

**SENATE BILL No. 299**

By Committee on Assessment and Taxation

3-30

1 AN ACT concerning retirement and pensions; relating to the Kansas public  
2 employees retirement system; employment after retirement; extending  
3 special provisions for retirants employed as teachers for one year;  
4 providing an account for certain members who return to work to hold  
5 retirement benefits; requiring employee and employer contributions;  
6 amending K.S.A. 2014 Supp. 74-4914 and 74-4937 and repealing the  
7 existing sections.  
8

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

10 Section 1. K.S.A. 2014 Supp. 74-4914 is hereby amended to read as  
11 follows: 74-4914. (1) The normal retirement date for a member of the  
12 system shall be the first day of the month coinciding with or following  
13 termination of employment with any participating employer not followed  
14 by employment with any participating employer within 60 days and the  
15 attainment of age 65 or, commencing July 1, 1993, age 62 with the  
16 completion of 10 years of credited service or the first day of the month  
17 coinciding with or following the date that the total of the number of years  
18 of credited service and the number of years of attained age of the member  
19 is equal to or more than 85. In no event shall a normal retirement date for a  
20 member be before six months after the entry date of the participating  
21 employer by whom such member is employed. A member may retire on  
22 the normal retirement date or on the first day of any month thereafter upon  
23 the filing with the office of the retirement system of an application in such  
24 form and manner as the board shall prescribe. Nothing herein shall prevent  
25 any person, member or retirant from being employed, appointed or elected  
26 as an employee, appointee, officer or member of the legislature. Elected  
27 officers may retire from the system on any date on or after the attainment  
28 of the normal retirement date, but no retirement benefits payable under this  
29 act shall be paid until the member has terminated such member's office.

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

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34 withdrawn such member's accumulated contributions from the Kansas  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

1 following the attainment of age 55.

2 (4) Any member may retire before such member's normal retirement  
3 date on the first day of any month coinciding with or following  
4 termination of employment with any participating employer not followed  
5 by employment with any participating employer within 60 days and the  
6 attainment of age 55 with the completion of 10 years of credited service,  
7 but in no event before six months after the entry date, upon the filing with  
8 the office of the retirement system of an application for retirement in such  
9 form and manner as the board shall prescribe.

10 (5) *Except as provided in subsection (7)*, on or after July 1, 2006, for  
11 any retirant who is first employed or appointed in or to any position or  
12 office by a participating employer other than a participating employer for  
13 which such retirant was employed or appointed during the final two years  
14 of such retirant's participation, and, on or after April 1, 2009, for any  
15 retirant who is employed by a third-party entity who contracts services  
16 with a participating employer other than a participating employer for  
17 which such retirant was employed or appointed during the final two years  
18 of such retirant's participation to fill a position covered under ~~subsection~~  
19 ~~(a)~~ of K.S.A. 72-5410(a), and amendments thereto, with such retirant, such  
20 participating employer shall pay to the system the actuarially determined  
21 employer contribution and the statutorily prescribed employee contribution  
22 based on the retirant's compensation during any such period of  
23 employment or appointment. If a retirant who retired on or after July 1,  
24 1988, is employed or appointed in or to any position or office for which  
25 compensation for service is paid in an amount equal to \$20,000 or more in  
26 any one such calendar year, by any participating employer for which such  
27 retirant was employed or appointed during the final two years of such  
28 retirant's participation, and, on or after April 1, 2009, by any third-party  
29 entity who contracts services to fill a position covered under ~~subsection (a)~~  
30 ~~of~~ K.S.A. 72-5410(a), and amendments thereto, with such retirant with a  
31 participating employer for which such retirant was employed or appointed  
32 during the final two years of such retirant's participation, such retirant shall  
33 not receive any retirement benefit for any month for which such retirant  
34 serves in such position or office. The participating employer who employs  
35 such retirant whether by contract directly with the retirant or through an  
36 arrangement with a third-party entity shall report to the system within 30  
37 days of when the compensation paid to the retirant is equal to or exceeds  
38 any limitation provided by this section. Any participating employer who  
39 contracts services with any such third-party entity to fill a position covered  
40 under ~~subsection (a)~~ of K.S.A. 72-5410(a), and amendments thereto, shall  
41 include in such contract a provision or condition which requires the third-  
42 party entity to provide the participating employer with the necessary  
43 compensation paid information related to any such position filled by the

