frac{3}{4}$ to joint annuitant survivor option. Under no circum-
24 stances may an option be changed or canceled nor the named joint an-
25 nuitant changed after the date of actual retirement of the member.

26 (2) The amount of a retirement benefit payable under an option shall
27 be based on the age of the member and, if applicable, the age of the joint
28 annuitant, and shall be such amount as to be the actuarial equivalent of
29 the retirement benefit otherwise payable under subsections (1) or (2) of
30 K.S.A. 74-4958 and amendments thereto as prescribed under subsection
31 (5). In no case shall the total amount of retirement benefit paid under
32 any option provided in this section be more than 100% of the retirement
33 benefit which would have been otherwise payable if no option had been
34 elected under this section.

35 (3) If a member who was, up to the entry date of such member's
36 employer, covered by a pension system under the provisions of K.S.A.
37 13-14a01 through 13-14a14, inclusive or 14-10a01 through 14-10a15, in-
38 clusive, and amendments thereto so elects one of the options under this
39 section, payment of such option shall be in lieu of any payments provided
40 in subsection (3) of K.S.A. 74-4958 and amendments thereto.

41 (4) Such election of an option shall become null and void upon the
42 death of a member prior to such member's retirement, except that if a
43 member, who is eligible to retire in accordance with the provisions of

1 subsections (1) and (2) of K.S.A. 74-4958 and amendments thereto, dies
2 without having actually retired the member's spouse, if the spouse is
3 beneficiary for the member's accumulated contributions, and no benefits
4 are payable under subsections (1) and (2) of K.S.A. 74-4959 and amend-
5 ments thereto, may elect to receive benefits under one of the options
6 provided in this section, in lieu of receiving the member's accumulated
7 contributions.

8 (5) The following retirement options which are subject to the provi-
9 sions of K.S.A. 2000 Supp. 74-49,123 and amendments thereto, are
10 available:

11 (A) *Joint and 1/2 to joint annuitant survivor.* A reduced retirement
12 benefit is payable to the retirant during the retirant's lifetime in a monthly
13 amount equal to the product of (A) the monthly payment of the retire-
14 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
15 thereto and (B) the percentage equal to 94.5% minus .2% for each year
16 by which the age of the retirant's joint annuitant is less than the retirant's
17 age, computed to the nearest whole year, or plus .2% for each year by
18 which the age of the retirant's joint annuitant is more than the retirant's
19 age, computed to the nearest whole year, with 1/2 of that monthly amount
20 continued to the retirant's joint annuitant during such joint annuitant's
21 remaining lifetime, if any, after the death of the retirant. In the event that
22 the designated joint annuitant under this option predeceases the retirant,
23 the amount of the retirement benefit otherwise payable to the retirant
24 under this option shall be adjusted automatically to the retirement benefit
25 which the retirant would have received if no option had been elected
26 under this section.

27 (B) *Joint and survivor.* A reduced retirement benefit is payable to
28 the retirant during the retirant's lifetime in a monthly amount equal to
29 the product of (A) the monthly payment of the retirement annuity oth-
30 erwise payable under K.S.A. 74-4958 and amendments thereto and (B)
31 the percentage equal to 88% minus .4% for each year by which the age
32 of the retirant's joint annuitant is less than the retirant's age, computed
33 to the nearest whole year, or plus .4% for each year by which the age of
34 the retirant's joint annuitant is more than the retirant's age, computed to
35 the nearest whole year, with that monthly amount continued to the joint
36 annuitant during the joint annuitant's remaining lifetime, if any, after the
37 death of retirant. In the event that the designated joint annuitant under
38 this option predeceases the retirant, the amount of the retirement benefit
39 otherwise payable to the retirant under this option shall be adjusted au-
40 tomatically to the retirement benefit which the retirant would have re-
41 ceived if no option had been elected under this section.

