

## HOUSE Substitute for SENATE BILL No. 270

AN ACT concerning retirement; relating to the Kansas public employees retirement system and systems thereunder; retirants from school employment; early retirement incentive programs; employment after retirement; minimum benefits for certain retirants; employer and employee contributions for certain members; compensation for members of board of trustees; purchase of service credit; beneficiaries; disability benefits; elections by certain members; amending K.S.A. 72-5395, 72-5436, 74-4906, 74-4914d, 74-4915b, 74-4915c, 74-4919f, 74-4919h, 74-4919j, 74-4919l, 74-4919m, 74-4919o, 74-4950j, 74-4960a, 74-4965a, 74-4990, 74-4992 and 74-4995 and K.S.A. 2005 Supp. 20-2606, 20-2625, 72-5413, 74-4902, 74-4914, 74-4963 and 74-4963a and repealing the existing sections.

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

Section 1. K.S.A. 2005 Supp. 20-2606 is hereby amended to read as follows: 20-2606. (a) Any judge whose service is terminated prior to retirement, for any cause other than death, upon written request to the board and after 30 days after such termination, may have returned the total amount of accumulated contributions which the judge has made to the fund after the retirement system for judges has a reasonable time to process the application for withdrawal. The return of accumulated contributions to a judge shall preclude that judge from any benefits under the retirement system for judges unless and until that judge again serves in such capacity.

(b) Any incumbent judge over 70 years of age with a total service of at least eight years at the time the judge's present term of office expires, or at the time of retirement if the judge retires before the end of the judge's present term, shall receive retirement annuities as provided in K.S.A. 20-2608, 20-2609 and 20-2610, and any amendments thereto, unless the judge requests the return of accumulated contributions under this section.

(c) In case any judge, who has had such judge's accumulated contributions returned under this section, serves again in such capacity, such judge may return, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, the amount refunded under this section without interest or penalty and regain such judge's original status under the retirement system for judges.

(d) Subject to the provisions of K.S.A. 74-49,123 and amendments thereto, any member of the retirement system for judges who was previously a member of the Kansas public employees retirement system or the Kansas police and firemen's retirement system and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect to purchase service credit for the previously forfeited service credit by means of having employee contributions as provided in K.S.A. 20-2603 and amendments thereto deducted from such judge's compensation at an additional rate of contribution, based upon such judge's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased. Such member may purchase such service by means of a single lump-sum payment in lieu of employee contributions as provided in this subsection. Such service shall be recredited to that system. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, the actuarial assumptions and tables then currently in use by that retirement system and the judge's attained age.

Sec. 2. K.S.A. 2005 Supp. 20-2625 is hereby amended to read as follows: 20-2625. (1) Any member of the retirement system for judges may purchase, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, participating credit for periods of active service in the armed forces of the United States or in the commissioned corps of the United States public health service and for periods of service required to fulfill the requirements of section 651 of title 10, United States code, which does not exceed six years. Such judge shall be entitled to purchase one quarter of participating service credit for each year of service required to fulfill the requirements of section 651 of title 10, United States code. Such purchase shall be effected by the judge submitting proof of such service acceptable to the board and electing in writing to have employee

contributions as provided in K.S.A. 20-2603 and amendments thereto deducted from such judge's compensation at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 20-2603 and amendments thereto, based upon the judge's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased.

(2) Any member of the retirement system who has not retired may purchase, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, participating service credit for military service as described in this section by electing to effect such purchase by means of a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be an amount determined by the actuary using the judge's then current annual rate of compensation *or the judge's final average salary at the time the judge elects to purchase such service credit, whichever is higher*, the actuarial assumptions and tables currently in use by the retirement system and the judge's attained age.

Sec. 3. K.S.A. 72-5395 is hereby amended to read as follows: 72-5395. (a) The board of education of any school district may establish an early retirement incentive program for the benefit of the employees of the district for retirement prior to the ~~normal~~ retirement age ~~of 65 years~~ *as provided pursuant to 42 U.S.C. 416(l)(1) of the social security act as in effect on the effective date of this act*. As used in this act, an "early retirement incentive program" is a program that provides cash payments, either in the form of a lump-sum payment at the beginning of the fiscal year, or in regular payments during the fiscal year. No payment pursuant to an early retirement incentive program as provided in this section shall be made prior to the retirement under the provisions of the Kansas public employees retirement system for any employee of the district.

(b) Commencing in the fiscal year that commenced in calendar year 2002 and every three years thereafter, each board that has established an early retirement incentive program shall prepare and submit a report to the state board of education related to such early retirement incentive program. Such report shall contain: (1) Three years of budget data of such program, including actual costs, and current year and future years' budget data for three to five years; (2) current costs and benefits of such program and projected costs and benefits of such program for three to five years; (3) current and projected number of participants in such program; and (4) such other information as required by the state board of education. The state board of education shall design and distribute forms to carry out the provisions of this act to the board of education of each school district that has established an early retirement incentive program. The state board of education shall compile and prepare a summary report which shall be submitted to the joint committee on pensions, investments and benefits no later than January 1 of the year that follows the end of the fiscal year in which the reporting is required as provided in this subsection.

Sec. 4. K.S.A. 2005 Supp. 72-5413 is hereby amended to read as follows: 72-5413. As used in this act and in acts amendatory thereof or supplemental thereto:

(a) The term "persons" includes one or more individuals, organizations, associations, corporations, boards, committees, commissions, agencies, or their representatives.

(b) "Board of education" means the board of education of any school district, the board of control of any area vocational-technical school, and the board of trustees of any community college.

(c) "Professional employee" means any person employed by a board of education in a position which requires a certificate issued by the state board of education or employed by a board of education in a professional, educational or instructional capacity, but shall not mean any such person who is an administrative employee *and, commencing in the 2006-2007 school year, shall not mean any person who is a retirant from school employment of the Kansas public employees retirement system, regardless of whether an agreement between a board of education and an exclusive*

*representative of professional employees that covers terms and conditions of professional service provides to the contrary.*

(d) “Administrative employee” means, in the case of a school district, any person who is employed by a board of education in an administrative capacity and who is fulfilling duties for which an administrator’s certificate is required under K.S.A. 72-7513, and amendments thereto; and, in the case of an area vocational-technical school or community college, any person who is employed by the board of control or the board of trustees in an administrative capacity and who is acting in that capacity and who has authority, in the interest of the board of control or the board of trustees, to hire, transfer, suspend, layoff, recall, promote, discharge, assign, reward or discipline other employees, or responsibly to direct them or to adjust their grievances, or effectively to recommend a preponderance of such actions, if in connection with the foregoing, the exercise of such authority is not of a merely routine or clerical nature, but requires the use of independent judgment.

(e) “Professional employees’ organizations” means any one or more organizations, agencies, committees, councils or groups of any kind in which professional employees participate, and which exist for the purpose, in whole or part, of engaging in professional negotiation with boards of education with respect to the terms and conditions of professional service.

(f) “Representative” means any professional employees’ organization or any person it authorizes or designates to act in its behalf or any person a board of education authorizes or designates to act in its behalf.

(g) “Professional negotiation” means meeting, conferring, consulting and discussing in a good faith effort by both parties to reach agreement with respect to the terms and conditions of professional service.

(h) “Mediation” means the effort through interpretation and advice by an impartial third party to assist in reconciling a dispute concerning terms and conditions of professional service which arose in the course of professional negotiation between a board of education or its representatives and representatives of the recognized professional employees’ organization.

(i) “Fact-finding” means the investigation by an individual or board of a dispute concerning terms and conditions of professional service which arose in the course of professional negotiation, and the submission of a report by such individual or board to the parties to such dispute which includes a determination of the issues involved, findings of fact regarding such issues, and the recommendation of the fact-finding individual or board for resolution of the dispute.

(j) “Strike” means an action taken for the purpose of coercing a change in the terms and conditions of professional service or the rights, privileges or obligations thereof, through any failure by concerted action with others to report for duty including, but not limited to, any work stoppage, slowdown, or refusal to work.

(k) “Lockout” means action taken by a board of education to provoke interruptions of or prevent the continuity of work normally and usually performed by the professional employees for the purpose of coercing professional employees into relinquishing rights guaranteed by this act and the act of which this section is amendatory.