1 third-party entity with a retirant to enable the participating employer to  
2 comply with provisions of this subsection relating to the payment of  
3 contributions and reporting requirements. The provisions and requirements  
4 provided for in amendments made in this act which relate to positions  
5 filled with a retirant or employment of a retirant by a third-party entity  
6 shall not apply to any contract for services entered into prior to April 1,  
7 2009, between a participating employer and third-party entity as described  
8 in this subsection. Any retirant employed by a participating employer or a  
9 third-party entity as provided in this subsection shall not make  
10 contributions nor receive additional credit under such system for such  
11 service except as provided by this section. Upon request of the executive  
12 director of the system, the secretary of revenue shall provide such  
13 information as may be needed by the executive director to carry out the  
14 provisions of this act. The provisions of this subsection shall not apply to  
15 retirants employed as substitute teachers or officers, employees or  
16 appointees of the legislature. The provisions of this subsection shall not  
17 apply to members of the legislature prior to January 8, 2000. The  
18 provisions of this subsection shall not apply to any other elected officials  
19 prior to the term of office of such elected official which commences on or  
20 after July 1, 2000. The provisions of this subsection shall apply to any  
21 other elected official on and after the term of office of such other elected  
22 official which commences on or after July 1, 2000. Except as otherwise  
23 provided, commencing January 8, 2001, the provisions of this subsection  
24 shall apply to members of the legislature. For determination of the amount  
25 of compensation paid pursuant to this subsection, for members of the  
26 legislature, compensation shall include any amount paid as provided  
27 pursuant to ~~subsections (a), (b), (c) and (d)~~ of K.S.A. 46-137a(a), (b), (c)  
28 *and (d)*, and amendments thereto, or pursuant to K.S.A. 46-137b, and  
29 amendments thereto. Notwithstanding any provision of law to the contrary,  
30 when a member of the legislature is paid an amount of compensation of  
31 \$20,000 or more in any one calendar year, the member may continue to  
32 receive any amount provided in ~~subsections (b) and (d)~~ of K.S.A. 46-  
33 137a(b) *and (d)*, and amendments thereto, and still be entitled to receive  
34 such member's retirement benefit. Commencing July 1, 2005, the  
35 provisions of this subsection shall not apply to retirants who either retired  
36 under the provisions of subsection (1), or, if they retired under the  
37 provisions of subsection (4), were retired more than 30 days prior to the  
38 effective date of this act and are licensed professional nurses or licensed  
39 practical nurses employed by the state of Kansas in an institution as  
40 defined in ~~subsection (b)~~ of K.S.A. 76-12a01(b) or ~~subsection (f)~~ of K.S.A.  
41 38-2302(f), and amendments thereto, the Kansas soldiers' home or the  
42 Kansas veterans' home. Nothing in this subsection shall be construed to  
43 create any right, or to authorize the creation of any right, which is not

1 subject to amendment or nullification by act of the legislature. The  
2 participating employer of such retirant shall pay to the system the  
3 actuarially determined employer contribution based on the retirant's  
4 compensation during any such period of employment.

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

12 (7) (a) *Except as provided in this subsection, commencing on July 1,*  
13 *2016, for any retirant who is employed or appointed in or to any position*  
14 *covered under K.S.A. 74-4902(14) or 74-4932(4), and amendments*  
15 *thereto, by a participating employer or by any third-party entity who*  
16 *contracts services to fill such position, without any prearranged*  
17 *agreement with such participating employer or third-party entity, and not*  
18 *prior to 60 days after such retirant's retirement date, such retirant shall*  
19 *not receive any retirement benefit for any month for which such retirant*  
20 *serves in such position or office. An amount equal to the monthly*  
21 *retirement benefit shall accrue in a designated, notional account, with*  
22 *interest credited annually at a rate of 50% of the actual rate of return in*  
23 *any year the actual rate of return on the market value of the investments*  
24 *reaches the system's assumed investment rate of return, except that such*  
25 *interest credit shall not exceed 3%. Such notional account, plus interest,*  
26 *shall be distributed to the retirant as provided in this subsection upon*  
27 *termination of such employment as provided in paragraph (e). The*  
28 *provisions of this subsection shall apply to each period of employment by*  
29 *a retirant.*

