PERFORMANCE AUDIT REPORT

Kansas Police And Firemen's Retirement System, Part II

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
January 1987

87PA43

Legislative Post Audit Committee

Legislative Division of Post Audit

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PERFORMANCE AUDIT REPORT

KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM, PART II

OBTAINING AUDIT INFORMATION

This audit was conducted by Ellyn Rullestad, Senior Auditor, and Allan Foster, Auditor, of the Division's staff. If you need any additional information about the audit's findings, please contact Ms. Rullestad at the Division's offices.

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KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM, PART II

Summary of Legislative Post Audit's Findings

What is the legislative history of the changes made, or proposed, to the statutes concerning the Kansas Police and Firemen's Retirement System? A number of changes have been enacted over the past 10 years. In general, the changes have enhanced the benefits available to members of the Police and Firemen's Retirement System. A list of the changes by statute is presented in Appendix A, and a list of the changes by year is presented in Appendix B. Many more changes have been proposed to the statutes but failed to pass. These are listed in Appendix C. A summary of interim committee work is presented in Appendix D.

How do the retirement benefits and costs for teachers covered by the Kansas Public Employees Retirement System compare to the benefits and costs for the police and firemen? Membership in, and contributions to, the school portion of the Public Employees Retirement System have increased over time. Growth has also occurred in the non-school portion of the Public Employees Retirement System and in the Police and Firemen's Retirement System. Benefits for school and non-school Public Employees Retirement System members are generally the same. On average, school members retire at age 64 with a monthly pension benefit of $274. The benefits available to the Public Employees Retirement System members are less generous than those available to Police and Firemen's Retirement System members. A comparison of the major benefits is presented in Appendix E.

What occupations are retired Kansas Police and Firemen's Retirement System members pursuing? About 56 percent of the retired police and firemen who responded to a survey held full- or part-time employment. Seven worked in law enforcement, two were employed by cities or counties, and two were farmers. The rest held a variety of occupations including painter, bus driver, inspector, and draftsman. The average monthly income from full-time employment was $1,332, while the average part-time job generated $396 a month. Eight disabled respondents, or forty percent, held a variety of different jobs. The three disabled members who worked full-time received an average of $867 per month, while the five part-time employees averaged $550 per month.

How does the experience of other states in the area of disabilities compare with the experience of the Kansas Police and Firemen's Retirement System? All of the states surveyed provide disability benefits for their police and firemen. However, significant differences exist in the disability experiences of these surrounding states. The differences appear to be related to the level of disability retirement benefits provided compared with the level of normal retirement benefits. Each state also has some unique provisions that affect its disability experience.

KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM, PART II

In July 1986, the Legislative Division of Post Audit released an audit of the Kansas Police and Firemen's Retirement System. The audit described the benefits and costs of the Police and Firemen's Retirement System. It compared that System to the Kansas Public Employees Retirement System, to police and firemen retirement plans in other states, and to local police and firemen retirement plans. As a result of the audit, additional legislative concerns were raised about the experiences of school members of the Kansas Public Employees Retirement System, and about the occupations being pursued by retired members of the Kansas Police and Firemen's Retirement System. This audit addresses those additional concerns through the following questions:

1. **What is the legislative history of the changes made, or proposed, to the statutes concerning the Kansas Police and Firemen's Retirement System?**
2. **How do the retirement benefits and costs for teachers covered by the Kansas Public Employees Retirement System compare to the benefits and costs for the police and firemen?**
3. **What occupations are retired Kansas Police and Firemen's Retirement System members pursuing?**
4. **How does the experience of other states in the area of disabilities compare with the experience of the Kansas Police and Firemen's Retirement System?**

To answer these questions, the auditors reviewed statutes, Senate and House journals, and interim committee reports. They also reviewed the files of a sample of retired and disabled school members of the Kansas Public Employees Retirement System and sent a survey to each of the sample of school members to determine their satisfaction with their retirement benefits. In addition, they sent a survey to the group of public employees and police and firemen who were surveyed in the earlier audit to gather additional information about their current occupations and sources of income.

In general, the auditors found that many changes to the Kansas Police and Firemen's Retirement System statutes have been enacted or proposed over the past 10 years. Most of these changes enhance the retirement benefits available to retired and disabled police and firemen. The auditors also found that the benefits available to school members of the Kansas Public Employees Retirement System are essentially the same as those available to non-school members. Finally, the auditors found that most of the retired school and non-school public employees do not work, but supplement their retirement pensions with Social Security. In contrast, many of the retired police and firemen who responded to the survey supplement their pensions with full- or part-time work.

What Is the Legislative History of Statutory Changes Concerning the Kansas Police and Firemen's Retirement System?

To answer this question, the auditors reviewed Kansas Session Laws, interim Committee reports, and proposed legislation for the past 10 years. In addition, they examined legislative committee minutes for the enacted legislation.

Legislative Changes Enacted

From 1977 to 1986, a number of changes were enacted to the Kansas Police and Firemen's Retirement System statutes. Generally, those changes enhanced the benefits available to members of the Police and Firemen's Retirement System. For example, legislation enacted in 1979 increased the maximum retirement benefit to 70 percent of final average salary; the maximum had been 66 percent. More recently, a 1986 change raised the lump-sum benefit for non-service-connected death before retirement from 50 percent to 100 percent of final average salary. A description of all the changes enacted, listed by statute, is provided in Appendix A. Appendix B lists the changes enacted, by year.

Legislative Changes Proposed

Many more changes have been proposed to the Police and Firemen's Retirement System statutes than have actually been enacted. Of the changes proposed but not passed over the last 10 years, some would have expanded the membership to include other groups of employees. For example, bills have been introduced to make fish and game protectors, alcoholic beverage control officers, ambulance attendants, correctional officers, and communications officers of the Kansas Highway Patrol members of the Police and Firemen's Retirement System.

Other bills have been introduced that would improve the benefits available to members of the System. A bill proposed during the 1977-1978 legislative biennium would have lowered normal retirement to age 50. Another bill introduced during that biennium would have permitted normal retirement upon the completion of 33 years of credited service, regardless of age. A more recent bill, introduced during the 1985-1986 legislative biennium would have allowed normal retirement at age 50, with 25 years of service. Appendix C presents a full listing of the bills that have been introduced during each of the past 10 years.

Interim Committee Work

Legislative committees have been assigned to study retirement-related issues nearly every year since 1977. In at least six of those years, the Committee that was assigned the topic has focused some of its discussion on the Police and Firemen's Retirement System. A 1978 interim study on "Public Employees Retirement" made recommendations to eliminate retirement contributions for members who were age 60, with 20 years of service. A 1983 interim study, "Eligibility for Membership in the Kansas Police and Firemen's Retirement System," concluded that job stress is not the only determinant for entry in the Police and Firemen's Retirement System. A summary of the interim Committee efforts relating to the Kansas Police and Firemen's Retirement System is found in Appendix D.

How Do the Retirement Benefits and Costs for Teachers Covered by the Kansas Public Employees Retirement System Compare to the Benefits and Costs for the Police and Firemen?