(l) (1) “Terms and conditions of professional service” means (A) salaries and wages, including pay for duties under supplemental contracts; hours and amounts of work; vacation allowance, holiday, sick, extended, sabbatical, and other leave, and number of holidays; retirement; insurance benefits; wearing apparel; pay for overtime; jury duty; grievance procedure; including binding arbitration of grievances; disciplinary procedure; resignations; termination and nonrenewal of contracts; reemployment of professional employees; terms and form of the individual professional employee contract; probationary period; professional employee appraisal procedures; each of the foregoing being a term and condition of professional service, regardless of its impact on the employee or on the operation of the educational system; (B) matters which relate to privileges to be granted the recognized professional employees’ organization including, but not limited to, voluntary payroll deductions; use of school or college facilities for meetings; dissemination of information regarding the professional negotiation process and related matters to members of the bargaining unit on school or college premises through direct contact with

members of the bargaining unit, the use of bulletin boards on or about the facility, and the use of the school or college mail system to the extent permitted by law; reasonable leaves of absence for members of the bargaining unit for organizational purposes such as engaging in professional negotiation and partaking of instructional programs properly related to the representation of the bargaining unit; any of the foregoing privileges which are granted the recognized professional employees' organization through the professional negotiation process shall not be granted to any other professional employees' organization; and (C) such other matters as the parties mutually agree upon as properly related to professional service including, but not limited to, employment incentive or retention bonuses authorized under K.S.A. 72-8246 and amendments thereto.

(2) Nothing in this act, and amendments thereto, shall authorize the diminution of any right, duty or obligation of either the professional employee or the board of education which have been fixed by statute or by the constitution of this state. Except as otherwise expressly provided in this subsection (1), the fact that any matter may be the subject of a statute or the constitution of this state does not preclude negotiation thereon so long as the negotiation proposal would not prevent the fulfillment of the statutory or constitutional objective.

(3) Matters which relate to the duration of the school term, and specifically to consideration and determination by a board of education of the question of the development and adoption of a policy to provide for a school term consisting of school hours, are not included within the meaning of terms and conditions of professional service and are not subject to professional negotiation.

(m) "Secretary" means the secretary of labor or a designee thereof.

(n) "Statutory declaration of impasse date" means June 1 in the current school year.

(o) "Supplemental contracts" means contracts for employment duties other than those services covered in the principal or primary contract of employment of the professional employee and shall include, but not be limited to, such services as coaching, supervising, directing and assisting extracurricular activities, chaperoning, ticket-taking, lunchroom supervision, and other similar and related activities.

Sec. 5. K.S.A. 72-5436 is hereby amended to read as follows: 72-5436. As used in this act: (a) "Teacher" means any professional employee who is required to hold a certificate to teach in any school district, and any teacher or instructor in any area vocational-technical school or community college. The term "teacher" does not include within its meaning any supervisors, principals or superintendents or any persons employed under the authority of K.S.A. 72-8202b, and amendments thereto, or any persons employed in an administrative capacity by any area vocational-technical school or community college, *or commencing in the 2006-2007 school year, any person who is a retiree from school employment of the Kansas public employees retirement system.*

(b) "Board" means the board of education of any school district, the board of control of any area vocational-technical school and the board of trustees of any community college.

Sec. 6. K.S.A. 2005 Supp. 74-4902 is hereby amended to read as follows: 74-4902. As used in articles 49 and 49a of chapter 74 and amendments thereto, unless otherwise provided or the context otherwise requires:

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

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

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

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

(5) “actuary” means the actuary or firm of actuaries employed or retained by the board at any given time;

(6) “agent” means the individual designated by each participating employer through whom system transactions and communication are directed;

(7) “beneficiary” means, subject to the provisions of K.S.A. 74-4927, and amendments thereto, any natural person or persons ~~or~~, estate *or trust*, or any combination thereof, named by a member to receive any benefits as provided for by this act. Designations of beneficiaries by a member who is a member of more than one retirement system made on or after July 1, 1987, shall be the basis of any benefits payable under all systems unless otherwise provided by law. Except as otherwise provided by subsection (33) of this section, if there is no named beneficiary living at time of member’s death, any benefits provided for by this act shall be paid to: (A) The member’s surviving spouse; (B) the member’s dependent child or children; (C) the member’s dependent parent or parents; (D) the member’s nondependent child or children; (E) the member’s nondependent parent or parents; (F) the estate of the deceased member; in the order of preference as specified in this subsection;

(8) “board of trustees,” “board” or “trustees” means the managing body of the system which is known as the Kansas public employees retirement system board of trustees;

(9) “compensation” means, except as otherwise provided, all salary, wages and other remuneration payable to a member for personal services performed for a participating employer, including maintenance or any allowance in lieu thereof provided a member as part of compensation, but not including reimbursement for travel or moving expenses or on and after July 1, 1994, payment pursuant to an early retirement incentive program made prior to the retirement of the member. Beginning with the employer’s fiscal year which begins in calendar year 1991 or for employers other than the state of Kansas, beginning with the fiscal year which begins in calendar year 1992, when the compensation of a member who remains in substantially the same position during any two consecutive years of participating service used in calculating final average salary is increased by an amount which exceeds 15%, then the amount of such increase which exceeds 15% shall not be included in compensation, except that (A) any amount of compensation for accumulated sick leave or vacation or annual leave paid to the member, (B) any increase in compensation for any member due to a reclassification or reallocation of such member’s position or a reassignment of such member’s job classification to a higher range or level and (C) any increase in compensation as provided in any contract entered into prior to January 1, 1991, and still in force on the effective date of this act, pursuant to an early retirement incentive program as provided in K.S.A. 72-5395 et seq., and amendments thereto, shall be included in the amount of compensation of such member used in determining such member’s final average salary and shall not be subject to the 15% limitation provided in this subsection. Any contributions by such member on the amount of such increase which exceeds 15% which is not included in compensation shall be returned to the member. Unless otherwise provided by law, beginning with the employer’s fiscal year coinciding with or following July 1, 1985, compensation shall include any amounts for tax sheltered annuities or deferred compensation plans. Beginning with the employer’s fiscal year which begins in calendar year 1991, compensation shall include amounts under sections 403b, 457 and 125 of the federal internal revenue code of 1986 and, as the board deems appropriate, any other section of the federal internal revenue code of 1986 which defers or excludes amounts from inclusion in income. For purposes of applying limits under the federal internal revenue code “compensation” shall have the meaning as provided in K.S.A. 74-49,123 and amendments thereto;

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

(11) “dependent” means a parent or child of a member who is dependent upon the member for at least ½ of such parent or child’s support;

(12) “effective date” means the date upon which the system becomes effective by operation of law;

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

(14) “employee” means any appointed or elective officer or employee of a participating employer whose employment is not seasonal or temporary and whose employment requires at least 1,000 hours of work per year, and any such officer or employee who is concurrently employed performing similar or related tasks by two or more participating employers, who each remit employer and employee contributions on behalf of such officer or employee to the system, and whose combined employment is not seasonal or temporary, and whose combined employment requires at least 1,000 hours of work per year, but not including: (A) Any employee who is a contributing member of the United States civil service retirement system; (B) any employee who is a contributing member of the federal employees retirement system; (C) any employee who is a leased employee as provided in section 414 of the federal internal revenue code of a participating employer; and (D) any employee or class of employees specifically exempted by law. After June 30, 1975, no person who is otherwise eligible for membership in the Kansas public employees retirement system shall be barred from such membership by reason of coverage by, eligibility for or future eligibility for a retirement annuity under the provisions of K.S.A. 74-4925 and amendments thereto, except that no person shall receive service credit under the Kansas public employees retirement system for any period of service for which benefits accrue or are granted under a retirement annuity plan under the provisions of K.S.A. 74-4925 and amendments thereto. After June 30, 1982, no person who is otherwise eligible for membership in the Kansas public employees retirement system shall be barred from such membership by reason of coverage by, eligibility for or future eligibility for any benefit under another retirement plan authorized under any law of this state, except that no such person shall receive service credit under the Kansas public employees retirement system for any period of service for which any benefit accrues or is granted under any such retirement plan. Employee shall include persons who are in training at or employed by, or both, a sheltered workshop for the blind operated by the secretary of social and rehabilitation services. The entry date for such persons shall be the beginning of the first pay period of the fiscal year commencing in calendar year 1986. Such persons shall be granted prior service credit in accordance with K.S.A. 74-4913 and amendments thereto. However, such persons classified as home industry employees shall not be covered by the retirement system. Employees shall include any member of a board of county commissioners of any county and any council member or commissioner of a city whose compensation is equal to or exceeds \$5,000 per year;

