

**74-4990. Contribution arrearage obligations; reports; remittance; purchase of service credit by member; stipulated compensation paid pursuant to certain settlements.** (1) An arrearage obligation shall arise when it is ascertained that required contributions have not been made to the Kansas public employees retirement system at the required time. Such arrearage obligation shall be met by the employer by preparing a report on the appropriate form to correct all previous reports affected by the arrearage obligation. Such report shall be submitted by the employer with the first report after such an arrearage obligation is discovered or as the board of trustees of the system may otherwise prescribe. The proper remittance to cover employer and employee contributions in arrearage shall accompany such report or as the board of trustees of the system may otherwise prescribe for all arrearages other than for the year of service as provided in K.S.A. 74-4911, and amendments thereto. In addition, the employer will pay to the system, interest at the current actuarial interest rate assumption adopted by the board. If the employee retires within 24 months of the employer first reporting this arrearage, the employer will pay to the system a lump-sum amount equal to the difference of the actuarial present value of the retirement benefit and the accumulated value of any contributions represented by the arrearage. No employee shall pay all or any part of the arrearage. The amounts due for an arrearage obligation shall be based upon the compensation paid to the member and at the rates in effect at the time the contributions were originally due to be paid to the system. The employer shall not be required to pay the employee contributions or interest on arrearages of six month or less.

(2) An arrearage obligation shall arise when it is ascertained that the employee and employer should have made contributions to the Kansas public employees retirement system for all or part of the year of service as provided in K.S.A. 74-4911, and amendments thereto. Such arrearage obligation shall be met by the employer by preparing a report on the appropriate form to correct all previous reports affected by the arrearage obligation. Such report shall be submitted by the employer with the first report after such an arrearage obligation is discovered or as the board of trustees of the system may otherwise prescribe. The proper remittance to cover employer contributions in arrearage shall accompany such report or as the board of trustees of the system may otherwise prescribe. The amounts due for an arrearage obligation shall be based upon compensation paid to the member and at the rates in effect at the time contributions were originally due to be paid to the system.

(3) In the event the proper remittance to cover employee contributions in arrearage does not accompany such report, service credits for that period of employment involving the arrearage obligation may be purchased by the member as participating service at any time prior to retirement by making application therefor and paying to the system a single lump-sum amount determined by the system's actuary using (a) the member's then current annual rate of compensation or the member's final average salary at the time the member elects to purchase such service credit, whichever is higher, and (b) the actuarial assumptions and tables currently in use by the system.

(4) Except as otherwise provided in this section, any member may purchase participating service credits for that period of employment involving the arrearage obligation as described in this section, if first commenced prior to January 1, 1996, by electing to effect such purchase by means of having employee contributions as provided in K.S.A. 74-4919, and amendments thereto, deducted from such member's compensation at a percentage rate equal to two times or three times the employee's rate of contribution as provided in K.S.A. 74-4919, and amendments thereto, for such periods of service, in lieu of a lump-sum amount as provided in this section. Such deductions shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased. Any person may make any such purchase as described in this section, if first commenced in calendar year 1996 or thereafter, at an additional rate of contribution, in addition to the employee's rate of contribution as provided in K.S.A. 74-4919, and amendments thereto, based upon the member's attained age at the time of purchase and using actuarial assumptions and tables in use by the retirement system at such time of purchase, for such periods of service, in lieu of a lump-sum amount as provided in this section. Such additional rate of contribution shall commence at the beginning of the quarter following such election and shall remain in effect until all quarters of such service have been purchased.

(5) Notwithstanding the provisions of this section, no employee contributions shall be due and owing for stipulated compensation amounts paid to any employee or former employee of a city of the first class whose dispute with such city was settled by stipulation of settlement either in Case No. 90-2328-0 in the United States District Court for the District of Kansas or in Case No. 91-1182 in the Supreme Court of the United States. Any such employee or former employee may elect to remit such employee contributions to the system. No employee or former employee whose contributions are deemed not to be due or owing or who did not elect to remit such employee contributions to the system as provided in this section according to this provision shall have any claim against the Kansas public employees retirement system for any retirement, disability, death or survivors benefit or any return of accumulated contributions based on such contributions or on the compensation amounts that would have been reflected by such contributions.

**History:** L. 1982, ch. 319, § 11; L. 1990, ch. 282, § 19; L. 1993, ch. 227, § 49; L. 1994, ch. 293, § 24; L. 1995, ch. 267, § 28; L. 1998, ch. 201, § 44; L. 2006, ch. 143, § 23; July 1.