The first audit of the Kansas Police and Firemen's Retirement System described the main benefits and costs of both that System and the non-school segment of the Kansas Public Employees Retirement System. The audit found that membership in both of those systems has increased over time. As a result, contributions have increased as well. The audit also found that the benefits

provided under the Police and Firemen's Retirement System are more generous than those provided under the Public Employees Retirement System. The average benefit paid to retired and disabled police and firemen is considerably higher than the average benefit paid to non-school members of the Public Employees Retirement System. Finally, the audit found that retirants from both retirement systems often supplement their pension with other sources of income, predominantly from full- or part-time employment or Social Security.

To answer additional questions raised by the earlier audit, the auditors examined the school segment of the Public Employees Retirement System. They reviewed the earlier audit and the appropriate statutes. They also reviewed a sample of files of retired and disabled school members of the Kansas Public Employees Retirement System. In addition, they sent a survey to those members and to the members of both the non-school group of the Kansas Public Employees Retirement System and the Police and Firemen's Retirement System who were surveyed in the first audit.

In general, they found that membership in, and contributions to, the school portion of the Public Employees Retirement System have increased over time. Benefits for both school and non-school Public Employees Retirement System members are essentially the same. In addition, the characteristics of retirants and disabled members of both of those Systems are similar. Finally, the auditors found that the retired and disabled school members were supplementing their pensions with Social Security income.

Membership In the School Portion of the Kansas Public Employees Retirement System Has Increased Over the Last 10 Years

As the following two tables indicate, both the number of active members and the number of retirants and beneficiaries of the school portion of the Public Employees Retirement System have increased over time.

Active Membership in State Retirement Systems

	Number of Members		
Year	School	Non-School	Police and Fire
1976	39,136	37,267	2,075
1985	43,262	43,817	3,845
Total change	4,126	6,550	1,770
% change	10.5%	17.6%	85.3%

The table shows that the rate of increase in active school members is lower than the rate of increase experienced by the other two groups. Over the 10-year period, active membership increased by 10.5 percent in the school portion of the Public Employees Retirement System. Non-school active membership increased by 17.6 percent, while active membership in the Police and Firemen's Retirement System increased by over 85 percent.

Retirants and Beneficiaries in State Retirement Systems

	Number of Members		
Year	School	Non-School	Police and Fire
1976	6,185	9,410	143
1985	12,339	13,997	1,299
Total change	6,154	4,587	1,156
% change	99.5%	48.7%	808.4%

As the table indicates, the number of retirants and beneficiaries also increased over the 10-year period. The rate of growth in retired members is higher for the school segment than for the non-school segment of the Public Employees Retirement System. However, the rate of growth of the Police and Firemen's Retirement System is the highest of the three.

Contributions to the School Portion of the Public Employees Retirement System Have Also Increased Over Time

Because the membership has grown, the amount of money contributed by employers has also increased. Like the two other Systems, however, the rate of employer contribution has declined.

Employer Contributions

Year	School	Rate	Non-School	Rate	Police and Fire	Rate
1976	$ 24,253,966	5.8%	$ 26,097,998	7.4%	$ 4,049,399	16.4%
1985	40,747,085	4.4	35,962,709	4.6	19,335,614	16.3
Total change	$ 16,493,119		$ 9,864,711		$ 15,286,215	
% change	68.0%		37.8%		377.5%	

The table shows that employer contributions to the school portion of the Public Employees Retirement System grew by 68 percent between 1976 and 1985. This was a higher rate of increase in contributions than for the non-school portion of the System, but was a considerably slower rate of growth than that experienced by the Police and Firemen's Retirement System. The rate of employer contribution has declined from almost eight percent of gross salaries in fiscal year 1977 to just over four percent in fiscal year 1985.

Except For Some Differences in Eligibility and Certain Retirement Provisions, the Benefits Provided to School Members Of the Public Employees Retirement System Are the Same as Those Provided to Non-School Members

The differences between the two groups are relatively minor. School members are immediately eligible for the Retirement System, while non-school members have a one-year waiting period. In addition, the two groups have separate actuarial evaluations. As a result, the employer contribution rate is slightly different

for school and non-school employers. Finally, those members of the school Retirement System who are subject to the continuing contract law must wait until July 1 of the school year in which they turn 65 before they can retire. Other members can retire as soon as they reach age 65.

With these few exceptions, the benefits to both school and non-school members of the Public Employees Retirement System are the same. The normal retirement age is 65 and early retirement options are available to members. Members of both groups receive a retirement benefit based on final average salary. The benefit factor generally ranges from 1.25 percent to 1.4 percent per year of service. In addition, disability insurance is available to members who are totally disabled from gainful employment. The disability benefit is 60 percent of annual compensation, reduced by Social Security and one-half of Workers' Compensation payments. Survivor benefits and a life insurance plan are also provided to both groups of members.

Although the benefits of these two groups of Public Employees Retirement System members are the same, their benefits are less generous than those provided to members of the Police and Firemen's Retirement System. In brief, the police and firemen can retire at age 55, with 20 years of service. Their benefit factor is two percent of final average salary for each year worked. They also have a disability retirement available through the Retirement System. Unlike the Public Employees Retirement System, however, police and firemen do not have to be totally disabled to qualify for disability; rather, they only have to be unable to perform the duties of a police or fireman. In addition, final average salary for police and firemen is based on a three-year average rather than the current five-year average that is used for members of the Public Employees Retirement System. Appendix E presents a table that summarizes the main benefits of all of the systems.

The Characteristics of Retired and Disabled School Members Are Most Similar to Those of the Retired And Disabled Non-School Members of the Public Employees Retirement System

The auditors reviewed the files of a sample of retired and disabled school members of the Kansas Public Employees Retirement System to determine such things as average age at retirement, years of service, and the like. The sample included members who had retired or become disabled in fiscal years 1983, 1984, and 1985. A similar file review was done for the previous audit. The following table compares the characteristics of retired school members with the characteristics of retired non-school members and Police and Firemen's Retirement System members.

As the table on the following page indicates, school members retired, on average, at age 64 with a monthly pension benefit of $274. These charcteristics are very similar to the non-school members. They also retire, on average, at age 64, and they have a monthly pension benefit of $277. In contrast, retired Police and Firemen's Retirement System members retire at age 55, with an average monthly pension benefit of just over $ 1,100.

Comparison of Retirants' Characteristics

	School Members-Public Employees Retirement System	Non-School Members-Public Employees Retirement System	Police and Firemen's System
Average age at retirement	64	64	55
Average years of service	22	19	27
Final average salary	$ 12,195	$ 14,714	$ 25,204
Average monthly pension benefit (excluding Social Security)	$ 274	$ 277	$ 1,103
Number in sample	45	46	78

The following table shows the characteristics of members receiving disability pensions.

