

## HB 2213 – “Trailer Bill”

**As passed by the House.** 2013 HB 2213 contains several clarifying and technical amendments to 2012 Senate Substitute for Substitute HB 2333. For example –

- **Tier 2 benefit structure.** 2012 HB 2333 eliminated the annual cost of living adjustment (COLA) for Tier 2 retirees effective July 1, 2012, and provided Tier 2 members with a 1.85% multiplier for all years of service on and after January 1, 2014. SB 204 changes the date of the 1.85% multiplier to July 1, 2012, so that any Tier 2 member retiring in the 18-month period between July 1, 2012 and January 1, 2014 would receive the higher multiplier in lieu of the COLA. It directs KPERS to pay any resulting underpayment of benefits to the member as a one-time redetermination benefit payment.
- **Tier 3 “grace period” rule.** HB 2213 clarifies the application of the definition of “first employed” by providing a grace period during which non-vested Tier 1 or 2 members leaving covered employment may return to service without forfeiting Tier 1 or Tier 2 status (a 90-day window for School Group members and a 30-day window for all other KPERS members).
- **Technical amendments of internal references and terminology.** The bill makes a number of technical amendments to ensure internal consistency between related provisions.

**As amended by Senate Ways and Means.** The Committee amended HB 2213 to eliminate IRS approval as a prerequisite for implementing the Tier 1 election between increased employee contributions or a reduced benefit multiplier. As required by 2012 HB 2333, KPERS has requested an IRS private letter ruling determining whether the election would or would not adversely affect the plan’s qualified status and the federal tax status of Tier 1 member contributions. The election would begin this summer, but the IRS has not yet issued a ruling. Existing law provides a default in the event the IRS fails to issue a ruling or does not approve the election.

**As amended by Senate Committee of the Whole.** 2012 HB 2333 provided that, if a KPERS retiree is divorced after retirement, the retiree can cancel designation of the ex-spouse as a joint annuitant based on a court order to that effect. The Senate Committee of the Whole amendment extends this provision to retirees of the Kansas Police and Firemen’s System and the Judges System.

## HB 2228 – Death and Disability Rate

**As introduced.** HB 2228 would adjust employer contributions to the Group Insurance Reserve Fund, which is used to pay the costs of KPERS death and long-term disability benefits. The existing statutory rate for employer contributions to the Fund is 1.0 percent of the compensation on which members’ contributions to KPERS are based. HB 2228 would change the contribution rate to 0.85 percent during FY 2014 and FY 2015, reverting to 1.0 percent in FY 2016.

**As amended by House Pensions and Benefit Committee.** 2012 legislation decreased state agency appropriations and State contributions on behalf of School Group employers by an amount that assumed a moratorium on death and disability contributions for the last quarter of FY 2013. The House Committee amended the underlying substantive law to suspend death and disability contributions for the period April 1, 2013, through June 30, 2013.

April 1, 2013

  
HOUSE PENSIONS & BENEFITS

Date: 4/2/13

Attachment #: 1