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

(16) “executive director” means the managing officer of the system employed by the board under this act;

(17) “final average salary” means in the case of a member who retires prior to January 1, 1977, and in the case of a member who retires after January 1, 1977, and who has less than five years of participating service after January 1, 1967, the average highest annual compensation paid to such member for any five years of the last 10 years of participating service immediately preceding retirement or termination of employment, or in the case of a member who retires on or after January 1, 1977, and who has five or more years of participating service after January 1, 1967, the average highest annual compensation paid to such member on or after January 1, 1967, for any five years of participating service preceding retirement or termination of employment, or, in any case, if participating service is less than five years, then the average annual compensation paid to the member during the full period of participating service, or, in any case, if the member has less than one calendar year of participating service

such member's final average salary shall be computed by multiplying such member's highest monthly salary received in that year by 12; in the case of a member who became a member under subsection (3) of K.S.A. 74-4925 and amendments thereto, or who became a member with a participating employer as defined in subsection (3) of K.S.A. 74-4931 and amendments thereto and who elects to have compensation paid in other than 12 equal installments, such compensation shall be annualized as if the member had elected to receive 12 equal installments for any such periods preceding retirement; in the case of a member who retires after July 1, 1987, the average highest annual compensation paid to such member for any four years of participating service preceding retirement or termination of employment; in the case of a member who retires on or after July 1, 1993, whose date of membership in the system is prior to July 1, 1993, and any member who is in such member's membership waiting period on July 1, 1993, and whose date of membership in the system is on or after July 1, 1993, the average highest annual compensation, as defined in subsection (9), paid to such member for any four years of participating service preceding retirement or termination of employment or the average highest annual salary, as defined in subsection (34), paid to such member for any three years of participating service preceding retirement or termination of employment, whichever is greater; and in the case of a member who retires on or after July 1, 1993, and whose date of membership in the system is on or after July 1, 1993, the average highest annual salary, as defined in subsection (34), paid to such member for any three years of participating service preceding retirement or termination of employment. Final average salary shall not include any purchase of participating service credit by a member as provided in subsection (2) of K.S.A. 74-4919h and amendments thereto which is completed within five years of retirement. For any application to purchase or repurchase service credit for a certain period of service as provided by law received by the system after May 17, 1994, for any member who will have contributions deducted from such member's compensation at a percentage rate equal to two or three times the employee's rate of contribution or will begin paying to the system a lump-sum amount for such member's purchase or repurchase and such deductions or lump-sum payment commences after the commencement of the first payroll period in the third quarter, "final average salary" shall not include any amount of compensation or salary which is based on such member's purchase or repurchase. Any application to purchase or repurchase multiple periods of service shall be treated as multiple applications. For purposes of this subsection, the date that such member is first hired as an employee for members who are employees of employers that elected to participate in the system on or after January 1, 1994, shall be the date that such employee's employer elected to participate in the system. In the case of any former member who was eligible for assistance pursuant to K.S.A. 74-4925 and amendments thereto prior to July 1, 1998, for the purpose of calculating final average salary of such member, such member's final average salary shall be based on such member's salary while a member of the system or while eligible for assistance pursuant to K.S.A. 74-4925 and amendments thereto, whichever is greater;

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

(19) "Kansas public employees retirement fund" means the fund created by this act for payment of expenses and benefits under the system and referred to as the fund;

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

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

(22) "military service" means service in the uniformed forces of the United States, for which retirement benefit credit must be given under

the provisions of USERRA or service in the armed forces of the United States or in the commissioned corps of the United States public health service, which service is immediately preceded by a period of employment as an employee or by the entering into of an employment contract with a participating employer and is followed by return to employment as an employee with the same or another participating employer within 12 months immediately following discharge from such military service, except that if the board determines that such return within 12 months was made impossible by reason of a service-connected disability, the period within which the employee must return to employment with a participating employer shall be extended not more than two years from the date of discharge or separation from military service;

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

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

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

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

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

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

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

(30) “retirement system” or “system” means the Kansas public employees retirement system as established by this act and as it may be amended;

(31) “social security” means the old age, survivors and disability insurance section of the federal social security act;

(32) “trust” means an express trust, created by a trust instrument, including a will, designated by a member to receive payment of the insured death benefit under K.S.A. 74-4927 and amendments thereto and payment of the member’s accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto. A designation of a trust shall be filed with the board. ~~If there is a designated trust at the time of the member’s death, the insured death benefit for the member under K.S.A. 74-4927 and amendments thereto and the member’s accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto shall be paid to the trust in lieu of the member’s beneficiary.~~ If no will is admitted to probate within six months after the death of the member or no trustee qualifies within such six months or if the designated trust fails, for any reason whatsoever, the insured death benefit under K.S.A. 74-4927 and amendments thereto and the member’s accumulated contributions under subsection (1) of K.S.A. 74-4916 and amendments thereto shall be paid in accordance with the provisions of subsection (7) of this section as in other cases where there is no named beneficiary living at the time of the member’s death and any payments so made shall be a full discharge and release to the system from any further claims;

(33) “salary” means all salary and wages payable to a member for personal services performed for a participating employer, including maintenance or any allowance in lieu thereof provided a member as part of



salary. Salary shall not include reimbursement for travel or moving expenses, payment for accumulated sick leave or vacation or annual leave, severance pay or any other payments to the member determined by the board to not be payments for personal services performed for a participating employer constituting salary or on and after July 1, 1994, payment pursuant to an early retirement incentive program made prior to the retirement of the member. When the salary of a member who remains in substantially the same position during any two consecutive years of participating service used in calculating final average salary is increased by an amount which exceeds 15%, then the amount of such increase which exceeds 15% shall not be included in salary. Any contributions by such member on the amount of such increase which exceeds 15% which is not included in compensation shall be returned to the member. Unless otherwise provided by law, salary shall include any amounts for tax sheltered annuities or deferred compensation plans. Salary shall include amounts under sections 403b, 457 and 125 of the federal internal revenue code of 1986 and, as the board deems appropriate, any other section of the federal internal revenue code of 1986 which defers or excludes amounts from inclusion in income. For purposes of applying limits under the federal internal revenue code “salary” shall have the meaning as provided in K.S.A. 74-49,123 and amendments thereto. In any case, if participating service is less than three years, then the average annual salary paid to the member during the full period of participating service, or, in any case, if the member has less than one calendar year of participating service such member’s final average salary shall be computed by multiplying such member’s highest monthly salary received in that year by 12;

(34) “federal internal revenue code” means the federal internal revenue code of 1954 or 1986, as in effect on July 1, 2002, and as applicable to a governmental plan; and

(35) “USERRA” means the federal uniformed services employment and reemployment rights act of 1994 as in effect on July 1, 1998.

Sec. 7. K.S.A. 74-4906 is hereby amended to read as follows: 74-4906. (1) The board shall hold regular meetings in Topeka, Kansas, at least once each quarter, the dates, time and place to be fixed by the board. The regular meeting held in July of each year shall be the annual meeting and the board shall elect the chairperson of the board as prescribed by subsection (c) of K.S.A. 74-4905 and amendments thereto. Special meetings may be called upon written call of the chairperson or by agreement of any five members of the board. Notice of a special meeting shall be delivered to all other trustees in person or by registered or certified United States mail not less than seven days prior to the date fixed for the meeting. Notice of any such meeting may be waived by any member either before or after such meeting and attendance at such a meeting shall constitute a waiver of notice of such meeting, unless a member participates therein solely to object to the transaction of any business because the meeting has not been legally called or convened.

(2) Five trustees shall constitute a quorum for the transaction of business, but any official action of the board shall be based upon a favorable vote by at least five trustees at a regular or special meeting of the board.

(3) Members of the Kansas public employees retirement system board of trustees shall receive compensation, ~~subsistence allowance and mileage~~ in the amount provided for members of the legislature pursuant to K.S.A. 75-3223, and amendments thereto, and shall receive subsistence allowance, mileage and expenses in addition to subsistence allowance and mileage in the amount provided for a member of a board pursuant to K.S.A. ~~75-3212~~ 75-3223 and amendments thereto, for each day or part thereof in which such member attended a meeting authorized by the board. Amounts paid under this subsection shall be paid from the expense reserve fund provided for in section (d) of K.S.A. 74-4922 and amendments thereto.