Comparison of Retirants' Characteristics For Members Receiving Disability Pensions

	School Members-Public Employees Retirement System	Non-School Members-Public Employees Retirement System	Police and Firemen's System
Average age at disability	56	57	45
Average years of service	22	10	14
Final salary	$ 17,596	$ 12,847	$ 21,327
Average monthly pension benefit (including Social Security)	$ 810	$ 718	$ 1,005
Number in sample	30	30	45

Members of both the school and non-school segments of the Kansas Public Employees Retirement System who receive a disability pension are generally in their mid-fifties when they become disabled. However, school members have more than twice as many years of service as non-school members when they become disabled. Because their average salaries are also higher, school members receive a higher pension benefit. The pensions of both groups are reduced by all Social

Security payments. (The benefit figure in the table on the preceding page includes all amounts received from Social Security.)

Most Retired and Disabled School Members of the Public Employees Retirement System Supplement Their Pensions With Social Security, But Do Not Hold Other Jobs

The auditors sent a survey to the sample of retired and disabled school members to determine if they had any additional sources of income, and to determine their level of satisfaction with the Retirement System. An updated survey, asking about additional sources of income, was also sent to the sample of retired and disabled non-school members of the Public Employees Retirement System who were surveyed for the earlier audit.

Most of the school respondents reported they received Social Security. In fact, because Public Employees Retirement System members are required to contribute to Social Security, it is likely that all of the school members receive some Social Security benefit. The average reported Social Security benefit for retired school members was $513 per month. This compares to the average reported non-school member Social Security pension of $474 per month.

Because the disabled members were younger than the retired members, they were not necessarily eligible for a regular Social Security pension. Nevertheless, many of them received a Social Security disability pension. The average Social Security disability payment reported by disabled school members was $508 per month. As noted earlier, this amount is part of the total pension benefit due the employee.

Only 11 school and non-school Public Employees Retirement System members held full- or part-time jobs. Over 80 percent of these were part-time jobs, including such things as real estate, substitute teaching, librarian, and bus driver. The average reported pay for these jobs ranged from $270 to $461 per month.

School Members Were Satisfied With Some Aspects of Their Retirement Plan, But Dissatisifed With Others

Seventy percent of the school retirants indicated their pension was not adequate to meet their needs. As noted earlier, the retirants supplement their pension with Social Security. Disabled members were more likely to find their pensions adequate; only 45 percent of them said it was insufficient for their needs.

When asked what they liked best about the Retirement System, five retired respondents, or 25 percent, said they liked the fact that the checks were on time. Another four said they liked the regular, guaranteed monthly income. The disabled respondents had slightly different opinions. Four respondents, or 36.4 percent of the total disabled, said that the staff of the Public Employees Retirement System was helpful to them.

When asked what they liked least about the System, six of the retired respondents, or 30 percent, said that benefits were not high enough. The disabled respondents most often cited the reduction in their benefit for Social Security payments as what they liked least about the System.

The most frequent suggestion from the respondents was to increase the benefit levels. Eight retired members, or 40 percent, suggested this change. Finally, when asked to make any additional comments, four retired members and one disabled member indicated that the system was good. Two other disabled members reiterated the helpfulness of the Kansas Public Employees Retirement System staff. Comments made by the respondents are available.

What Occupations Are Retired Kansas Police and Firemen's Retirement System Members Pursuing?

One of the concerns following the earlier audit was the types of jobs that retired and disabled police and firemen held. The auditors re-surveyed the group of police and firemen surveyed in the first audit and specifically asked them if they held full- or part-time employment, the amount of income that employment generated, and the type of job held.

The auditors found that 56 percent of the retired police and firemen who responded to the survey held full- or part-time employment. Forty percent of the disabled members had jobs. The following table presents the auditors' findings.

Employment of Retired Police and Firemen

	Retired Police and Firemen	Percent of Respondents	Disabled Police and Firemen	Percent of Respondents
Full-Time employment	14	34.1%	3	15.0%
Part-Time employment	9	22.0	5	25.0
Not employed	18	43.9	12	60.0
Number of respondents	41		20	

In addition to asking the retired and disabled members of the Police and Firemen's Retirement System whether they held jobs, the auditors asked the amount of income received from those jobs and the types of occupations.

Retired and Disabled Members Of the Police and Firemen's Retirement System Held A Variety of Occupations

Seven retired police and firemen worked in law enforcement, generally as sheriffs or security guards. Two were employed by cities or counties, and two were farmers. The rest worked at such occupations as painter, bus driver, inspector, and draftsman. The average monthly income from full-time employment was $1,332, while the average part-time job generated $396 a month.

The disabled police and firemen held eight different types of jobs: farmer, rancher, van driver, trainer, reservationist, salesman, handyman, and maintenance worker. Only three disabled members reported working full-time. Their average rate of pay was $867 per month. Part-time employees had an average monthly income of $550.

How Does the Experience of Other States in the Area of Disabilities Compare With the Experience of the Kansas Police and Firemen's Retirement System?

In the earlier audit, the auditors gathered information from the surrounding states to compare the provisions of their police and fire plans with the Kansas Police and Firemen's Retirement System. To gather more specific information about each state's disability experiences, the auditors contacted those states again during the course of this audit. Not all the plans examined are designed for the same types of safety personnel. For example, the Nebraska plan includes highway patrol only. Missouri's plan is for local governmental units and does not include large cities. The Colorado plan includes local police and firemen. It is also a relatively new plan and has not had many regular retirements. The Oklahoma plan includes only police. Finally, Iowa's plan includes state-level public safety personnel.

Significant Differences Exist In the Disability Experiences of Surrounding States

The following table compares the disability experience of Kansas with that of the surrounding states. It illustrates differences in such areas as the percent of retirements that are due to disability, the average disability benefit, and the average age and length of service at disability.

Disability Experience in Surrounding States

	Colorado [a]	Iowa [b]	Missouri [a]	Nebraska [b]	Oklahoma [a]	KP&F [c]
Disability Retirements	21	4	30	1	8	17
Total Retirements	21	17	250	7	68	75
Disability as % of Total	100% [d]	24%	12%	14%	12%	23%
% of Disabilities Service-Related	NA	75%	23%	0%	63%	96%
Average Annual Disability Benefit	$11,844	$16,800	$3,600	$13,000	$6,744	$12,064
Average Age at Disability	NA	48	40	38	37	45
Average Length Of Service at Disability	NA	22	12	22	12	14

(a) Information for Colorado, Missouri and Oklahoma is from calendar year 1985
(b) Information for Iowa and Nebraska is from calendar year 1986.
(c) Information for Kansas is from fiscal year 1986.
(d) Colorado's plan is very new and has few regular retirements.

The table shows that the disability experience of the states is diverse. For instance, in the category of disability as a percent of total retirements, Kansas and Iowa have a level that is double that of the other states. Disability retirements in both Kansas and Iowa represent just under one-fourth of total retirements, while those retirements represent only about one-eighth of total retirements in the other states. The disparity is even greater in the percent of disabilities that are service-related. Kansas, Iowa, and Oklahoma all have over 63 percent service-related disabilities, while Nebraska and Missouri have under 23 percent. The average annual disability benefit ranges from $3,600 in Missouri to $16,800 in Iowa. Similar differences exist in most other categories as well.

Few conclusions about the causes of the differences can be drawn from the available information because of the many factors that influence the experiences of different states. However, the provisions of states' retirement plans exert a large influence.