42 (C) *Joint and 3/4 to joint annuitant survivor.* A reduced retirement
43 benefit is payable to the retirant during the retirant's lifetime in a monthly

1 amount equal to the product of (A) the monthly payment of the retire-
2 ment annuity otherwise payable under K.S.A. 74-4958 and amendments
3 thereto and (B) the percentage equal to 91% minus .3% for each year by
4 which the age of the retirant's joint annuitant is less than the retirant's
5 age, computed to the nearest whole year, or plus .3% for each year by
6 which the age of the retirant's joint annuitant is more than the retirant's
7 age, computed to the nearest whole year, with $\frac{3}{4}$ of that monthly amount
8 continued to the retirant's joint annuitant during such joint annuitant's
9 remaining lifetime, if any, after the death of the retirant. In the event that
10 the designated joint annuitant under this option predeceases the retirant,
11 the amount of the retirement benefit otherwise payable to the retirant
12 under this option shall be adjusted automatically to the retirement benefit
13 which the retirant would have received if no option had been elected
14 under this section.

15 (D) *Life with 5 years certain.* A reduced retirement benefit is payable
16 to the retirant during the retirant's lifetime in a monthly amount equal
17 to 99% of the monthly payment of the retirement benefit otherwise pay-
18 able under K.S.A. 74-4958 and amendments thereto, and if the retirant
19 dies within the five-year certain period, measured from the commence-
20 ment of retirement benefit payments, such payments will be continued
21 to the retirant's beneficiary during the balance of the five-year certain
22 period.

23 (E) *Life with 10 years certain.* A reduced retirement benefit is pay-
24 able to the retirant during the retirant's lifetime in a monthly amount
25 equal to 98% of the monthly payment of the retirement benefit otherwise
26 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-
27 ant dies within the ten-year certain period, measured from the com-
28 mencement of retirement benefit payments, such payments will be con-
29 tinued to the retirant's beneficiary during the balance of the ten-year
30 certain period.

31 (F) *Life with 15 years certain.* A reduced retirement benefit is pay-
32 able to the retirant during the retirant's lifetime in a monthly amount
33 equal to 92% of the monthly payment of the retirement benefit otherwise
34 payable under K.S.A. 74-4958 and amendments thereto, and if the retir-
35 ant dies within the fifteen-year certain period, measured from the com-
36 mencement of retirement benefit payments, such payments will be con-
37 tinued to the retirant's beneficiary during the balance of the fifteen-year
38 certain period.

39 (G) *Lump sum payment at retirement.* (i) Pursuant to this option, the
40 member must specify a lump sum amount to be paid to the member
41 upon the member's retirement. The lump sum amount will be based on
42 the actuarial present value of the benefit as provided in K.S.A. 74-4958a,
43 and amendments thereto. The lump sum amount designated by the mem-

1 ber must be in 10% increments and shall not exceed $\frac{1}{2}$ of the actuarial
2 present value of the benefit provided in K.S.A. 74-4958a, and amend-
3 ments thereto.

4 (ii) Pursuant to this option, the member must elect to have the re-
5 maining actuarial present value paid in a monthly amount under the pro-
6 visions of K.S.A. 74-4958a, and amendments thereto, or subsections
7 (5)(A) through (5)(F) of this section.

8 (iii) ~~The amount of any retirement benefit payable pursuant to this~~
9 ~~subsection shall remain as provided in this subsection even in the event~~
10 ~~that the designated joint annuitant pursuant to subsections (5)(A), (5)(B)~~
11 ~~or (5)(C) predeceases the retirant. In the event that the designated joint~~
12 ~~annuitant pursuant to subsection (5)(A), (5)(B) or (5)(C) under this option~~
13 ~~predeceases the retirant, the amount of the retirement benefit otherwise~~
14 ~~payable to the retirant under this option shall be adjusted automatically~~
15 ~~to the retirement benefit which the retirant would have received if no~~
16 ~~option had been elected under this section.~~

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

19 (6) On and after July 1, 1996, if a member with 20 or more years of
20 credited service dies before attaining retirement age, the member's
21 spouse, if the spouse is the sole beneficiary for the member's accumulated
22 contributions, may elect to receive benefits under one of the options
23 provided in this section in lieu of receiving the member's accumulated
24 contributions or in lieu of receiving benefits as provided in K.S.A. 74-
25 4959 and amendments thereto. Payments under one of the options pro-
26 vided in this section to the member's spouse if so elected, shall commence
27 on the date that the member would have attained retirement age.

