

STATE OF KANSAS

SENATE CHAMBER

MR. PRESIDENT:

I move to amend **Senate Substitute for Substitute HB 2333**, on page 1, in line 18, following "2014," by inserting "and who makes an election as prescribed by section 26, and amendments thereto, or the default election in subsection (b)(2) of section 26, and amendments thereto,";

On page 21, following line 12, by inserting:

"New Sec. 26. (a) An employee first employed by a participating employer on or after January 1, 2014, shall elect to become a member of the plan established pursuant to section 1 *et seq.*, and amendments thereto, or shall select a plan established pursuant to section 27 *et seq.*, and amendments thereto, by making an election within six months from such employee's first day of employment with a participating employer.

(b) (1) Elections made pursuant to this section shall be made on a form and in a manner prescribed by the board.

(2) An employee failing to make an election prescribed by this section shall be a member of the plan established pursuant to section 1 *et seq.*, and amendments thereto.

(3) An election made by a member prescribed by this section, including the default election pursuant to subsection (b)(2), is a onetime irrevocable election.

(c) A member in either plan who becomes inactive after an election prescribed by this section, and who returns to active membership remains in the plan previously elected.

(d) A member may not simultaneously be a member of the plan established in section 1 *et seq.*, and amendments thereto, and the plan selected in section 27 *et seq.*, and amendments thereto, and shall be a member of one plan or the other. A period of service shall be credited in only one plan or the

other.

(e) During the six-month period commencing after the employee's first day of employment in which the employee has to make the election required pursuant to this section, the following provisions are applicable:

(1) Such employee shall participate in the Kansas public employees deferred compensation plan as provided pursuant to K.S.A. 2011 Supp. 74-49b07 *et seq.*, and amendments thereto, except that such employees shall have 6% of such employee's compensation deferred and deducted each payroll period in accordance with the Kansas public employees deferred compensation plan;

(2) the participating employer of any such employee shall contribute 4% of such member's compensation to a qualified government plan pursuant to section 401(a) or 414(d) of the federal internal revenue code and its implementing regulations; and

(3) upon the commencement of the employee's plan after the six-month election period prescribed by this section, all amounts in the employee's deferred compensation plan and the qualified plan prescribed in subsection (e)(2) shall be transferred to the plan that the employee elects pursuant to this act or the default election as prescribed by the board.

(f) Unless the context requires otherwise, terms used in this section shall have the meanings set forth in K.S.A. 74-4902, and amendments thereto.

New Sec. 27. (a) The provisions of sections 27 through 34, and amendments thereto, shall be known and may be cited as the Kansas public employees retirement system defined contribution act, and shall be effective on and after January 1, 2014.

(b) This act applies to any individual who is first employed by a participating employer on or after January 1, 2014, and who makes an election as prescribed by section 26, and amendments thereto.

(c) This act does not apply to members of the Kansas police and firemen's retirement system, K.S.A. 74-4951 *et seq.*, and amendments thereto, and the retirement system for judges, K.S.A. 20-2601

et seq., and amendments thereto, and security officers as provided in K.S.A. 74-4914a, and amendments thereto.

New Sec. 28. Unless the context requires otherwise, terms that are used in this act have the meanings set forth for them in K.S.A. 74-4902, and amendments thereto, and the following definitions apply:

(a) "Act" means the provisions of section 27 *et seq.*, and amendments thereto;

(b) "active DC plan member" means a DC plan member who is actively employed by a participating employer;

(c) "defined benefit plan" means the defined benefit plan for the Kansas public employees retirement system for KPERS;

(d) "DC plan member" means an individual who is required by section 27, and amendments thereto, to be a member of a defined contribution plan. The term also includes any survivor or beneficiary of a DC plan member, who has a retirement account in the defined contribution plan;

(e) "optional retirement program" means the retirement plan established by the state board of regents under K.S.A. 74-4925, and amendments thereto; and

(f) "plan" or "defined contribution plan" means the defined contribution retirement plan chosen by the member pursuant to section 29, and amendments thereto.

New Sec. 29. (a) Upon making the election prescribed by section 26, and amendments thereto, a DC plan member shall be eligible to chose any qualified government plan including, but not limited to, qualified plans, pursuant to sections 414(k), 401(a), 457 or 403(b) of the federal internal revenue code and its implementing regulations.

(b) Upon notification of the employee's choice of DC plan, the board shall transfer all employee and employer contributions pursuant to section 33, and amendments thereto, to the employee's plan.

New Sec. 30. The board has the powers and shall perform the duties regarding the defined contribution plan as provided in K.S.A. 74-4909, and amendments thereto, as applicable. The board may also exercise the powers and shall perform the duties provided in this act.

New Sec. 31. The statutory provisions governing the defined contribution plan are subject to amendment by the legislature. The board has the power to amend the plan document, policies and procedures, consistent with the statutory provisions governing the defined contribution plan at the time of the amendment.

New Sec. 32. The board shall accept the rollover of contributions and the income on those contributions from another eligible retirement plan to the member's rollover account only to the extent allowed under applicable federal law.

New Sec. 33. (a) An active DC plan member shall contribute 6% of compensation to their defined contribution plan. These contributions shall be picked up by the employer via a salary reduction as provided in section 414(h)(2) of the federal internal revenue code.

(b) An active DC plan member's employer shall contribute:

(1) Four percent of compensation to the employee's defined contribution plan; and

(2) a percentage of compensation, determined by the board, must be allocated to the death and long-term disability plan under K.S.A. 74-4927, and amendments thereto.

New Sec. 34. (a) For the purposes of providing the "insured death benefit" and "insured disability benefit" as prescribed in K.S.A. 74-4927, and amendments thereto, the term "member" as used in K.S.A. 74-4927, and amendments thereto, shall include those members of the Kansas public employees retirement system's defined contribution plan as defined in section 28, and amendments thereto.

(b) Each participating employer shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe each payroll period an amount sufficient to pay

the employer's contribution to the group insurance reserve as provided in subsection (b)(2) of section 33, and amendments thereto.

(c) Except as otherwise provided, in the event that a DC plan member as defined in section 28, and amendments thereto, becomes eligible for and begins to receive the insured disability benefit prescribed in K.S.A. 74-4927, and amendments thereto, the member's participating employer shall continue to make the contributions on behalf of such individual to the retirement plan as required under subsection (b)(1) of section 33, and amendments thereto, and shall also contribute to the retirement plan an amount equal to the individual's contribution required under subsection (a) of section 33, and amendments thereto, if the DC plan member is permanently and totally disabled as defined in section 72(m) of the federal internal revenue code. Commencing on and after July 1, 2013, such contributions shall cease at the earlier of: (1) The date that the individual is no longer entitled to an insured disability benefit under K.S.A. 74-4927, and amendments thereto; or (2) the date that is five years after the date the individual becomes eligible for and begins to receive the insured disability benefit prescribed in K.S.A. 74-4927, and amendments thereto. For purposes of applying this subsection, compensation under section 33, and amendments thereto, means the individual's compensation at the time the individual became disabled as defined under the insured disability program prescribed in K.S.A. 74-4927, and amendments thereto.";

And by renumbering sections accordingly;

On page 1, in the title, in line 7, after "compensation;" by inserting "enacting the Kansas public employees retirement system defined contribution act, terms, conditions, requirements, benefits and contributions; new member election;"

Senator _____