States' plans vary in the relative level of disability retirement benefits compared with regular retirement benefits. All the states have provisions for disability retirements, but the specific provisions vary somewhat among the states. The following table highlights the main differences in each state's plan.

Disability Provisions in Other State Plans

	Colorado	Iowa	Missouri	Nebraska	Oklahoma	KP&F
Normal Retirement Benefit (% FAS)	50%	50%	25% to 31%	50% to 75%	50% to 75%	40% to 70%
Service-Related Disability Retirement Benefit (%FAS)	40% to 60%	66%	44%	50%	50% Max.	50% to 75%
Non-Service-Related Disability Retirement Benefit (%FAS)	30% to 50%	40%	normal with no reduction for age	50%	50% Max.	2% x yrs of service
Heart & Lung Problems Considered Service-Related	No	Yes	Firemen Only	No	No	Yes
Post-Retirement Income Limitation	Yes	Yes	Yes	No	No	No

The table above shows that the states vary in the levels of each type of retirement benefit. For example, normal retirement benefits range from 25 percent of final average salary in Missouri to 75 percent in Oklahoma and Nebraska. Service-related disability retirement benefits range from 40 percent of final average salary in Colorado to 75 percent in Kansas.

Disability experience among the states does not appear to be influenced by the difference in the amount of benefits from state to state, but by the relative levels of each type of retirement benefits available within each state. In Nebraska and Oklahoma, for example, service-related disability benefits are lower than normal retirement benefits. Nebraska provides 50 percent of final average salary for disability benefits and Oklahoma provides a maximum of 50 percent. In both those states normal retirement benefits are higher, ranging from 50 percent to 75 percent of final average salary.

In contrast, in Kansas and Iowa service-related disability benefits are higher than normal retirement benefits. In Iowa, service-related disability retirement benefits are 66 percent of final average salary, while normal retirement benefits are only 50 percent. In Kansas, service-related benefits are from 50 percent to 75 percent of final average salary, while normal retirement benefits are 40 percent to 70 percent.

Relationships among the types of retirement benefits available are important because of the incentives or disincentives they might represent to members who are deciding whether to take a disability or a normal retirement. The greater the difference between the disability benefit and the regular retirement benefit, the greater the incentive or disincentive to take the disability retirement.

Other differences in the provisions of plans may also affect the disability experiences of Kansas and the surrounding states. The states vary in how they limit post-retirement income, determine what disabilities are service-connected, define the term "disability," and compensate for different levels of disability.

-- Missouri, Iowa, and Colorado all have some type of limitation on post-retirement income. Missouri has the most stringent limit: the combination of workers' compensation, Social Security benefits, income from other employment, and the disability pension cannot exceed the member's final average salary.

-- Kansas and Iowa consider heart and lung problems to be service-related disabilities. In Kansas, the auditors found that 45 percent of the disabilities were for heart or lung ailments.

-- Most of the states define disability as being incapacitated from performing the duties of a policeman or fireman. Colorado, however, distinguishes between occupational disability and total disability. Occupational disability is the inability to perform duties of a policeman or fireman; total disability is the inability to participate in gainful employment.

-- Oklahoma limits disability benefits to the percent of the impairment. If a person is 70 percent disabled, that person will receive 70 percent of the maximum disability benefit.

APPENDIX A

Kansas Police and Firemen's Retirement System
Legislative Changes Enacted
1977 through 1986
By Statute

Statute	Year of Change	Description of Change
74-4952	1982	Editorial changes only.
	1984	**Definitions.** Changes definition of "retirement benefit" to allow benefit to be paid to surviving spouse for the month in which member's death occurred.
74-4954a	1984	**Emergency Medical Technicians.** Adds emergency medical technicians as eligible employees for Police and Firemen's Retirement System membership.
74-4954b	1985	**Affiliation with System.** Allows employers currently participating in the Kansas Public Employees Retirement System for policemen, firemen, and emergency medical technicians, to affiliate with the Police and Firemen's Retirement System; defines credited service for employees under the Public Employees Retirement System and then under the Police and Firemen's Retirement System.
74-4955	1979	**Eligible Employees.** Changes entry date for membership in the Police and Firemen's Retirement System from the first day of the payroll period coinciding with or following employment to first day of such employment.
74-4956	1982	**Credited Service.** Clarifies definition of "credited service" for a township non-voluntary fireman when the fireman works for a township that is annexed by a participating Police and Firemen's Retirement System employer.
74-4957	1981	Editorial changes only.
74-4958	1979	**Retirement Benefits.** Increases maximum retirement benefit from 66 percent of final average salary to 70 percent.

	1980	**Retirement Benefits.** Reduces early retirement benefit by .4 percent for each month retiree is under age 55.
	1982	**Retirement Benefits.** Allows for payment to the surviving spouse of any accumulations left in member's account that have not been paid out in benefits. (Covers the case where the retirant did not retire under one of the survivor options).
	1985	**Retirement Benefits.** Provides a lump-sum after-retirement death benefit to members covered under a local plan who did not select an option. The benefit is equal to 1/2 member's final average salary. Also makes the benefit available to spouse if spouse was wed to member for at least five years. Additionally, if a spouse remarries and subsequently becomes single again, spouse is eligible for the monthly benefit that was given up upon remarriage.
74-4959	1982	Editorial changes only.
	1986	**Death Benefits.** Changes lump-sum benefit for non-service-connected death before retirement from 50 percent of final average salary to 100 percent of final average salary.
74-4960	1979	**Disability Benefits.** Allows payment of service-connected death benefits to survivors when death occurs two or more years after service-connected disability retirement. Applicable to those members who were not members of a local plan. Also, requires report to employer on event causing disability within 200 days and requires employer to report event to KPERS board within 220 days of event. Before July 1, 1979, if an event was reported to Workers' Compensation, that report satisfies requirement. After July 1, 1979, such a report will not satisfy requirement.
	1982	Editorial changes only.
	1985	**Disability Benefits.** Establishes survivor benefits for spouses of members who die two or more years after a service-connected disability retirement from something that was not related to the disability (even if no survivor option chosen.) Also, establishes benefits for spouses of members who die after retirement and who had been on non-service-connected disability retirement. (Applies to deaths after October 1, 1984.)

74-4963	1978	**Termination, Return to Employment.** Allows repurchase of forfeited service anytime for 1.75 percent of annual salary per quarter repurchased. (Within 31 days of employment, can repurchase service for the total of withdrawn contributions.)
	1982	Editorial changes only.
	1983	**Termination, Return to Employment.** Requires members re-employed within 60 days to return all withdrawn contributions to the fund. Membership will be renewed upon re-entry date as if there had been no break in continuous employment.
74-4964	1980	**Benefit Options.** Provides a more detailed description of the retirement options available. Gives exact formulas used to compute benefits under each option.
	1982	**Benefit Options.** Limits the benefits paid under any option to the amount that would have been paid had no option been chosen. Makes minor alterations to the formulas used to calculate each option. If the joint annuitant dies before the member, the benefit adjusts to the amount that would have been received if no option had been elected. The benefit payable is governed by the law in effect on the day of retirement.
	1985	**Benefit Options.** Changes the time limit for the election of an option from three years before retirement to one year before retirement. Makes minor alterations in the formulas for computing the options. Adds option D and explanation of this option.
74-4965	1979	**Member Contributions.** Sets the member contribution at two percent for employees with 35 years of service, or who are 60 with 20 years of service.
	1982	**Member Contributions.** Pays interest on each member's accumulated contributions after June 30, 1982.
	1984	**Member Contributions.** Requires employers to pick up contributions otherwise payable by members so that contributions are not taxed at the federal level.
74-4967	1978	**Employer Contributions.** Allows any taxing subdivision to pay the employer contribution from an

employee benefits contribution fund established for that purpose, in lieu of levying the tax authorized in this subsection.