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

33 (8) The provisions of the law in effect on the retirement date of a
34 member under the system shall govern the retirement benefit payable to
35 the retirant and any joint annuitant, except, for retirement benefits pay-
36 able after July 1, 1993, for retirants who retired prior to July 1, 1982, in
37 the event that the designated joint annuitant under the option provided
38 in subsection (5)(A), (B) or (C), as applicable, predeceased the retirant,
39 the amount of the retirement benefit otherwise payable to the retirant
40 under the option provided in subsection (5)(A), (B) or (C), as applicable,
41 shall be adjusted automatically to the retirement benefit which the retir-
42 ant would have received if no option had been elected under this section.

43 (9) Upon the death of a joint annuitant who is receiving a retirement

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

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

16 (10) The provisions of this section shall be effective on and after July
17 1, 1989, and shall apply only to members who were appointed or em-
18 ployed prior to July 1, 1989, and who made an election pursuant to K.S.A.
19 74-4955a and amendments thereto; and persons appointed or employed
20 on or after July 1, 1989.

21 Sec. 34. K.S.A. 2000 Supp. 74-4965 is hereby amended to read as
22 follows: 74-4965. (1) Except as otherwise provided in this section, each
23 participating employer shall, beginning with the first payroll period for
24 services performed after the entry date, deduct from the compensation
25 of each member 7% of such member's compensation as employee con-
26 tributions, except that in the case of a member whose employment is
27 covered by social security and the member is a member of the class cer-
28 tified in the case of *Brazelton v. Kansas public employees retirement*
29 *system*, 227 K. 443, 607 P.2d 510 (1980), the deduction from such mem-
30 ber's compensation shall be reduced by the amount of such member's
31 contributions to social security.

32 (2) For any member other than a member who is a member of the
33 class certified in the case of *Brazelton v. Kansas public employees retire-*
34 *ment system*, 227 K. 443, 607 P.2d 510 (1980), no employee contributions
35 shall be reduced because of contributions to social security.

36 (3) All such deductions shall be remitted quarterly, or as the board
37 may otherwise provide, to the executive ~~secretary~~ *director* for credit to
38 the Kansas public employees retirement fund and shall be credited to the
39 members' individual accounts. Interest on each member's accumulated
40 contributions at the rate determined under subsection (a) of K.S.A. 74-
41 4922 and amendments thereto shall be added annually to the member's
42 individual account.

43 (4) For all payroll periods commencing on or after the effective date

1 of this act, each participating employer shall deduct from the compen-
2 sation of each member who has received 32 years of credited service, 2%
3 of such member's compensation as employee contributions.

4 (5) (a) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and
5 amendments thereto, each participating employer, pursuant to the pro-
6 visions of section 414(h)(2) of the federal internal revenue code, shall
7 pick up and pay the contributions which would otherwise be payable by
8 members as prescribed in subsection (1) commencing with the third quar-
9 ter of 1984. The contributions so picked up shall be treated as employer
10 contributions for purposes of determining the amounts of federal income
11 taxes to withhold from the member's compensation.

12 (b) Member contributions picked up by the employer shall be paid
13 from the same source of funds used for the payment of compensation to
14 a member. A deduction shall be made from each member's compensation
15 equal to the amount of the member's contributions picked up by the
16 employer, provided that such deduction shall not reduce the member's
17 compensation for purposes of computing benefits under the system.

18 (c) Member contributions picked up by the employer shall be remit-
19 ted quarterly, or as the board may otherwise provide, to the executive
20 ~~secretary~~ *director* for credit to the Kansas public employees retirement
21 fund. Such contributions shall be credited to a separate account within
22 the member's individual account so that amounts contributed by the
23 member commencing with the third quarter of 1984 may be distinguished
24 from the member contributions picked up by the employer. Interest shall
25 be added annually to members' individual accounts.