30 (b) *The provisions of this subsection shall not apply to retirants that*  
31 *are employed in a position not covered by K.S.A. 74-4902(14) and K.S.A.*  
32 *74-4932(4), and amendments thereto, who are earning less than \$20,000*  
33 *in a calendar year. Any retirant who is employed or appointed in or to any*  
34 *position or office not covered by K.S.A. 74-4902(14) and K.S.A. 74-*  
35 *4932(4), and amendments thereto, for which compensation for service is*  
36 *paid in an amount equal to \$20,000 or more in any one such calendar*  
37 *year by any participating employer or by any third-party entity who*  
38 *contracts services to fill a position, shall not receive any retirement benefit*  
39 *for any month for which such retirant serves in such position or office. The*  
40 *participating employer who employs such retirant whether by contract*  
41 *directly with the retirant or through an arrangement with a third-party*  
42 *entity shall report to the system within 30 days of when the compensation*  
43 *paid to the retirant is equal to or exceeds any limitation provided by this*

1 *section. Any participating employer who contracts service with any such*  
2 *third-party entity to fill a position shall include in such contract a*  
3 *provision or condition which requires the third-party entity to provide the*  
4 *participating employer with the necessary compensation paid information*  
5 *related to any such position filled by the third-party entity with a retirant*  
6 *to enable the participating employer to comply with provisions of this*  
7 *subsection relating to reporting requirements.*

8 (c) (i) *The participating employer of a retirant, whether by contract*  
9 *directly with the retirant or through an arrangement with a third-party*  
10 *entity, who is appointed or employed in a covered position pursuant to*  
11 *subsection (7)(a) shall pay to the system the actuarially determined*  
12 *employer contribution plus 2%, and the statutorily prescribed employee*  
13 *contribution rate, based on the retirant's compensation during any such*  
14 *period of employment. The employer and employee contributions shall not*  
15 *be credited to the retirant's notional account.*

16 (ii) *Any participating employer who contracts services with any such*  
17 *third-party entity to fill a position shall include in such contract a*  
18 *provision or condition which requires the third- party entity to provide the*  
19 *participating employer with the necessary compensation paid information*  
20 *related to any such position filled by the third-party entity with a retirant*  
21 *to enable the participating employer to comply with provisions of this*  
22 *subsection relating to the payment of contributions.*

23 (d) *A retirant who becomes reemployed pursuant to this subsection*  
24 *shall not be eligible for any purchases of service credit pursuant to K.S.A.*  
25 *74-4919a et seq., and amendments thereto, nor the plan of long-term*  
26 *disability benefits or death benefits pursuant to K.S.A. 74-4927, and*  
27 *amendments thereto.*

28 (e) (i) *Upon termination of employment under subsection (7)(a) with*  
29 *any participating employer not followed by employment with any*  
30 *participating employer within 60 days, a retirant shall be entitled to*  
31 *reinstatement of the retirant's monthly benefit as provided by law and to a*  
32 *distribution of such retirant's notional account. Such distribution may be*  
33 *through any combination of the following payout options, each of which is*  
34 *subject to the applicable provisions of the federal internal revenue code*  
35 *and the applicable regulations of the internal revenue service:*

36 (A) *A direct rollover to an eligible retirement plan; or*

37 (B) *a lump-sum distribution.*

38 (ii) *Upon the death of a retirant employed as provided in this*  
39 *subsection, a distribution of such retirant's notional account shall be paid*  
40 *to the retirant's beneficiary as provided by law.*

41 (iii) *The board may specify minimum account balances for purposes*  
42 *of allowing benefit payment options and rollovers in accordance with*  
43 *federal law.*

1       (f) *All benefits payable under the provisions of this subsection are*  
2 *subject to the provisions of K.S.A. 74-49,123, and amendments thereto.*