	1979	**Employer Contributions.** Describes taxes that may be levied by cities and counties to use to fund employer contributions.
	1981	**Employer Contributions.** Requires employers to remit contributions quarterly, within 20 days after the end of the period covered by the remittance, or else they are delinquent and subject to interest.
	1982	**Employer Contributions.** Declares that the employer's contribution cannot include the cost of administering the system.
74-4968	1982	**Retirement Fund.** Removes restriction on the reserve fund for crediting interest on the police and fire employees' accumulated contributions.
74-4972	1979	**Patrolman Definition.** Changes the definition of "patrolman" to include the superintendent of the Kansas Highway Patrol if the superintendent was a member of the Police and Firemen's Retirement System at the time of appointment to that office.
74-4973	1979	**Eligibility.** Changes eligiblility from first day of payroll period coinciding or following employment to first day of employment.
74-4975	1979	**Mandatory Retirement.** Excludes the superintendent of the Kansas Highway Patrol from the mandatory retirement age of 60.
74-4980	1979	**Agent Definition.** Changes definition of "agent" to include the director of the Kansas Bureau of Investigation if he was a member of the Police and Firemen's Retirement System at the time of his appointment as director.
74-4981	1979	**Eligibility.** Changes eligibility from first day of payroll period coinciding or following employment to first day of employment.

74-4983 1979 **Mandatory Retirement.** Excludes the director of the Kansas Bureau of Investigation from the mandatory retirement age of 65.

APPENDIX B

Kansas Police and Firemen's Retirement System
Legislative Changes Enacted
1977 through 1986
By Year

Year of Change	Statute	Description of Change
1978	74-4963	**Termination, Return to Employment.** Allows repurchase of forfeited service anytime for 1.75 percent of annual salary per quarter repurchased. (Within 31 days of employment, can repurchase service for the total of withdrawn contributions.)
	74-4967	**Employer Contributions.** Allows any taxing subdivision to pay the employer contribution from an employee benefits contribution fund established for that purpose, in lieu of levying the tax authorized in this subsection.
1979	74-4955	**Eligible Employees.** Changes entry date for membership in the Police and Firemen's Retirement System from the first day of the payroll period coinciding with or following employment to first day of such employment.
	74-4958	**Retirement Benefits.** Increases maximum retirement benefit from 66 percent of final average salary to 70 percent.
	74-4960	**Disability Benefits.** Allows payment of service-connected death benefits to survivors when death occurs two or more years after service-connected disability retirement. Applicable to those members who were not members of a local plan. Also, requires report to employer on event causing disability within 200 days and requires employer to report event to KPERS board within 220 days of event. Before July 1, 1979, if an event was reported to Workers' Compensation, that report satisfies requirement. After July 1, 1979, such a report will not satisfy requirement.
	74-4965	**Member Contributions.** Sets the member contribution at two percent for employees with 35 years of service, or who are 60 with 20 years of service.
	74-4967	**Employer Contributions.** Describes taxes that may be levied by cities and counties to use to fund employer contributions.

	74-4972	**Patrolman Definition.** Changes the definition of "patrolman" to include the superintendent of the Kansas Highway Patrol if the superintendent was a member of the Police and Firemen's Retirement System at the time of appointment to that office.
	74-4973	**Eligibility.** Changes eligiblility from first day of payroll period coinciding or following employment to first day of employment.
	74-4975	**Mandatory Retirement.** Excludes the superintendent of the Kansas Highway Patrol from the mandatory retirement age of 60.
	74-4980	**Agent Definition.** Changes definition of "agent" to include the director of the Kansas Bureau of Investigation if he was a member of the Police and Firemen's Retirement System at the time of his appointment as director.
	74-4981	**Eligibility.** Changes eligibility from first day of payroll period coinciding or following employment to first day of employment.
	74-4983	**Mandatory Retirement.** Excludes the director of the Kansas Bureau of Investigation from the mandatory retirement age of 65.
1980	74-4958	**Retirement Benefits.** Reduces early retirement benefit by .4 percent for each month retiree is under age 55.
	74-4964	**Benefit Options.** Provides a more detailed description of the retirement options available. Gives exact formulas used to compute benefits under each option.
1981	74-4957	Editorial changes only.
	74-4967	**Employer Contributions.** Requires employers to remit contributions quarterly, within 20 days after the end of the period covered by the remittance, or else they are delinquent and subject to interest.
1982	74-4952	Editorial changes only.
	74-4956	**Credited Service.** Clarifies definition of "credited service" for a township non-voluntary fireman when the fireman works for a township that is annexed by a participating Police and Firemen's Retirement System employer.

	74-4958	**Retirement Benefits.** Allows for payment to the surviving spouse of any accumulations left in member's account that have not been paid out in benefits. (Covers the case where the retirant did not retire under one of the survivor options.)
	74-4959	Editorial changes only.
	74-4960	Editorial changes only.
	74-4963	Editorial changes only.
	74-4964	**Benefit Options.** Limits the benefits paid under any option to the amount that would have been paid had no option been chosen. Makes minor alterations to the formulas used to calculate each option. If the joint annuitant dies before the member, the benefit adjusts to the amount that would have been received if no option had been elected. The benefit payable is governed by the law in effect on the day of retirement.
	74-4965	**Member Contributions.** Pays interest on each member's accumulated contributions after June 30, 1982.
	74-4967	**Employer Contributions.** Declares that the employer's contribution cannot include the cost of administering the system.
	74-4968	**Retirement Fund.** Removes restriction on the reserve fund for crediting interest on the police and fire employees' accumulated contributions.
1983	74-4963	**Termination, Return to Employment.** Requires members re-employed within 60 days to return all withdrawn contributions to the fund. Membership will be renewed upon re-entry date as if there had been no break in continuous employment.
1984	74-4952	**Definitions**. Changes definition of "retirement benefit" to allow benefit to be paid to surviving spouse for the month in which member's death occurred.
	74-4954a	**Emergency Medical Technicians.** Adds emergency medical technicians as eligible employees for Police and Firemen's Retirement System membership.
	74-4954b	**Affiliation with System.** Allows employers currently participating in the Kansas Public Employees Retirement System for policemen, firemen and emergency medical technicians, to affiliate with the Police and Firemen's

Retirement System; defines credited service for employees under the Public Employees Retirement System and then under the Police and Firemen's Retirement System.