26 Sec. 35. K.S.A. 2000 Supp. 74-4967 is hereby amended to read as
27 follows: 74-4967. (1) Upon the basis of an annual actuarial valuation and
28 appraisal of the system conducted in the manner provided for in K.S.A.
29 74-4908 and amendments thereto, the board shall certify, on or before
30 July 15 of each year to each participating employer an actuarially deter-
31 mined estimate of the rate of contribution which shall be required to be
32 paid by each such participating employer to pay all of the liabilities which
33 shall accrue under the system from and after the entry date as determined
34 by the board, upon recommendation of the actuary. Such rate shall be
35 uniform for all participating employers, and shall be comprised of a rate
36 for benefits accruing after June 30, 1993, and a rate for amortization of
37 the additional liability for benefits provided by this act which is attribut-
38 able to service rendered before July 1, 1993. Such additional liability shall
39 be amortized over a period of 40 years commencing on July 1, 1993, by
40 annual payments that increase 4% for each year remaining in the amor-
41 tization period. The employer's rate of contribution determined under
42 this section shall not include the costs of administration of the system.

43 (2) The board shall determine for each employer separately an

1 amount sufficient to amortize over a period of not to exceed 40 years all
2 liabilities for past service costs which shall have accrued at the time of
3 entry into the system. On the basis of such determination the board shall
4 annually certify to each participating employer separately an actuarially
5 determined estimate of the rate of contribution which shall be required
6 to be paid by that participating employer to pay all of the liabilities for
7 such past service costs. Such rate shall be termed the employer's prior
8 service contribution. The board may enter into agreements with any par-
9 ticipating employer which has employees or retirants under the special
10 pension systems established under K.S.A. 13-14a01 to 13-14a14, inclu-
11 sive, and amendments thereto or K.S.A. 14-10a01 to 14-10a15, inclusive,
12 and amendments thereto, for the purpose of scheduling the payment of
13 such past service costs in an orderly manner which will tend to stabilize
14 the annual total financial burden on such employers in meeting their
15 present and future obligations under this system and such special systems,
16 but in no event shall the annual prior service contribution be less than
17 the interest cost on the total of such past service liability.

18 (3) Each participating employer shall appropriate and pay to the sys-
19 tem a sum sufficient to satisfy the obligations under this act as certified
20 by the board.

21 (4) Each participating employer is hereby authorized to pay the em-
22 ployer's contribution from the same fund that the compensation for which
23 such contribution is made is paid from or from any other funds available
24 to it for such purpose. Each employer may levy annually at the time of
25 its levy of taxes, a tax which may be in addition to all other taxes authorized
26 by law for the purpose of making its contributions under this act, and, in
27 the case of cities and counties, to pay a portion of the principal and in-
28 terest on bonds issued by cities under the authority of K.S.A. 12-1774,
29 and amendments thereto, for the financing of redevelopment projects
30 upon property located in such county which tax, together with any other
31 fund available, shall be sufficient to enable it to make such contribution.
32 In lieu of levying the tax authorized in this subsection, any taxing subdivi-
33 sion may pay such costs from any employee benefits contribution fund
34 established pursuant to K.S.A. 12-16,102 and amendments thereto.

35 (5) Employer contributions shall in no way be limited by any other
36 act which now or in the future establishes or limits the compensation of
37 any member.

38 (6) The rate of contribution certified to each participating employer
39 as provided in this section shall apply during the fiscal year of such par-
40 ticipating employer which begins in the second calendar year following
41 the year of the actuarial valuation, but the rate of contribution during the
42 first year following the employer's entry date shall be equal to 16% of the
43 amount of compensation on which members contribute during the year.

1 (7) Each participating employer shall remit quarterly, or as the board
2 may otherwise provide, all employee deductions and required employer
3 contributions to the executive ~~secretary~~ *director* for credit to the Kansas
4 public employees retirement fund within 20 days after the end of the
5 period covered by the remittance or within 25 days after forms or written
6 instructions from the system were mailed by the system to such employer,
7 whichever is later. Remittances of such deductions and contributions re-
8 ceived after such date are delinquent. Delinquent payments due under
9 this subsection (7) shall be subject to interest at the rate established for
10 interest on judgments under subsection (a) of K.S.A. 16-204 and amend-
11 ments thereto. At the request of the board, delinquent payments which
12 are due or interest owed on such payments, or both, may be deducted
13 from any other moneys payable to such employer by any department or
14 agency of the state.