(4) Duties performed for the system by any member of the board who is a public officer or employee shall be considered duties in connection with regular public employment of such individual, and such member shall suffer no loss in normal compensation from public funds by reason of the performances of such duties.

Sec. 8. K.S.A. 2005 Supp. 74-4914 is hereby amended to read as follows: 74-4914. (1) The normal retirement date for a member of the

system shall be the first day of the month coinciding with or following termination of employment with any participating employer not followed by employment with any participating employer within 30 days and the attainment of age 65 or, commencing July 1, 1993, age 62 with the completion of 10 years of credited service or the first day of the month coinciding with or following the date that the total of the number of years of credited service and the number of years of attained age of the member is equal to or more than 85. In no event shall a normal retirement date for a member be before six months after the entry date of the participating employer by whom such member is employed. A member may retire on the normal retirement date or on the first day of any month thereafter upon the filing with the office of the retirement system of an application in such form and manner as the board shall prescribe. Nothing herein shall prevent any person, member or retirant from being employed, appointed or elected as an employee, appointee, officer or member of the legislature. Elected officers may retire from the system on any date on or after the attainment of the normal retirement date, but no retirement benefits payable under this act shall be paid until the member has terminated such member's office.

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

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

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

(5) *On or after July 1, 2006, for any retirant who is first employed or appointed in or to any position or office by a participating employer other than a participating employer for which such retirant was employed or appointed during the final two years of such retirant's participation, such participating employer shall pay to the system the actuarially determined employer contribution and the statutorily prescribed employee contribution based on the retirant's compensation during any such period of employment or appointment.* If a retirant who retired on or after July 1, 1988, is employed or appointed in or to any position or office for which compensation for service is paid in an amount equal to \$15,000 or more, or commencing in calendar year 2006, and all calendar years thereafter, \$20,000 or more in any one such calendar year, by any participating employer for which such retirant was employed or appointed during the final two years of such retirant's participation, such retirant shall not receive any retirement benefit for any month for which such retirant serves in such position or office. The participating employer shall report to the system within 30 days of when the compensation paid to the retirant is equal to or exceeds any limitation provided by this section. Any retirant employed by a participating employer shall not make contributions nor receive additional credit under such system for such service except as provided by this section. Upon request of the executive director of the system, the secretary of revenue shall provide such information as may be needed by the executive director to carry out the provisions of this act. The provisions of this subsection shall not apply to retirants employed as substitute teachers or officers, employees or appointees of the legislature. The provisions of this subsection shall not apply to members of the legislature prior to January 8, 2000. The provisions of this subsection shall not apply to any other elected officials prior to the term of office of such elected official which commences on or after July 1, 2000. The provisions of this subsection shall apply to any other elected official on and after the term of office of such other elected official which commences on or after July 1, 2000. Except as otherwise provided, commencing January 8, 2001, the provisions of this subsection shall apply to members of

the legislature. For determination of the amount of compensation paid pursuant to this subsection, for members of the legislature, compensation shall include any amount paid as provided pursuant to subsections (a), (b), (c) and (d) of K.S.A. 46-137a, and amendments thereto, or pursuant to K.S.A. 46-137b, and amendments thereto. Notwithstanding any provision of law to the contrary, when a member of the legislature is paid an amount of compensation of \$15,000 or more, *or commencing in calendar year 2006, and all calendar years thereafter, \$20,000 or more* in any one calendar year, the member may continue to receive any amount provided in subsections (b) and (d) of K.S.A. 46-137a, and amendments thereto, and still be entitled to receive such member's retirement benefit. Commencing July 1, 2005, and ending June 30, 2008, the provisions of this subsection shall not apply to retirants who either retired under the provisions of subsection (1), or, if they retired under the provisions of subsection (4), were retired more than 30 days prior to the effective date of this act and are licensed professional nurses or licensed practical nurses employed by the state of Kansas at the Osawatomie state hospital, Rainbow mental health facility, Larned state hospital, Parsons state hospital and training center, Kansas neurological institute, the Kansas soldiers' home or the Kansas veterans' home. The participating employer of such retirant shall pay to the system the actuarially determined employer contribution based on the retirant's compensation during any such period of employment.

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

Sec. 9. K.S.A. 74-4914d is hereby amended to read as follows: 74-4914d. Any additional cost resulting from the normal retirement date and retirement before such normal retirement date for security officers as provided in K.S.A. 74-4914c, and amendments thereto, and disability benefits as provided in K.S.A. 74-4914e, *and amendments thereto*, shall be added to the employer rate of contribution for the department of corrections as otherwise determined under K.S.A. 74-4920, *and amendments thereto, except that the employer rate of contribution for the department of corrections including any such additional cost added to such employer rate of contribution pursuant to this section shall in no event exceed the employer rate of contribution for the department of corrections for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which security officers contribute during the period: (a) For the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (b) for the fiscal year commencing in calendar year 2007, and in each subsequent calendar year, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year.*

Sec. 10. K.S.A. 74-4915b is hereby amended to read as follows: 74-4915b. (a) Notwithstanding any provision of law to the contrary, any member who is a member of the legislature who is also employed by another participating employer of the Kansas public employees retirement system other than the legislature and is an eligible employee as defined in K.S.A. 74-4902, and amendments thereto, may retire from service from such other participating employer and may continue to serve as a member of the legislature, except that, commencing January 8, 2001, such member of the legislature shall not receive any retirement benefit for any month for which such member of the legislature serves when compensation as provided in subsection (e) is paid in an amount equal to \$15,000 or more, *or commencing in calendar year 2006, and all calendar years thereafter, \$20,000 or more* in any one such calendar year. Such member's retirement benefit shall be based on the final average salary of such member for service prior to service as a member of the legislature.

(b) No such member who is a member of the legislature who retires as provided in subsection (a) and who continues to serve as a member of the legislature shall accrue any additional service credit for such service

as a member of the legislature or be entitled to any benefit provided in K.S.A. 74-4916 or 74-4927, and amendments thereto.

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

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

(e) The participating employer shall report to the system within 30 days of when the compensation paid to the retirant is equal to or exceeds any limitation provided in subsection (a). Upon request of the executive director of the system, the secretary of revenue shall provide such information as may be needed by the executive director to carry out the provisions of this section. For determination of the amount of legislative compensation, as provided in subsection (a) and this subsection, for members of the legislature, compensation shall include any amount paid as provided pursuant to subsections (a), (b), (c) and (d) of K.S.A. 46-137a, and amendments thereto, or pursuant to K.S.A. 46-137b, and amendments thereto. Notwithstanding any provision of law to the contrary, when a member of the legislature is paid an amount of compensation of \$15,000 or more, *or commencing in calendar year 2006, and all calendar years thereafter, \$20,000 or more* in any one calendar year, the member may continue to receive any amount provided in subsections (b) and (d) of K.S.A. 46-137a, and amendments thereto, and still be entitled to receive such member's retirement benefit.

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

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

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

Sec. 11. K.S.A. 74-4915c is hereby amended to read as follows: 74-4915c. (a) Notwithstanding any provision of law to the contrary, any member who is an elected local official of a municipality who is also employed by another participating employer of the Kansas public employees retirement system other than the municipality and is an eligible employee as defined in K.S.A. 74-4902, and amendments thereto, may retire from service from such other participating employer and may continue to serve as an elected local official, except that such local official shall not receive any retirement benefit for any month for which such local official serves in such office when compensation is paid in an amount equal to \$15,000 or more, *or commencing in calendar year 2006, and all calendar years thereafter, \$20,000 or more* in any one such calendar year. The participating employer shall report to the system within 30 days of when the compensation paid to the retirant is equal to or exceeds any limitation provided in this subsection. Upon request of the executive director of the system, the secretary of revenue shall provide such information as may be needed by the executive director to carry out the provisions of this section.

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

(c) The provisions of this section are intended to further the public

policy of encouraging persons to serve in elective public office by permitting a member of the system, who is a member through employment with a participating employer in a nonelected position and who holds an elected office as an elected local official of a municipality and who is also a member of the system for such elected office, to retire under the system from such nonelected employment and to continue serving in such elected public office.

