

SENATE BILL No. 340

By Committee on Ways and Means

2-21

AN ACT concerning retirement; relating to local police or fire pension plan; amending K.S.A. 2000 Supp. 12-5002 and repealing the existing section.

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

Section 1. K.S.A. 2000 Supp. 12-5002 is hereby amended to read as follows: 12-5002. (a) From and after January 1, 1978, no city may maintain or fund any local police or fire pension plan except in accordance with the minimum funding standards prescribed in this section.

(b) From and after January 1, 1978, and notwithstanding any other provision of law to the contrary, all cities maintaining and funding any local police or fire pension plan shall make annual contributions to each local police or fire pension plan at an annual rate of contribution which is equal to or greater than the minimum annual rate of contribution which is determined pursuant to subsections (c) or (d), except as otherwise specifically authorized pursuant to subsection (g). Such minimum annual rate of contribution shall be equal to the sum of: (1) The actuarially determined amount required to amortize over a period of not more than ~~40~~ 20 years ~~from January 1, 1978,~~ the accrued unfunded liabilities of such plan ~~which are attributable to active members; and (2) the amount required to amortize over a period of not more than 20 years, the accrued unfunded liabilities of such plan which are attributable to retired members; and (3) the normal or ongoing costs attributable to active members. In each year until the local police or fire pension plan is funded on an actuarial reserve basis as required by this section and has no accrued unfunded liability attributable to active members or retired members, the total of such annual contributions shall not be less than the total amount of pension benefits paid in such year.~~

(c) All cities which will maintain and fund one or more local police or fire pension plans on and after January 1, 1978, and which do not elect pursuant to subsection (d) to use the services of an actuary or firm of actuaries other than the actuary of the board of trustees, shall furnish to the board of trustees all necessary data, as determined by the board of trustees, at times designated by the board of trustees, but not more often than annually, from which the minimum annual rate of contribution for

1 each such plan may be determined. Upon the basis of an actuarial analysis
2 of such data, the board of trustees shall certify, commencing on or before
3 June 1, 1977, and at least once every three years thereafter, to each such
4 city the actuarially determined minimum annual rate of contribution
5 which will be required for each such plan in accordance with subsection
6 (b) for the ensuing calendar year. All costs involved in making certifica-
7 tions under this subsection shall be paid by each such city.

8 (d) Any city which will maintain and fund one or more local police
9 or fire pension plans on and after January 1, 1978, may elect to use and
10 pay for the services of an actuary or firm of actuaries other than the
11 actuary of the board of trustees as provided in subsection (c), in order to
12 determine the minimum annual rate of contribution for such city for all
13 such plans. Each city so electing shall file a statement of election with the
14 board of trustees, setting forth the name and address of the actuary or
15 firm of actuaries selected by such city and requesting approval thereof.
16 The board of trustees shall approve such actuary or firm of actuaries for
17 performance of the periodic actuarial evaluation and review of all the local
18 police or fire pension plans maintained and funded by such city and for
19 determination of the minimum annual contribution for each such plan in
20 accordance with this section if the board of trustees finds that such actuary
21 or firm of actuaries is qualified therefor. The approved actuary or firm of
22 actuaries shall perform such actuarial evaluation and review and shall
23 determine the minimum annual contribution for each local police or fire
24 pension plan in accordance with this section and shall report annually
25 thereon to the board of trustees in such form and manner as may be
26 prescribed by rules and regulations of the board of trustees. The approval
27 of an actuary or firm of actuaries under this subsection (d) shall be ef-
28 fective until the city requests approval of another actuary or firm of ac-
29 tuaries or until the city acts to use the services of the actuary of the board
30 of trustees under subsection (c) by withdrawing the statement of election
31 filed under this subsection (d).

32 (e) In accordance with the provisions of K.S.A. 77-415 *et seq.* and
33 amendments thereto, the board of trustees shall adopt rules and regula-
34 tions which establish actuarial standards and assumptions for the purposes
35 of actuarial evaluation and review of local police or fire pension plans and
36 determination of the minimum annual rates of contribution for cities
37 maintaining and funding such plans. Whenever the amount of any benefit
38 is to be determined on the basis of actuarial standards and assumptions,
39 the standards and assumptions shall be specified in a way that precludes
40 employer discretion.

41 (f) Prior to the adoption by a city of any proposed changes in the
42 benefit provisions of a local police or fire pension plan or in the rate of
43 employee contributions thereto, the governing body of the city shall ob-

1 tain an actuarial evaluation of the effect of such changes, including an
2 estimate of the minimum annual contribution which would be required
3 under this section if such changes are adopted. Such actuarial evaluation
4 and determination shall be conducted by the actuary of the board of
5 trustees or by the actuary or firm of actuaries approved under subsection
6 (d) and all costs incurred therefor shall be paid by the city.

7 (g) The governing body of any city which is required to make annual
8 contributions at a minimum annual rate to each local police or fire pension
9 plan maintained and funded by the city in accordance with this section
10 and which determines that such minimum annual rate of contributions
11 would place an undue initial hardship on the property taxpayers of such
12 city, may adopt a resolution to that effect and file a certified copy of such
13 resolution with the board of trustees prior to January 1, 1978. Any city
14 which has filed a certified copy of such resolution with the board of trus-
15 tees prior to January 1, 1978, may make annual contributions in accord-
16 ance with the following schedule:

17 (1) Contributions for the calendar year 1978 shall be at a rate equal
18 to or greater than the total of: (A) Thirty-three and one-third percent of
19 the actuarially determined amount required to amortize over a period of
20 not more than 40 years from January 1, 1978, the accrued unfunded
21 liabilities of such plan which are attributable to active members; (B)
22 $33\frac{1}{3}\%$ of the amount required to amortize over a period of not more than
23 20 years from January 1, 1978, the accrued unfunded liabilities of such
24 plan which are attributable to retired members; and (C) the normal or
25 ongoing costs attributable to active members.

26 (2) Contributions for the calendar year 1979 shall be at a rate equal
27 to or greater than the total of: (A) Sixty-six and two-thirds percent of the
28 actuarially determined amount required to amortize over a period of not
29 more than 39 years from January 1, 1979, the accrued unfunded liabilities
30 of such plan which are attributable to active members; (B) $66\frac{2}{3}\%$ of the
31 amount required to amortize over a period of not more than 19 years
32 from January 1, 1979, the accrued unfunded liabilities of such plan which
33 are attributable to retired members; and (C) the normal or ongoing costs
34 attributable to active members.

35 (3) Contributions for the calendar year 1980 and each year thereafter
36 shall be at a rate equal to or greater than the total of: (A) One hundred
37 percent of the actuarially determined amount required to amortize over
38 a period of not more than 38 years from January 1, 1980, the accrued
39 unfunded liabilities of such plan which are attributable to active members;
40 (B) 100% of the amount required to amortize over a period of not more
41 than 18 years from January 1, 1980, the accrued unfunded liabilities of
42 such plan which are attributable to retired members; and (C) the normal
43 or ongoing costs attributable to active members.

1 ~~(4) In each year until the local police or fire pension plan is funded~~
2 ~~on an actuarial reserve basis as required by this section in accordance~~
3 ~~with this schedule and has no accrued unfunded liability attributable to~~
4 ~~active members or retired members, the total of such annual contribu-~~
5 ~~tions shall not be less than the total amount of pension benefits paid in~~
6 ~~such year.~~

7 Sec. 2. K.S.A. 2000 Supp. 12-5002 is hereby repealed.

8 Sec. 3. This act shall take effect and be in force from and after its
9 publication in the statute book.

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