15 (8) Except as otherwise provided by law, the actuarial cost of any
16 legislation enacted by the Kansas legislature, except the actuarial cost of
17 K.S.A. 2000 Supp. 74-49,114a, shall be reflected in the employer contri-
18 bution rate in the fiscal year immediately following such enactment.

19 Sec. 36. K.S.A. 74-4978h is hereby amended to read as follows: 74-
20 4978h. Beginning with the first payment of compensation for services of
21 a patrolman after becoming a special member of the Kansas police and
22 firemen's retirement system, the employer shall deduct from the com-
23 pensation of such special member 8% as employee contribution. Such
24 deductions shall be remitted, as the board may provide, to the executive
25 ~~secretary~~ *director* for credit to the Kansas public employees retirement
26 fund, and such deduction shall be credited to the member's individual
27 account.

28 Sec. 37. K.S.A. 2000 Supp. 74-4989 is hereby amended to read as
29 follows: 74-4989. (1) (a) Except as provided in (b), pursuant to the pro-
30 visions of K.S.A. 2000 Supp. 74-49,128, and amendments thereto, upon
31 the death of a retirant, the board of trustees of the Kansas public em-
32 ployees retirement system shall pay a lump-sum death benefit to: The
33 retirant's beneficiary which shall not exceed \$4,000 for such retirant, less
34 any amount payable for funeral benefits under the applicable provisions
35 of any local police or fire pension plan, as defined by subsection (c) of
36 K.S.A. 12-5001 and amendments thereto; *or to a funeral establishment*
37 *as directed by the retirant and filed in the office of the system prior to*
38 *such retirant's death.*

39 (b) Notwithstanding the provisions of K.S.A. 74-4923 and amend-
40 ments thereto, any amounts owed the system shall be deducted from such
41 lump-sum death benefit.

42 (2) As used in this section, "retirant" means any person who is a
43 member or special member of the Kansas public employees retirement

1 system, the Kansas police and firemen's retirement system, the state
2 school retirement system or the retirement system for judges and who
3 has retired.

4 Sec. 38. K.S.A. 2000 Supp. 74-4998c is hereby amended to read as
5 follows: 74-4998c. (a) Except as otherwise provided in this section, for all
6 payroll periods commencing on or after July 1, 1988, but prior to the end
7 of the term of office in which such elected official is serving on the ef-
8 fective date of this act, each elected state official shall contribute 5% of
9 the elected state official's salary for each payroll period to the fund. For
10 all payroll periods commencing on or after July 1, 1988, but prior to the
11 end of the term of office in which such elected official is serving on the
12 effective date of this act, the employer shall deduct from the compen-
13 sation of each member who has received 30 years of credited service 2%
14 of such member's compensation as employee contributions. Each elected
15 state official shall make contributions as provided in K.S.A. 74-4919 and
16 amendments thereto in lieu of contributions as provided in this section,
17 for all payroll periods during any term of office of such elected state
18 official which commences after the effective date of this act. The provi-
19 sions of K.S.A. 74-4919c, 74-4919d, 74-4919e, 74-4919h or 74-4919j and
20 amendments thereto shall apply to elected state officials, except that,
21 subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and amendments
22 thereto, such elected state officials shall purchase prior and participating
23 service credit at the rate of 10% or 15% for the payroll periods com-
24 mencing on or after July 1, 1988, but prior to the end of the term of
25 office in which such elected official is serving on the effective date of this
26 act.

27 (b) The director of accounts and reports shall deduct the amount
28 each elected state official is to contribute to the fund on the payroll of
29 each elected state official for each payroll period showing the amount
30 deducted and its credit to the fund. Such deductions shall be remitted as
31 the board may provide, to the executive ~~secretary~~ *director* of the Kansas
32 public employees retirement system for credit to the fund to the credit
33 of the elected state official's individual account therein.