74-4965 **Member Contributions.** Requires employers to pick up contributions otherwise payable by members so that contributions are not taxed at the federal level.

1985 74-4958 **Retirement Benefits.** Provides a lump-sum after-retirement death benefit to members covered under a local plan who did not select an option. The benefit is equal to 1/2 member's final average salary. Also makes the benefit available to spouse if spouse was wed to member for at least five years. Additionally, if a spouse remarries and subsequently becomes single again, spouse is eligible for the monthly benefit that was given up upon remarriage.

74-4960 **Disability Benefits.** Establishes survivor benefits for spouses of members who die two or more years after a service-connected disability retirement from something that was not related to the disability (even if no survivor option chosen.) Also, establishes benefits for spouses of members who die after retirement and who had been on non-service-connected disability retirement. (Applies to deaths after October 1, 1984.)

74-4964 **Benefit Options.** Changes the lime limit for the election of an option from three years before retirement to one year before retirement. Makes minor alterations in the formulas for computing the options. Adds option D and explanation of this option.

1986 74-4959 **Death Benefits.** Changes lump-sum benefit for non-service-connected death before retirement from 50 percent of final average salary to 100 percent of final average salary.

APPENDIX C

Kansas Police and Firemen's Retirement System
Legislation Introduced But Not Passed
1977 through 1986

1977 - 1978

HB 2497 Would have amended KSA 74-4978g, 74-4951. Makes pensions subject to State income tax but not any other tax of the State or any subdivision. Makes the first $3,000 of a pension exempt for taxing purposes.

HB 2629 Would have amended KSA 74-4954. Requires eligible employers that are counties to transfer the sheriff and deputies to the Police and Firemen's Retirement System.

HB 3077 Would have amended KSA 74-4963. Allows members who have terminated employment and withdrawn contributions and who then return to work to elect to purchase forfeited service anytime prior to retirement. This must be done in a lump-sum payment.

SB 222 Would have created a new section. Awards special members who retired before January 1, 1976, an additional benefit each October 1. The amount of the additional benefit is 10 percent of the annual benefit. The additional benefit must be between $40 and $400.

SB 246 Would have amended KSA 74-4959. Makes members who are on leave of absence because of personal illness, injury, or pregnancy, active, contributing members.

SB 305 Would have amended KSA 74-4958. Removes the maximum limit on retirement benefits of 66 percent of final average salary.

SB 455 Would have created a new section. Provides that each city that has employees active in a local plan and that affiliated with the Police and Firemen's Retirement System before July 1, 1977, may revoke such affiliation before August 1, 1977. Current employees become members of the local plan and retirants remain with the Police and Firemen's Retirement System. Each city annually reimburses the Kansas Public Emplyees Retirement System for retirants' benefits paid by that System.

SB 767 Would have amended KSA 74-4957. Allows normal retirement at the completion of 33 years of credited service, regardless of age.

SB 769 Would have amended KSA 74-4957. Normal retirement is lowered to age 50 and 20 years of service. Early retirement is deleted.

1979 - 1980

HB 2022 Would have created a new section. Awards an extra one-time payment to members who retired before January 1, 1978, and to special members who became special members before January 1, 1977, and retired before January 1, 1978. The payment would be three-fourths of the percentage increase in the consumer price index, up to a maximum of six percent, and would be between $20 and $200.

HB 2521 Would have amended KSA 74-4978g. Removes the tax exemption granted to those people over 65 who receive retirement benefits from government retirement systems and who do not get Social Security benefits.

HB 3047 Would have created a new section. Creates a special retirant payment reserve fund in the Kansas Public Employees Retirement System for special members from Kansas City, Kansas. The Kansas Public Employees Retirement System would deposit into this account an amount equal to one-third of the fiscal year total net investment returns times the percent of benefits paid represented by retired special members. Each special member would receive his or her share of this fund once a year.

HB 3048 Would have created a new section. Awards an extra one-time payment to special members from Kansas City, Kansas, who became special members before January 1, 1977, and retired before January 1, 1978. The payment would be three-fourths of the percentage increase in the consumer price index, up to a maximum of six percent, and would be between $20 and $200.

HB 3163 Would have amended KSA 74-4965, 74-4966. Limits the members who can have their contributions reduced by the amount the member contributes to social security to those who became members before January 1, 1976, and who do not file an election to not have the reduction.

SB 36 Would have amended KSA 74-4952, 74-4960, 74-4965, 74-4978h. Adds interest to members' accounts.

SB 313 Would have amended KSA 74-4954. Requires counties whose police or firemen are covered by the Kansas Public Employees Retirement System to transfer the sheriff and deputy sheriffs to the Police and Firemen's Retirement System.

SB 661 Would have created a new section. Allows for coverage of ambulance attendants by the Police and Firemen's Retirement System.

SB 727 Would have amended KSA 74-4954. Requires counties whose police or firemen are covered by the Kansas Public Employees Retirement System to transfer the sheriff and deputy sheriffs to the Police and Firemen's Retirement System.

SB 740 Would have amended KSA 74-4946. Makes special members who became members before January 1, 1980, and retired before January 1, 1977, eligible for the increases allowed in the statute.

SB 786 Would have amended KSA 74-4958. Awards the death benefits that now go only to spouses of members who had previously been in a local plan to all members' spouses.

SB 797 Would have amended KSA 74-4960. Removes the requirement that the proximate cause of death be from the service-connected cause of the disability before the member's spouse is eligible for benefits listed in this statute.

1981 - 1982

HB 2347 Would have amended KSA 74-4946. Adds certain retirants from local police and fire plans in Kansas City, Kansas, to the list of retirants eligible for benefit increases.

HB 2344 Would have amended KSA 74-4957. Requires 25 years of service before normal retirement is permitted for members retiring after June 30, 1981.

HB 2412 Would have amended KSA 74-4958. See **SB 786**, 1980 Legislative Session.

HB 2385 Would have amended KSA 74-4965. See **HB 3163**, 1980 Legislative Session.

Would have amended KSA 74-4966. Removes reduction in benefits for those whose contributions had been reduced for contributions to Social Security.

HB 2446 Would have amended KSA 74-4960. Removes death benefit for death after two years from a service-related disability that is not already provided for in other statutes.

HB 2449 Would have created a new section. Allows Kansas Police and Firemen's Retirement System coverage for ambulance attendants in Sedgwick County.

HB 2622 Would have amended KSA 74-4952, 74-4958, 74-4959, 74-4963, 74-4965, 74-4968. Requires interest to be credited to accounts of

Police and Firemen's Retirement System members. Also, provides that the beneficiaries of such members may receive the difference between the members' contributions and retirement benefits paid in cases where the member did not choose an option for payment of death benefits.

As amended by House, includes extensive new investment rules for the Public Employees Retirement System.

HB 2625 Would have created a new section. Provides for reasonable funeral and burial expenses not to exceed $750 less any amounts payable for such purposes by Social Security.

HB 3061 Would have created a new section. Makes the Department of Corrections an eligible employer and establishes a mandatory retirement age of 62 for correctional employees.

SB 274 Would have amended KSA 74-4952. Changes definition of final average salary to the amount of compensation for the last 12 months for members who retire after June 30, 1981.

