

Summary of Other KPERS Legislation Passed by the House

House Bill 2489: KPERS Technical/Logistical Amendments

KPERS 3 Service-Connected Death

- Provides for KPERS 3 members' service-connected death benefits to be based on an average of their final three years of compensation.
 - When a KPERS member dies due to an on-the-job accident, their surviving spouse or dependents are entitled to a monthly benefit equal to 50% of the member's final average salary, in addition to a lump sum payment of \$50,000.
 - Because cash balance plan benefits are based on notional account balances, there is no "final average salary" on which to base death benefits for members of the cash balance plan.

Death and Disability Moratorium

- Clarifies and codifies the five-quarter moratorium on KPERS death and disability contributions previously approved through the appropriations process.
 - As part of the primary 2015 appropriations bill for FY 2016 and 2017, the Legislature reduced appropriations for state agencies and school district funding by an amount projected to be saved through the last seven pay periods of FY 2016 and the last quarter of FY 2017.
 - 2016 SB 161 eliminated projected state agency and school district funding for death and disability contributions for the first three quarters of FY 2017.

KPERS 3 Early Retirement Annuitization Rate

- Confirms the annuitization rate for KPERS 3 early retirements to the annuitization rate for normal retirement.
 - The retirement annuitization rate for normal retirement is the actuarial assumed interest rate of return minus 2% (which currently is equal to 6%).
 - HB 2489 adds parallel language for early retirements to make the retirement annuity rate consistent among all retirement options for KPERS 3 members.

Roth 457

- Clarifies the status of Roth contributions and distributions to the KPERS 457 deferred compensation plan for state tax purposes, so that they are treated in the same manner as federal taxes and Roth plans offered by private sector employers.

Local Employer Contributions to 401(a)

- Clarifies that KPERS may establish an optional 401(a) plan for local employers that adopt the KPERS 457 plan and wish to make employer contributions.
 - Would parallel existing authority for the State to make contributions to a 401(a) defined contribution plan to complement state employees' personal savings



through the KPERS 457 plan. (Due to lack of funding for employer contributions, the existing statutory authority has never been used to establish a 401(a) plan for state employees.)

Enhanced Retirement Income Planning Data

- Allows KPERS to share individual member pension data for KPERS 457 participants with the Plan's record keeper to provide consolidated pension and personal savings benefit estimates.
 - In establishing the KPERS 3 cash balance plan, the Legislature underscored personal savings as a priority.
 - Consolidated benefit estimates facilitate retirement planning for KPERS members who choose to participate in the KPERS 457 deferred compensation plan.

House Bill 2724: Definition of Compensation, Employer Leave Reporting

Excluding 457(f) and 409A payments from final average salary.

- Excludes 457(f) and 409A payments from the definition of compensation for purposes of calculating a member's final average salary.
 - Very rare type of plan consisting of a contract between the employer and individual employee.
 - KPERS is aware of two instances in 90,000 retirements over 20 years.
 - Applies to all future 457(f) or 409A payments.
 - Does not affect the more common 457(b) deferred compensation plans available to State employees and many other public employees.

Leave Reporting.

- Requires KPERS and KP&F employers to report to the System sick and annual leave balances and pay rates for all members on July 1, 2016.