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

Sec. 12. K.S.A. 74-4919f is hereby amended to read as follows: 74-4919f. In the event that a member, who elects to repurchase previously forfeited service credit, also elects to effect such repurchase by means of a single lump-sum payment, such member may do so, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, by paying the amount determined by the actuary using the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, and the actuarial assumptions and tables then currently in use by the retirement system. Any member who elects repurchase by a single lump-sum payment shall make such payment in lieu of the increased amount of the employee's contribution rate otherwise provided for in this act.

Sec. 13. K.S.A. 74-4919h is hereby amended to read as follows: 74-4919h. (1) In addition to any military service credited under the provisions of K.S.A. 74-4913 or 74-4936 and amendments thereto, or in the event that an active contributing member does not qualify for credit for military service as defined in subsection (22) of K.S.A. 74-4902 and amendments thereto, such member may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating credit for periods of active service in the armed forces of the United States or in the commissioned corps of the United States public health service and for periods of service required to fulfill the requirements of section 651 of title 10, United States code, which are not otherwise creditable, which when added to any creditable military service do not exceed six years. Except as provided in subsection (4)(a) for such purchase of participating credit for such periods of such military service which is the basis for military pension rights, such member shall be entitled to purchase one quarter of participating service credit for each year of service required to fulfill the requirements of section 651 of title 10, United States code. Except as otherwise provided in this section, such purchase shall be effected by the member submitting proof of such service acceptable to the board and, if first commenced prior to January 1, 1996, electing in writing to have employee contributions as provided in K.S.A. 74-4919 and amendments thereto deducted from such member's compensation at a percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto for such periods of service. Such deductions shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased. Any person may make any such purchase as described in this section, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, if first commenced in calendar year 1996 or thereafter, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase, for such periods of service, in lieu of a lump-sum amount as provided in this section. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased.

(2) (a) Such purchase of participating service credit must be completed prior to such member's retirement.

(b) For members purchasing such participating service credit on or after July 1, 1993, whose purchase is completed within five years before such member's retirement, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, such member shall pay the actuarially determined amount by means of a single lump-sum payment or equal annual

payments which shall be completed prior to retirement. The lump-sum payment or annual payments shall be determined by the system's actuary by using the member's current annual salary at the time, actuarial assumptions and tables currently in use by the system and the member's attained age. Any member who purchases such participating service credit and who does not make the lump-sum payment or annual payments as required by this subsection shall have any previously credited service under this section voided and such member shall be refunded such member's payments previously made for such purchase plus interest. The provisions of this subsection shall not apply to any member who is employed by an institution that is closed or abolished or otherwise ceases operations or that is scheduled for such closure, abolition or cessation of operations and has a budget reduction imposed that is associated with such closure, abolition or cessation of operations, and who is laid off from employment with such institution for the reason of such closure, abolition or cessation. As used in this subsection, "institution" means Topeka state hospital or Winfield state hospital and training center; and "laid off" means, in the case of a state officer or employee in the classified service under the Kansas civil service act, being laid off under K.S.A. 75-2948 and amendments thereto and in the case of a state officer or employee in the unclassified service under the Kansas civil service act, being terminated from employment with the state agency by the appointing authority, except that "laid off" shall not include any separation from employment pursuant to budget reduction or expenditure authority reduction and reduction of F.T.E. positions under K.S.A. 75-6801 and amendments thereto.

(3) In the event such member has elected to purchase participating service credit as provided in K.S.A. 74-4919a to 74-4919e, inclusive, and any amendments thereto, the increased employee contributions and purchase of participating service credit provided herein shall not commence until after the purchase of participating service credit under K.S.A. 74-4919a to 74-4919e, inclusive, and any amendments thereto, has been completed. If a member terminates employment before completing the purchase of all participating service credit as such member may be entitled to, such member shall only receive such credit for those full quarters as the percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto or those full quarters as the additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto has been deducted from such member's compensation.

(4) (a) Any member of the system who has not yet retired may purchase participating service credit for military service as described in this section which is the basis for military pension rights at an additional rate of contribution in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at the time of such purchase. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Any such member may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating service credit for military service as described in this section by electing to effect such purchase by means of a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be an amount determined by the actuary using the member's then current annual rate of compensation, or if not actively employed, the member's annual rate of compensation when last participating, the actuarial assumptions and tables currently in use by the retirement system and the member's attained age.

(b) Any member of the retirement system who has not retired may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating service credit for military service as described in this section which is not the basis for military pension rights by electing to effect such purchase by means of a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be an amount determined by the actuary using the member's then current annual rate of compensation or *the member's final average salary at the time the member elects to purchase such service*

~~credit, whichever is higher, or if not actively employed, the member's annual rate of compensation when last participating;~~ the actuarial assumptions and tables currently in use by the retirement system and the member's attained age.

Sec. 14. K.S.A. 74-4919j is hereby amended to read as follows: 74-4919j. (1) In addition to any service credited under the provisions of K.S.A. 74-4913 or 74-4936 and amendments thereto, in the event that a member of the Kansas public employees retirement system does not qualify for credit for service as an elected official with a participating employer, such member may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating credit for periods of such service. Except as otherwise provided in this section, such member may purchase such service credit by submitting proof of such service acceptable to the board of trustees and, if first commenced prior to January 1, 1996, electing in writing to have employee contributions deducted as provided in K.S.A. 74-4919 and amendments thereto from such member's compensation at a percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto for such periods of service. Such deductions shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased. Subject to the provisions of K.S.A. 74-49,123 and amendments thereto, any person may make any such purchase as described in this section, if first commenced in calendar year 1996 or thereafter, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase, for such periods of service, in lieu of a lump-sum amount as provided in this section. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased.

(2) In the event such member has elected to purchase participating service credit as provided in K.S.A. 74-4919a to 74-4919e, inclusive, and amendments thereto, the increased employee contributions and purchase of participating service credit provided herein shall not commence until after the purchase of participating service credit under K.S.A. 74-4919a to 74-4919e, inclusive, and amendments thereto, has been completed. If a member terminates employment before completing the purchase of all participating service credit as such member may be entitled to purchase, such member shall only receive such credit for those full quarters as the percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto or those full quarters as the additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto for such periods of service has been deducted from such member's compensation.

(3) Subject to the provisions of K.S.A. 74-49,123 and amendments thereto, any member of the Kansas public employees retirement system who does not qualify for credit for service as an elected official with a participating employer and who has not retired may purchase participating service credit for such service as an elected official with a participating employer by making a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be in an amount determined by the actuary using (A) the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, (B) the actuarial assumptions and tables currently in use by the system and (C) the member's attained age.

(4) Commencing on January 1, 1988, and ending on June 30, 1988, any member of the Kansas public employees retirement system who does not qualify for credit for service as an elected official with a participating employer and who has not retired may purchase participating service credit for such service as an elected official with a participating employer by making a single lump-sum amount equivalent to 4% of the compen-

sation paid to such member for service as an elected official during such period.

Sec. 15. K.S.A. 74-4919l is hereby amended to read as follows: 74-4919l. Any member of the Kansas public employees retirement system who was previously a member of the retirement system for judges or the Kansas police and firemen's retirement system and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect to purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, service credit for the previously forfeited service credit by means of a single lump-sum payment and such service shall be recredited to that system. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, and the actuarial assumptions and tables then currently in use by that retirement system.

Sec. 16. K.S.A. 74-4919m is hereby amended to read as follows: 74-4919m. (1) Except as otherwise provided, any active contributing member of the retirement system who at one time had the state board of regents assist such member in the purchase of retirement annuities as provided in K.S.A. 74-4925 and amendments thereto and who withdrew such member's accumulated contributions upon the termination of such employment as provided in K.S.A. 74-4925 and amendments thereto may purchase such participating service credit for such service, and any active contributing member of the retirement system may purchase participating service credit for any waiting period required pursuant to K.S.A. 74-4925, and amendments thereto, regardless of whether the state board of regents assisted such member in the purchase of retirement annuities as provided in K.S.A. 74-4925, and amendments thereto. Such member may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto such service credit by submitting proof of such service acceptable to the board of trustees and electing in writing to have employee contributions deducted as provided in K.S.A. 74-4919 and amendments thereto from such member's compensation at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased.