SB 431 Would have amended KSA 74-4954. Requires counties that are eligible employers to transfer the sheriff and deputy sheriffs to the Police and Firemen's Retirement System.

SB 706 Would have created a new section. Makes Department of Revenue an eligible employer and allows alcoholic beverage control officers to become members of Police and Firemen's Retirement System. Provides that new officers will be members of that System. Also, establishes a mandatory retirement age of 65.

SB 869 Would have amended KSA 74-4956. Allows members of the Police and Firemen's Retirement System who were employed as a fireman in a township to count that service in the calculation of benefits if that service is not the basis for benefits from the township.

1983 - 1984

HB 2129 Would have amended KSA 74-4908. Limits the term of the private actuary to nine years, or the completion of the third general investigation of actuarial experience.

HB 2257 Would have amended KSA 74-4954. Adds a section that states that police and firemen of any eligible employer, who are covered by the Kansas Public Employees Retirement System, may request the employer to transfer all of such police and firemen to the Kansas Police and Firemen's Retirement System by submitting a petition with signatures of 51 percent of the police and firemen.

HB 2272 Would have amended KSA 74-4902, 74-4952. Makes the Fish and Game Commission an eligible employer and defines "policeman" to include game protectors. Also provides for currently employed game protectors to become members of the Police and Firemen's Retirement System.

HB 2396 Would have created a new section. Raises retirement pension for certain police and fire retirants from Kansas City, Kansas, and provides that the additional costs of such increases shall be added to the employer rate of contribution for the city.

HB 3058 Would have amended KSA 74-4919, 74-4965. Provides that member contributions will be picked up by the participating employer, allowing the employee to exclude contribution from gross income.

SB 158 Would have amended KSA 74-4952, 74-4902. Makes the Department of Revenue a participating employer and defines "policeman" to include alcoholic beverage control enforcement officers. Also, provides for currently employed alcoholic beverage control officers to become members of the Police and Firemen's Retirement System.

SB 195 Would have amended section KSA 74-4902. Changes definition of "accumulated contributions" to include employer contributions. Also, credits employee's accumulated contribution reserve with the employer contributions attributable to credited service. Also, states that the amount credited to the reserve account as a fringe benefit will not be credited to this account.

SB 242 Would have created a new section. Defines "fireman" to include emergency medical service technicians and provides for any eligible employer to apply to affiliate with the Kansas Police and Firemen's Retirement System for emergency medical service technicians.

SB 522 Would have amended KSA 74-4963 . Provides that any member of the Police and Firemen's Retirement System may purchase forfeited service credit from the Kansas Public Employees Retirement System or the retirement system for judges. Provides that the amount of payment shall be actuarially determined.

SB 671 Would have created a new section. Raises retirement pensions for certain police and fire retirants from Kansas City, Kansas.

SB 706 Would have amended KSA 74-4958. Provides death benefits to spouses who had been married to the members for at least 10 years after the member's retirement. Also, reinstates benefits if spouse remarries and then becomes unmarried again.

1985 - 1986

HB 2219 Would have amended KSA 74-4958. Provides death benefits to spouses who had been married to the members for at least five years after the member's retirement. Also, reinstates benefits if spouse remarries and then becomes unmarried again.

As amended by House Committee, removes benefits for remarried spouses who become unmarried and limits spouses to one benefit.

As amended by House, replaces benefits for remarried spouses who become unmarried.

HB 2245 Would have amended KSA 74-4989. Increases lump-sum death benefit to a maximum of $2,500.

HB 2362 Would have amended KSA 75-6501. Adds Medicare supplement coverage for all retirants.

HB 2363 Would have created a new section. Raises retirement pensions for certain police and fire retirants from Kansas City, Kansas. Establishes a minimum monthly benefit of $500.

HB 2365 Would have amended KSA 74-4957. Changes normal retirement to age 55 or 25 years of service for special members from Kansas City, Kansas.

HB 2384 Would have amended KSA 74-4960. Provides that if no benefits are payable to the spouse of a member with service-connected disabilities who dies after October 1, 1984, the spouse can elect to receive some monthly benefit.

HB 2525 Would have amended KSA 74-4973. Adds communication operators of the Kansas Highway Patrol to the Police and Firemen's Retirement System, but keeps their prior service with the Kansas Public Employees Retirement System.

As amended by House Committee, excludes superintendent of the Patrol from Police and Firemen's Retirement System membership. Also, only permits membership for communications operators I, II, or III, who are employed on or hired after the date of transfer. Describes calculation of credited service.

HB 2858 Would have created a new section. Allows members of the Police and Firemen's Retirement System to purchase, at twice the normal rate, up to six years of any military service not already allowed by statute. The bill also establishes a time-frame for such purchase.

HB 2969 Would have created a new section. Raises retirement pensions for certain police and fire retirants from Kansas City, Kansas.

Establishes a minimum monthly benefit of $500 for these retirants. Also provides that if the rate of pay for active members of the local plan is increased, the retirement benefit received by retired members shall be recalculated using the same increase.

As amended by House committee, takes out the retirement pension increase and the rate of pay recalculation. Changes the wording of the bill to say that the minimum monthly benefit may be increased to $500.

HB 3092 Would have amended KSA 74-4957. Provides members of the Police and Firemen's Retirement System the choice of retiring at age 55 with 20 years of service, or at age 50 with 25 years of service.

Would have amended KSA 74-4959. Provides a lump-sum death benefit of $50,000. Raises the spouse's annual benefit to 60 percent of annual compensation and bases death benefits on annual compensation rather than final average salary. Increases non-service death benefits to 60 percent of annual compensation and removes five-year service requirement restriction for receipt of such benefits. Also, raises the immediate lump-sum benefit to 100 percent of annual compensation.

Would have amended KSA 74-4960. Raises service-related disability benefit to 60 percent of annual rate of compensation. Removes restrictions limiting benefits only to members who die more than two years after retirement and whose deaths are due to the service-related disability. Raises the lump-sum death benefit payment to 100 percent of annual compensation. Raises the surviving spouses' annual benefit to 60 percent of annual compensation. Removes the five years of service limitation for non-service disability and allows non-service disability benefits for those who are disabled from performing duties as a policeman or fireman. Adds benefits for those who are totally disabled in the amount of 60 percent of annual compensation. If the total disability occurs within first five years of service, benefit is reduced by Social Security, one-half of Workers Compensation, and any other employer-provided disability benefit.

SB 163 Would have amended KSA 74-4960. Provides some spousal benefits if a member dies and no benefits are payable under other statutes.

SB 270 Would have created a new section. Makes the Department of Revenue an eligible employer, and makes alcoholic beverage control officers members of the Police and Firemen's Retirement System.

APPENDIX D

Kansas Police and Firemen's Retirement System
Interim Committee Studies
1977 through 1986

1977 **Topic of discussion: "Mandatory Retirement."** The Committee made no recommendations concerning mandatory retirement for Kansas Highway Patrol and Kansas Bureau of Investigation members of the Kansas Police and Firemen's Retirement System. The Committee was convinced there are sufficient reasons for keeping a mandatory retirement provision for such personnel.

