

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **House Substitute for SB 259**, as amended by House Committee of the Whole, on March 19, 2012, by amendment designated as "fa_2012_sb259_h_4948", by striking all in section 32 in such amendment and inserting:

"New Sec. 32. (a) The board shall establish within the Kansas public employees retirement system a separate defined contribution plan in accordance with the provisions of this act. The plan must be established as a pension plan for the exclusive benefit of members and their beneficiaries and as a "qualified governmental plan" pursuant to sections 401(a) and 414(d) of the federal internal revenue code and its implementing regulations for state employees, and section 403(b) of the federal internal revenue code and its implementing regulations for members of a participating employer which is an eligible employer as specified in K.S.A. 74-4931, and amendments thereto. Retirement accounts must be established for each DC plan member. Assets of the plan must be held in trust, or in annuities or custodial accounts as required by the federal internal revenue code. The plan is established in addition to any retirement, pension, deferred compensation or other benefit plan administered by the state or a political subdivision.

(b) The board may contract for plan administration by an entity that is not a provider and use a competitive proposal process when contracting for consulting, educational, investment, recordkeeping or other services for the plan.";

By striking all in section 33 in such amendment and inserting:

"New Sec. 33. (a) 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.

(b) The board shall adopt a plan document and reasonable and necessary policies and procedures, without the need for corresponding rules and regulations.";

By striking all in section 38 in such amendment and inserting:

"New Sec. 38. (a) An active DC plan member shall contribute 6% of compensation to the 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) A DC plan member may make voluntary contributions to the defined contribution plan.

(c) Subject to adjustment by the board as provided in section 39, and amendments thereto, an active DC plan member's employer shall contribute the following:

(1) To the active DC plan member's employer contribution account, an amount equal to:

(A) One percent of compensation for each member who has six months but less than one year of service;

(B) two percent of compensation for each member who has one but less than two years of service;

(C) three percent of compensation for each member who has two but less than three years of service; and

(D) four percent of compensation for each member who has three or more years of service;

(2) a percentage of compensation, determined by the board under section 39, and amendments thereto, to the defined benefit plan as the plan funding rate as described in section 39, and amendments thereto;

(3) a percentage of compensation, determined by the board, must be allocated to the administrative account established by section 34, and amendments thereto; and

(4) 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.

(d) Forfeitures of employer contributions and investment income on the employer contributions may not be used to increase a DC plan member's retirement account. The board shall allocate the forfeitures under section 37, and amendments thereto, to meet the plan's administrative expenses, including startup expenses."

_____ District.