(2) Any member of the Kansas public employees retirement system who has not retired may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto participating service credit for such service as described in this section with a participating employer by making a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be in an amount determined by the actuary using (a) the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, (b) the actuarial assumptions and tables currently in use by the system and (c) the member's attained age.

Sec. 17. K.S.A. 74-4919o is hereby amended to read as follows: 74-4919o. (1) Notwithstanding the provisions of K.S.A. 74-4913 and amendments thereto and except as provided in subsection (3), any member of the Kansas public employees retirement system who was previously employed by an employer who maintained its own police and fire pension plan as a city of the first or second class and who withdrew their accumulated contributions may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating service credit for periods of such service prior to retirement. Such member may purchase such service credit by submitting proof of such service acceptable to the board of trustees and electing in writing to have employee contributions deducted as provided in K.S.A. 74-4919 and amendments thereto from such member's compensation at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time



of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased.

(2) Any member of the Kansas public employees retirement system who has not retired may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating service credit for such service as described in this section with a participating employer by making a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be in an amount determined by the actuary using (a) the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher, or if not actively employed, the member's annual rate of compensation when last participating*; (b) the actuarial assumptions and tables currently in use by the system and (c) the member's attained age.

(3) No member may purchase such participating service credit for any service that is subject to a retirement under any other pension plan authorized pursuant to the laws of the state of Kansas.

Sec. 18. K.S.A. 74-4950j is hereby amended to read as follows: 74-4950j. The retirement benefit, pension or annuity payments to each retiree of the state school retirement system who retired prior to January 1, 1971, and who had at least 20 years or more of service credit, shall:

(a) For retirement benefit, pension or annuity payments accruing after June 30, 2001, be in an amount as otherwise provided by law but shall be an amount at least equal to \$500;

(b) *for retirement benefit, pension or annuity payments accruing after June 30, 2006, be in an amount as otherwise provided by law but shall be an amount of at least \$625; and*

(c) *for retirement benefit, pension and annuity payments accruing after June 30, 2007, be in an amount as otherwise provided by law but shall be in an amount at least equal to \$750.*

Sec. 19. K.S.A. 74-4960a is hereby amended to read as follows: 74-4960a. (1) If any active contributing member who is appointed or employed on or after July 1, 1989, or who makes an election pursuant to K.S.A. 74-4955a and amendments thereto to be covered by the provisions of this act becomes disabled as defined in subsection (2), such member shall receive a monthly benefit equal to 50% of the member's final average salary at the time such member was disabled payable in monthly installments, accruing from the first day upon which the member ceases to draw compensation, if a report of the disability in such form and manner as the board shall prescribe is filed in the office of the executive director of the board within 220 days after the date of the commencement of such disability and if an application for such benefit in such form and manner as the board shall prescribe is filed in the office of the executive director of the board within two years of the date of the commencement of such disability, except that the board may waive such two-year requirement, if the board is presented with evidence that clearly warrants such a waiver.

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

(3) In the event a member who is disabled and entitled to such benefits as provided in subsection (1) dies after the date of such disability, the following benefits shall be payable:

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

(ii) To the member's spouse, if lawfully wedded to the member at the time of the member's death, an annual benefit equal to 50% of the member's benefit payable in monthly installments, to accrue from the first day of the month following the member's date of death and ending on the last day of the month in which the spouse dies. 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. If there is no surviving spouse, or if after the death of the spouse there remain one or more children under the age of 18 years or one or more children under the age of 23 years who is a full-time student as provided in K.S.A. 74-49,117 and amendments thereto, the spouse's benefit shall be payable, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, in equal shares to such children and each child's share shall end on the last day of the month in which such child attains the age of 18 years or dies, whichever occurs earlier or in which such child attains the age of 23 years, if such child is a full-time student as provided in K.S.A. 74-49,117 and amendments thereto. Commencing on the effective date of this act, any child who was receiving benefits pursuant to this section and who had such benefits terminated by reason of such child's marriage, shall be entitled to once again receive benefits pursuant to this section subject to the limitations contained in this section, except that such child shall not be entitled to recover any benefits not received after the termination of benefits by reason of such child's marriage but before the effective date of this act.

(4) Any member who was employed for compensation by an employer other than the member's participating employer and whose disability was incurred in the course of such other employment shall not be eligible for any of the benefits provided in subsection (1) or (3).

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

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

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

(8) Refusal or neglect to submit to examination as provided in subsection (6) shall be sufficient cause for suspending or discontinuing benefit payments under this section and if such refusal or neglect shall continue for a period of one year, the member's rights in and to all benefits under this system may be revoked by the board.

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

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

(11) Any benefits provided pursuant to this section and any participating service credit given pursuant to subsection (9) shall terminate upon the earliest date such member is eligible for retirement upon attainment

of the normal retirement date as provided in K.S.A. 74-4964a and amendments thereto.

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

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

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

(15) Any ~~retirant~~ *member* who has been receiving benefits under the provisions of this section and who returns to employment with the same or different participating employer in the system shall ~~be deemed no longer retired~~ *be deemed disabled under the provisions of this section.*

(16) Upon the death of a member ~~after retirement~~ *who has been receiving benefits under the provisions of this section*, if no further benefits are payable ~~under the provisions of this section~~, the excess, if any, of the ~~retirant's~~ *member's* accumulated contributions over the sum of all benefits paid shall be paid to the member's beneficiary.

Sec. 20. K.S.A. 2005 Supp. 74-4963 is hereby amended to read as follows: 74-4963. (1) Upon termination of employment prior to the completion of 20 years of credited service, after 30 days after such termination a member may withdraw such member's accumulated contributions or elect to leave such accumulated contributions on deposit with the system. If the member elects to leave the accumulated contributions on deposit with the system and if the member returns to employment with the same or another participating employer within five years, such member shall receive credit for such member's service prior to such termination. If the member does not elect to leave the accumulated contributions on deposit or if the member does not return to covered employment within five years, such member shall no longer be a member of the system and the sum of such member's accumulated contributions then on deposit with this system shall be paid to such member after making application in a form prescribed by the board and after the system has a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer.

(2) If, after termination and withdrawal of accumulated contributions, a former member returns to covered employment, except as otherwise provided in subsection (1), the former member shall become a member of the system as provided in subsection (2) of K.S.A. 74-4955 and amendments thereto. Any former member returning to covered employment may, at the former member's option, purchase service credit for such previously forfeited service credit, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4965, and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, such member may elect to effect such purchase by means of a single lump-

sum payment in lieu of the increased amount of the employee's contribution rate otherwise provided for in this act in an amount equal to the then present value of the benefits being purchased determined by the actuary using the member's attained age, annual compensation at the time of purchase and the actuarial assumptions and tables then in use by the retirement system. The lump-sum payment shall be made immediately upon being notified of the amount due. Upon receipt of such payment by the system the member shall receive full credit for the number of previously forfeited quarters of participating service which the member has elected to repurchase. Any member who repurchases all of the member's previously forfeited participating service credit shall also receive all of the member's previously forfeited prior service credit.

(3) Upon termination and withdrawal of accumulated contributions, any member whose employment was, up to the member's employer's entry date, covered by a pension system established under the provisions of K.S.A. 13-14a01 through 13-14a14, and amendments thereto, or K.S.A. 14-10a01 through 14-10a15, and amendments thereto, shall be entitled to receive from the member's employer the sum of the member's accumulated contributions to the previous pension system.

(4) If a member has completed 20 years of credited service at date of termination, the member shall be granted automatically a vested retirement benefit in the system, but any time prior to the commencement of retirement benefit payments and before attaining age 55 the member may withdraw the member's accumulated contributions, whereupon the member's membership in this system ceases and no other amounts shall be payable for the member's prior and participating service credit. Eligibility of such member, who has not withdrawn the member's accumulated contributions, for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto, except that in lieu of the three-month notice of intention to retire being made to the employer, such member shall make application for retirement in a form prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. 74-4958 and amendments thereto.

(5) If a member, who has a vested retirement benefit, again becomes an employee of a participating employer, the amount of the member's vested retirement benefit shall remain in effect, and any retirement benefit such member subsequently accrues shall be calculated separately based on credited service after again becoming an employee and shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto.