3       (g) *Nothing in this subsection shall be construed to create any right,*  
4 *or to authorize the creation of any right, which is not subject to*  
5 *amendment or nullification by act of the legislature.*

6       Sec. 2. K.S.A. 2014 Supp. 74-4937 is hereby amended to read as  
7 follows: 74-4937. (1) The normal retirement date of a member of the  
8 system who is in school employment and who is subject to K.S.A. 74-  
9 4940, and amendments thereto, shall be the first day of the month  
10 coinciding with or following termination of employment not followed by  
11 employment with any participating employer within 60 days and the  
12 attainment of age 65 or, commencing July 1, 1986, age 65 or age 60 with  
13 the completion of 35 years of credited service or at any age with the  
14 completion of 40 years of credited service, or commencing July 1, 1993,  
15 any alternative normal retirement date already prescribed by law or age 62  
16 with the completion of 10 years of credited service or the first day of the  
17 month coinciding with or following the date that the total of the number of  
18 years of credited service and the number of years of attained age of the  
19 member is equal to or more than 85. Each member upon giving prior  
20 notice to the appointing authority and the retirement system may retire on  
21 the normal retirement date or the first day of any month thereafter.

22       (2) Any member who is in school employment and who is subject to  
23 K.S.A. 74-4940, and amendments thereto, may retire before such  
24 member's normal retirement date on the first day of the month coinciding  
25 with or following termination of employment not followed by employment  
26 with any participating employer within 60 days and the attainment of age  
27 55 with the completion of 10 years of credited service, upon the filing with  
28 the office of the retirement system of an application for retirement in such  
29 form and manner as the board shall prescribe.

30       (3) Commencing July 1, 2009, the provisions of ~~subsection (5) of~~  
31 ~~K.S.A. 74-4914(5), and amendments thereto, which relate to an earnings~~  
32 ~~limitation which when met or exceeded requires that the retirant not~~  
33 ~~receive a retirement benefit for any month for which such retirant serves in~~  
34 ~~a position as described herein shall not apply to retirants who either retired~~  
35 ~~under the provisions of ~~subsection (1) of~~ K.S.A. 74-4914(1), and~~  
36 ~~amendments thereto, related to normal retirement, or, if they retired under~~  
37 ~~the provisions of ~~subsection (4) of~~ K.S.A. 74-4914(4), and amendments~~  
38 ~~thereto, related to early retirement, were retired more than 60 days prior to~~  
39 ~~the effective date of this act, and are subsequently hired in a position that~~  
40 ~~requires a license under K.S.A. 72-1388, and amendments thereto, or other~~  
41 ~~provision of law. The provisions of this subsection do not apply to retirants~~  
42 ~~who retired under ~~subsection (4) of~~ K.S.A. 74-4914(4), and amendments~~  
43 ~~thereto, which relates to early retirement prior to age 62. Except as~~

1 otherwise provided, when a retirant is employed by the same school  
2 district or a different school district with which such retirant was employed  
3 during the final two years of such retirant's participation or employed by a  
4 third-party entity who contracts services with a school district to fill a  
5 position as described in this subsection, the participating employer of such  
6 retirant shall pay to the system the actuarially determined employer  
7 contribution based on the retirant's compensation during any such period  
8 of employment plus 8%. The provisions of this subsection shall not apply  
9 to retirants employed as substitute teachers. The provisions of ~~subsection~~  
10 ~~(5) of K.S.A. 74-4914(5)~~, and amendments thereto, shall be applicable to  
11 retirants employed as described in this subsection, except as specifically  
12 provided in this subsection. Nothing in this subsection shall be construed  
13 to create any right, or to authorize the creation of any right, which is not  
14 subject to amendment or nullification by act of the legislature. The  
15 provisions of this subsection shall expire on July 1, ~~2015~~ 2016. After such  
16 date the Kansas public employees retirement system and its actuary shall  
17 report the experience to the joint committee on pensions, investments and  
18 benefits.

19 Sec. 3. K.S.A. 2014 Supp. 74-4914 and 74-4937 are hereby repealed.

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