34 (c) For purposes of contributions to and benefits under the Kansas
35 public employees retirement system of such elected state officials who
36 are members of the legislature, the salary or compensation of such elected
37 state official shall be as provided in K.S.A. 74-4995 and amendments
38 thereto.

39 (d) (1) Subject to the provisions of K.S.A. 2000 Supp. 74-49,123 and
40 amendments thereto, the state of Kansas pursuant to the provisions of
41 section 414(h)(2) of the federal internal revenue code of 1986, as in effect
42 on July 1, 1998, shall pick up and pay the contributions which would
43 otherwise be payable by elected state officials as prescribed in subsection

1 (a) commencing with the effective date of this act. Contributions so
2 picked up shall be treated as employer contributions for purposes of de-
3 termining the amounts of federal income taxes to withhold from the
4 elected state official's compensation.

5 (2) Member contributions picked up by the state shall be paid from
6 the same source of funds used for the payment of compensation to an
7 elected state official. A deduction shall be made from each elected state
8 official's compensation equal to the amount of the elected state official's
9 contributions picked up by the state, provided that such deduction shall
10 not reduce the elected state official's compensation for purposes of com-
11 puting benefits under the retirement system.

12 (3) Member contributions picked up by the state shall be remitted as
13 the board may provide, to the executive ~~secretary~~ *director* for credit to
14 the Kansas public employees retirement fund.

15 (e) No former member of the legislature shall be required to make
16 contributions as otherwise required by this section.

17 Sec. 39. K.S.A. 74-49,102 is hereby amended to read as follows: 74-
18 49,102. Beginning with the first payroll for services performed after July
19 1, 1975, of each person who is a member of the Kansas public employees
20 retirement system pursuant to subsection (b) of K.S.A. 74-4999 and
21 amendments thereto, the employer shall deduct from the compensation
22 of such person 4% of such person's compensation as employee contri-
23 butions. Such deductions shall be remitted quarterly, or as the board of
24 trustees of the Kansas public employees retirement system may otherwise
25 provide, to the executive ~~secretary~~ *director* of the system for credit to the
26 Kansas public employees retirement fund. Such deductions shall be cred-
27 ited to the members' individual accounts and interest shall be added an-
28 nually to such accounts beginning as provided in subsection (d) of K.S.A.
29 74-49,103 and amendments thereto.

30 Sec. 40. K.S.A. 2000 Supp. 74-49,128 is hereby amended to read as
31 follows: 74-49,128. The lump sum death benefits, survivor benefits and
32 funeral expenses that are provided to surviving spouses, minor children
33 and other beneficiaries as a result of a ~~nonduty-related death or retiree~~
34 death pursuant to K.S.A. ~~13-14a07~~, 13-14a11, ~~14-10a07~~, 14-10a11, 74-
35 4958, 74-4958a, 74-4959, 74-4960, 74-4960a and 74-4989, and amend-
36 ments thereto, are in the nature of life insurance; are provided by the
37 participating employers for the protection of members' spouses, survivors
38 or beneficiaries as provided in those sections; and are not subject to reg-
39 ulation of the state of Kansas department of insurance. The provisions of
40 this section shall be effective on and after July 1, 2000.

41 Sec. 41. K.S.A. 74-4934, 74-4978h and 74-49,102 and K.S.A. 2000
42 Supp. 13-14a07, 14-10a07, 20-2603, 20-2610a, 74-4902, 74-4904, 74-
43 4908, 74-4911e, 74-4914, 74-4914e, 74-4915b, 74-4915c, 74-4916, 74-

1 4918, 74-4918a, 74-4919, 74-4919b, 74-4920, 74-4921, 74-4922, 74-
2 4927h, 74-4932, 74-4940, 74-4957, 74-4957a, 74-4958, 74-4958a,
3 74-4959, 74-4960, 74-4960a, 74-4964, 74-4964a, 74-4965, 74-4967, 74-
4 4989, 74-4998c, and 74-49,128 are hereby repealed.

5 Sec. 42. This act shall take effect and be in force from and after its
6 publication in the statute book.

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