(6) Any member of this system who was previously a member of the Kansas public employees retirement system or the retirement system for judges and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment and such service shall be recredited to that system. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, and the actuarial assumptions and tables then currently in use by that retirement system.

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

Sec. 21. K.S.A. 2005 Supp. 74-4963a is hereby amended to read as follows: 74-4963a. (1) Upon termination of employment prior to the completion of 15 years of credited service, after 30 days after such termination a member may withdraw such member's accumulated contributions or elect to leave such accumulated contributions on deposit with the system. If the member elects to leave the accumulated contributions on deposit

with the system and if the member returns to employment with the same or another participating employer within five years, such member shall receive credit for such member's service prior to such termination. If the member does not elect to leave the accumulated contributions on deposit or if the member does not return to covered employment within five years, such member shall no longer be a member of the system and the sum of such member's accumulated contributions then on deposit with this system shall be paid to such member after making application in a form prescribed by the board and after the system has a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer.

(2) If, after termination and withdrawal of accumulated contributions, a former member returns to covered employment, except as otherwise provided in subsection (1), the former member shall become a member of the system as provided in subsection (2) of K.S.A. 74-4955 and amendments thereto. Any former member returning to covered employment may, at the former member's option, purchase service credit for such previously forfeited service credit, subject to the provisions of K.S.A. 74-49,123, and amendments thereto, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4965, and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, such member may elect to effect such purchase by means of a single lump-sum payment in lieu of the increased amount of the employee's contribution rate otherwise provided for in this act in an amount equal to the then present value of the benefits being purchased determined by the actuary using the member's attained age, annual compensation at the time of purchase and the actuarial assumptions and tables then in use by the retirement system. The lump-sum payment shall be made immediately upon being notified of the amount due. Upon receipt of such payment by the system the member shall receive full credit for the number of previously forfeited quarters of participating service which the member has elected to repurchase. Any member who repurchases all of the member's previously forfeited participating service credit shall also receive all of the member's previously forfeited prior service credit.

(3) Upon termination and withdrawal of accumulated contributions, any member whose employment was, up to the member's employer's entry date, covered by a pension system established under the provisions of K.S.A. 13-14a01 through 13-14a14, and amendments thereto, or K.S.A. 14-10a01 through 14-10a15, and amendments thereto, shall be entitled to receive from the member's employer the sum of the member's accumulated contributions to the previous pension system.

(4) If a member has completed 15 years of credited service at date of termination, the member shall be granted automatically a vested retirement benefit in the system, but any time prior to the commencement of retirement benefit payments and before attaining age 55 the member may withdraw the member's accumulated contributions, whereupon the member's membership in this system ceases and no other amounts shall be payable for the member's prior and participating service credit. Eligibility of such member, who has not withdrawn the member's accumulated contributions, for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto, except that in lieu of the three-month notice of intention to retire being made to the employer, such member shall make application for retirement in a form prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. 74-4958 and amendments thereto.

(5) If a member, who has a vested retirement benefit, again becomes an employee of a participating employer, the amount of the member's vested retirement benefit shall remain in effect, and any retirement ben-

efit such member subsequently accrues shall be calculated separately based on credited service after again becoming an employee and shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 74-4957 and amendments thereto.

(6) Any member of this system who was previously a member of the Kansas public employees retirement system or the retirement system for judges and who forfeited service credit under either of those systems by reason of termination of employment and withdrawal of their contributions to that system, may elect, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, to purchase service credit for the previously forfeited service credit by means of a single lump-sum payment and such service shall be recredited to that system. The amount of the lump-sum payment shall be determined by the actuary using the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, and the actuarial assumptions and tables then currently in use by that retirement system.

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

Sec. 22. K.S.A. 74-4965a is hereby amended to read as follows: 74-4965a. (1) Subject to the provisions of K.S.A. 74-49,123 and amendments thereto, any member of the Kansas police and firemen's retirement system may purchase participating credit for periods of active service in the armed forces of the United States or in the United States public health service and for periods of service required to fulfill the requirements of section 651 of title 10, United States code, which does not exceed six years. Except as otherwise required by the provisions of USERRA, such member shall be entitled to purchase one quarter of participating service credit for each year of service required to fulfill the requirements of section 651 of title 10, United States code. Such purchase shall be effected by the member submitting proof of such service acceptable to the board and electing in writing to have employee contributions as provided in K.S.A. 74-4965 and amendments thereto deducted from such member's compensation at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4965 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase for such periods of service. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all of the full quarters of such service have been purchased.

(2) Any member of the retirement system who has not retired may purchase, subject to the provisions of K.S.A. 74-49,123 and amendments thereto, participating service credit for military service as described in this section by electing to effect such purchase by means of a single lump-sum payment in lieu of employee contributions as provided in this section. The lump-sum payment shall be an amount determined by the actuary using the member's then current annual rate of compensation *or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, ~~or if not actively employed, the member's annual rate of compensation when last participating~~, the actuarial assumptions and tables currently in use by the retirement system and the member's attained age.

(3) Except as otherwise required by the provisions of USERRA, any participating service credit purchased by a member as provided by this section shall not be counted toward or be used in determining whether such member meets the years of credited service requirement provided for in K.S.A. 74-4957 or 74-4957a and amendments thereto.

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

Sec. 23. K.S.A. 74-4990 is hereby amended to read as follows: 74-4990. (1) An arrearage obligation shall arise when it is ascertained that

required contributions have not been made to the Kansas public employees retirement system at the required time. Such arrearage obligation shall be met by the employer by preparing a report on the appropriate form to correct all previous reports affected by the arrearage obligation. Such report shall be submitted by the employer with the first report after such an arrearage obligation is discovered or as the board of trustees of the system may otherwise prescribe. The proper remittance to cover employer and employee contributions in arrearage shall accompany such report or as the board of trustees of the system may otherwise prescribe for all arrearages other than for the year of service as provided in K.S.A. 74-4911 and amendments thereto. In addition, the employer will pay to the system, interest at the current actuarial interest rate assumption adopted by the board. If the employee retires within 24 months of the employer first reporting this arrearage, the employer will pay to the system a lump-sum amount equal to the difference of the actuarial present value of the retirement benefit and the accumulated value of any contributions represented by the arrearage. No employee shall pay all or any part of the arrearage. The amounts due for an arrearage obligation shall be based upon the compensation paid to the member and at the rates in effect at the time the contributions were originally due to be paid to the system. The employer shall not be required to pay the employee contributions or interest on arrearages of six month or less.

(2) An arrearage obligation shall arise when it is ascertained that the employee and employer should have made contributions to the Kansas public employees retirement system for all or part of the year of service as provided in K.S.A. 74-4911 and amendments thereto. Such arrearage obligation shall be met by the employer by preparing a report on the appropriate form to correct all previous reports affected by the arrearage obligation. Such report shall be submitted by the employer with the first report after such an arrearage obligation is discovered or as the board of trustees of the system may otherwise prescribe. The proper remittance to cover employer contributions in arrearage shall accompany such report or as the board of trustees of the system may otherwise prescribe. The amounts due for an arrearage obligation shall be based upon compensation paid to the member and at the rates in effect at the time contributions were originally due to be paid to the system.

(3) In the event the proper remittance to cover employee contributions in arrearage does not accompany such report, service credits for that period of employment involving the arrearage obligation may be purchased by the member as participating service at any time prior to retirement by making application therefor and paying to the system a single lump-sum amount determined by the system's actuary using (a) the member's then current annual rate of compensation or *the member's final average salary at the time the member elects to purchase such service credit, whichever is higher*, ~~or if not actively employed, the member's annual rate of compensation when last participating~~ and (b) the actuarial assumptions and tables currently in use by the system.

(4) Except as otherwise provided in this section, any member may purchase participating service credits for that period of employment involving the arrearage obligation as described in this section, if first commenced prior to January 1, 1996, by electing to effect such purchase by means of having employee contributions as provided in K.S.A. 74-4919 and amendments thereto deducted from such member's compensation at a percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto for such periods of service, in lieu of a lump-sum amount as provided in this section. Such deductions shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Any person may make any such purchase as described in this section, if first commenced in calendar year 1996 or thereafter, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase, for such periods of service, in lieu of a lump-sum amount as provided in this section. Such additional rate of contribution shall commence at the beginning of the quarter following

such election and shall remain in effect until all quarters of such service have been purchased.