1978 **Topic of discussion: "Public Employees Retirement."** The Committee endorsed the continuation of ad hoc benefit increases rather than cost-of-living increases.

The Committee clarified that accidents must be reported by the employer and employee within a certain time frame; SB 32 was recommended for passage.

The Committee agreed that Kansas Police and Firemen's Retirement System members should not have to make retirement contributions after 33 years of service, or age 60 with 20 years of service; SB 33 was recommended for passage.

The Committee agreed that Police and Firemen's Retirement System employees should be able to withdraw interest credited to their accounts when they withdraw their contributions; SB 36 was recommended for passage.

Further discussion was held concerning different methods of funding the liabilities of local police and firemen retirement systems.

1981 **Topic of discussion: "General Retirement Problems."** The Committee endorsed the crediting of interest to Police and Firemen's Retirement System members' accounts; HB 2622 was introduced.

Discussion was held on making Law Enforcement Training Center staff, teaching personnel of the Kansas University Fire Service Training program, and campus patrol officers eligible for the Police and Firemen's Retirement System.

Discussion was held on HB 2385 relating to a lawsuit pertaining to certain changes in Social Security contributions and the effect of those changes on the retirement benefits of certain Police and Firemen's Retirement System employees.

The Committee endorsed the provision of funeral benefit of $750, reduced by any funeral benefit provided under Social Security or local police or firemen pension fund; HB 2625 was introduced.

1981 **Topic of discussion: "Sheriffs and Deputies Retirement Coverage."** Discussion of SB 431 mandating coverage of sheriffs and deputy sheriffs under the Kansas Police and Firemen's Retirement System; SB 431was not recommended for passage.

1983 **Topic of discussion: "Eligibility for Membership in the Kansas Police and Firemen's Retirement System."** The Committee recommended that the statutes be changed to permit local governments the option of electing Police and Firemen's Retirement System participation for emergency medical technicians; SB 491 was introduced.

The Committee also concluded that stress is not the only determinant for entry into the Police and Firemen's Retirement System or the Kansas Public Employees Retirement System-Correctional System.

1984 **Topic of discussion: "Retirement Date for Sheriffs."** Discussion was held concerning the differences and similarities among the Kansas Public Employees Retirement System, the Police and Firemen's Retirement System, and the Kansas Public Employees Retirement System-Correctional System.

The Committee discussed SB 682 allowing sheriffs to have coverage similar to Kansas Public Employees Retirement System-Correctional. No legislative changes were recommended, but the Committee recommended that any future changes for sheriff's personnel not be mandated upon counties.

1986 **Topic of discussion: "Retirement Issues."** The Committee discussed the need for adjustments in the death and disability benefits of Police and Firemen's Retirement System members. It recommended that disability benefits be offered to employees with less than five years service, and that a minimum disability benefit of 25 percent of final average salary be established.

The Committee also recommended limitations on additional income earned by disabled Police and Firemen's Retirement System retirants; HB 2030 was introduced.

APPENDIX E

Comparision of Retirement Systems

	KP&F	KPERS-Non-school	KPERS-School
Employee Contribution	7%	4%	4%
Employer Contribution	16.3%	4.6%	4.4%
Years to Vest	20	10	10
Normal Retirement	55 w/ 20 yrs.	65 (a)	65 (a)
Social Security Contributions	Not required (b)	Required	Required
Benefit Factor(c)	2%	1.4% (d)	1.4% (d)
Service-Related Disability Benefits	the annuity = 50% to 75% FAS(e) depending on number of dependents	60% of annual salary reduced by primary Social Security and 1/2 Workers' Compensation	60% of annual salary reduced by primary Social Security and 1/2 Workers' Compensation
Non-Service-Related Disability Benefits	the annuity = 2% x FAS(e) x years of service (with 5 years)	60% of annual salary reduced by primary Social Security and 1/2 Workers' Compensation	60% of annual salary reduced by primary Social Security and 1/2 Workers' Compensation
Service-Related Death Benefits	the annuity = 50% to 75% FAS(e)	Member's contributions, $50,000 lump sum, 50% FAS(e) reduced by Workers' Compensation + life insurance	Member's contributions, $50,000 lump sum, 50% FAS(e) reduced by Workers' Compensation + life insurance
Non-Service-Related Death Benefits	the annuity = 2% x FAS(e) x years of service plus a lump sum of 100% FAS(e) (with 5 years)	Member's contributions + life insurance	Member's contributions + life insurance
Waiting Period	none	1 year	none

(a) For retirements from July 1, 1986, through July 1, 1988, normal retirement at any age with 40 years of service, and at age 60 with 35 years of service is permitted.

(b) Social Security contributions depend on the preactice of the locality. About 28 percent of the members of the Kansas Police and Firemen's Retirement System contribute to Social Security.

(c) The benefit factor is part of the benefit formula which determines the actual retirement benefit; benefit factor x final average salary x years of service.

(d) For persons retiring after July 1, 1988, all benefits will be computed at this rate if the member has 10 years of service. Now, participating service before July 1, 1982, is credited at the rate of 1.25 percent and service after July 1, 1982, is credited at 1.4 percent.

(e) FAS = final average salary.

APPENDIX F

Agency Response

A copy of the draft audit report was sent to the Kansas Public Employees Retirement System on January 15, 1987. The Public Employees Retirement System's response is included in this appendix.

KPERS
Kansas Public Employees Retirement System
MARSHALL CROWTHER, Executive Secretary

January 21, 1987

RECEIVED
2 1 1987
LEGISLATIVE POST AUDIT

Mr. Meredith Williams
Legislative Post Auditor
Legislative Division of Post
Audit
109 West 9th, Suite 301
Mills Building
Topeka, Kansas 66612

Dear Mr. Williams:

This is in reply to your draft copy, Kansas Police and Firemen's Retirement System, Part II, in which you requested comments from this agency.

At the top of page 5, the statement "Finally, those members of the school Retirement System who are subject to the continuing contract law must wait until the end of the school year in which they turn 65 before they can retire." is not correct. A school year is defined as commencing September 1 and ending August 31. A school employee under the continuing contract law can retire as early as July 1 preceding the end of the school year. Attainment of normal retirement age 65 has no bearing on this retirement date.

Again, on page 5 where you allude to some of the reasons police and fire retirement benefits are higher than under KPERS, you may want to also add that the police and fire final average salary is based upon a 3 year average as opposed to a present 5 year average under KPERS which will go to a 4 year average July 1, 1987.

Finally, I would point out in Appendix E on page 35, there are two errors. Under normal retirement for both KPERS non-school and KPERS school it is simply at age 65 with no service requirement. Also, the footnote is applicable to both groups. On non-service-related disability benefits for KPERS non-school and KPERS school, the offset is the same as service-related disability benefits as it pertains to workers' compensation.

If you should have any questions on the above comments, please let me know.

Very truly yours,

Marshall Crowther
Executive Secretary

MC:JLH:djp

Capitol Tower 2nd Floor 400 W. 8th Topeka, Kansas 66603-3911 Phone: 913/232-6665