(5) Notwithstanding the provisions of this section, no employee contributions shall be due and owing for stipulated compensation amounts paid to any employee or former employee of a city of the first class whose dispute with such city was settled by stipulation of settlement either in Case No. 90-2328-0 in the United States District Court for the District of Kansas or in Case No. 91-1182 in the Supreme Court of the United States. Any such employee or former employee may elect to remit such employee contributions to the system. No employee or former employee whose contributions are deemed not to be due or owing or who did not elect to remit such employee contributions to the system as provided in this section according to this provision shall have any claim against the Kansas public employees retirement system for any retirement, disability, death or survivors benefit or any return of accumulated contributions based on such contributions or on the compensation amounts that would have been reflected by such contributions.

Sec. 24. K.S.A. 74-4992 is hereby amended to read as follows: 74-4992. (a) Any such member of the legislature or former member of the legislature as described in K.S.A. 74-4991 and amendments thereto shall become a member on entry date or upon filing with the board an irrevocable election to become or not to become a member of the system. In the event that any such member of the legislature or former member of the legislature fails to file the election to become a member of the retirement system, it shall be presumed that such member of the legislature or former member of the legislature has elected not to become a member. The election to participate shall become effective immediately upon making such election, if such election is made within 14 days of taking the oath of office or, otherwise, on the first day of the first payroll period of the first quarter following receipt of the election in the office of the retirement system. *On and after July 1, 2006, all members of the legislature shall also make the election required by the provisions of K.S.A. 74-4995, and amendments thereto, related to the rate of compensation at which such members shall participate for purposes of K.S.A. 74-4991 et seq., and amendments thereto.*

(b) Any member of the legislature who had attained membership in the Kansas public employees retirement system prior to taking the oath of office as a member of the legislature may elect not to participate in the Kansas public employees retirement system for the purpose of service as a member of the legislature. This election, which is irrevocable, must be filed within the offices of the system. Any member of the legislature who is a member of the retirement system on the effective date of this act and was a member of the retirement system at the time of taking the oath of office may elect not to participate in the retirement system for service as a member of the legislature if such irrevocable election is filed within the offices of the system.

(c) Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, any member of the legislature who elected not to participate in the retirement system, and who is not a contributing member with any other participating employer, may purchase such participating service by making a single lump-sum payment in an amount determined by the actuary using the then current rate of compensation and the actuarial assumptions and tables currently in use by the system.

(d) Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, except as otherwise provided in this section, any member of the retirement system may purchase participating service credit for employment service as described in this section, if first commenced prior to January 1, 1996, by electing to effect such purchase by means of having employee contributions as provided in K.S.A. 74-4919 and amendments thereto deducted from such member's compensation at a percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto for such periods of service in lieu of a lump-sum amount as provided in this section. Such deductions shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Any person may make any such purchase as described in this section, if first commenced in calendar year 1996 or thereafter, at



an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919 and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase, for such periods of service, in lieu of a lump-sum amount as provided in this section. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased.

Sec. 25. K.S.A. 74-4995 is hereby amended to read as follows: 74-4995. ~~(1)~~ (a) Employer and employee contributions shall be governed by the provisions of K.S.A. 74-4919 and 74-4920 and amendments thereto. For purposes of contributions to and benefits under the Kansas public employees retirement system, ~~except as provided in subsection (2), (3) or (4);~~ compensation of ~~members~~ *a member of the legislature* under this act shall be a monthly amount equal to: (1) The compensation to which the member was entitled for services as a member of the legislature during the period January 15 to February 14, inclusive, of the most recent session in which the member has served ~~and employer and employee rate of contribution shall be applied to such amounts monthly. The employee and employer contributions shall be remitted to the system quarterly with a report of same as may be required by the board. The employee contributions may be deducted from either any compensation of the member or any expense allowance or reimbursement of the member, or any combination thereof.~~

~~(2) For service as a member after July 18, 1982, a member of the legislature may elect to participate with a rate of compensation that includes a monthly amount equal to  $\frac{1}{12}$  of the annualized amount received for monthly allowance under subsection (c) of K.S.A. 46-137a and amendments thereto. Such changes in the member's rate of compensation and contributions shall be effective the first day of the payroll period coinciding with or following the calendar quarter in which the election is received by the board of trustees of the system. All elections shall be in the form and manner prescribed by the board of trustees; and (2) any amount to which the member makes an election pursuant to this subsection. In addition to the provisions of subsection (a)(1), a member of the legislature may elect to participate with a rate of compensation that includes: (A) For service as a member after July 18, 1982, a monthly amount equal to  $\frac{1}{12}$  of the annualized amount received for monthly allowance under subsection (c) of K.S.A. 46-137a, and amendments thereto; (B) a monthly amount equal to  $\frac{1}{12}$  of the annualized amount received for expenses allowance under subsection (b) of K.S.A. 46-137a, and amendments thereto; or (C) an amount equal to the combined amounts provided for in subsections (2)(A) and (2)(B). A member of the legislature who has filed an election to become a member of the system pursuant to the provisions of K.S.A. 74-4992, and amendments thereto, prior to July 1, 2006, shall file an election with the system to include any amounts specified in subsection (2)(A), (2)(B) or (2)(C) prior to August 1, 2006, except that nothing contained in this act shall be construed to permit a member of the legislature who has made an election pursuant to this section prior to the effective date of this act to revoke any such election previously made by such member. In the event that any such member fails to file such election prior to August 1, 2006, it shall be presumed that such member has elected to not include any amounts specified in subsection (2)(A), (2)(B) or (2)(C), and participate at a rate of compensation that includes only the amount provided in subsection (a)(1). A member of the legislature who files an election to become a member of the system pursuant to the provisions of K.S.A. 74-4992, and amendments thereto, on and after July 1, 2006, shall file an election with the system to include any amounts specified in subsection (2)(A), (2)(B) or (2)(C) at the same time that such member files the election to become a member of the system. In the event that any such member fails to file such election, it shall be presumed that such member has elected to not include any amounts specified in subsection (2)(A), (2)(B) or (2)(C), and participate at a rate of compensation that includes only the amount provided in subsection (a)(1).~~

~~(3) For service as a member after July 18, 1982, and prior to the effective date of this act, a member of the legislature may elect to partic-~~

ipate with a rate of compensation that includes a monthly amount equal to ~~1/12~~ the annualized amount received for expenses allowance under subsection (b) of K.S.A. 46-137a and amendments thereto. Upon such election, such member of the legislature shall make a lump-sum payment equivalent to 4% of such compensation, and the member's final average salary shall be based on compensation added thereto.

~~(4)~~ A member of the legislature may elect to participate with a rate of compensation that includes a monthly amount equal to ~~1/12~~ the annualized amount received for expenses allowance under subsection (b) of K.S.A. 46-137a and amendments thereto. Such changes in the member's rate of compensation and contributions shall be effective the first day of the payroll period coinciding with or following the calendar quarter in which the election is received by the board of trustees of the system. All elections shall be in the form and manner prescribed by the board of trustees.

(b) The employee rate of contribution shall be applied to any amounts to which a member has elected pursuant to the provisions of subsection (a)(2). The employee and employer contributions shall be remitted to the system quarterly with a report of such contributions as may be required by the board. Any changes in a member's rate of compensation and contributions as a result of any election mandated by this section for a member of the legislature who had filed an election to become a member of the system prior to July 1, 2006, shall be effective on October 1, 2006. All such elections pursuant to this section shall be in the form and manner prescribed by the board of trustees.

~~(5)~~ (c) Any member of the legislature making ~~one or more of the elections provided in this section~~ the election pursuant to subsection (a)(2) may not revoke such election ~~or elections~~ while they remain a participating employee for service as a member of the legislature.

Sec. 26. K.S.A. 72-5395, 72-5436, 74-4906, 74-4914d, 74-4915b, 74-4915c, 74-4919f, 74-4919h, 74-4919j, 74-4919l, 74-4919m, 74-4919o, 74-4950j, 74-4960a, 74-4965a, 74-4990, 74-4992 and 74-4995 and K.S.A. 2005 Supp. 20-2606, 20-2625, 72-5413, 74-4902, 74-4914, 74-4963 and 74-4963a are hereby repealed.

Sec. 27. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

\_\_\_\_\_  
SENATE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

Passed the HOUSE  
as amended \_\_\_\_\_

HOUSE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*