

**74-4965. Member contributions; payroll deductions; disposition; interest; service credit for certain members, payment of additional contributions; employer pickup of member contributions.** (1)

Commencing with the first payroll period beginning on or after July 1, 2013, each participating employer shall deduct from the compensation of each member 7.15% of such member's compensation as employee contributions, except that in the case of a member whose employment is covered by social security and the member is a member of the class certified in the case of *Brazelton v. Kansas public employees retirement system*, 227 K. 443, 607 P.2d 510 (1980), the deduction from such member's compensation shall be reduced by the amount of such member's contributions to social security. For participating employers who join the system on or after July 1, 2013, such deduction shall commence beginning with the first payroll period for services performed after the entry date.

(2) For any member other than a member who is a member of the class certified in the case of *Brazelton v. Kansas public employees retirement system*, 227 K. 443, 607 P.2d 510 (1980), no employee contributions shall be reduced because of contributions to social security.

(3) All such deductions shall be remitted quarterly, or as the board may otherwise provide, to the executive director for credit to the Kansas public employees retirement fund and shall be credited to the members' individual accounts. Interest on each member's accumulated contributions at the rate determined under subsection (a) of K.S.A. 74-4922, and amendments thereto, shall be added annually to the member's individual account.

(4) For each member that is having 2% of such member's compensation deducted as employee contributions on July 1, 2013, for all payroll periods commencing on or after July 1, 2013, the participating employer shall deduct from the compensation of each such member 7.15% of such member's compensation as employee contributions. Such member may repay in a lump sum prior to or on such member's date of retirement, an amount equal to the difference between contributions actually made by the member and contributions which would have been made had such member always been contributing at the employee contribution rate prescribed by subsection (1) for all such service earned during the period of time the member made contributions at the 2% employee contribution rate, with interest. Such repayment, if made at retirement, may be deducted from the proceeds of the partial lump sum retirement options as prescribed in subsection (5)(G) of K.S.A. 74-4964, and amendments thereto, in the event the member elects such option. Such member shall pay the actual amount plus interest at a rate specified by the board. Any member who makes such a payment shall be entitled to service credit for purposes of calculation of retirement benefits pursuant to the provisions of K.S.A. 74-4958 and 74-4958a, and amendments thereto, for all years of service wherein such member contributed at the employee contribution rate prescribed by subsection (1), including all years of service such member previously paid at the 2% employee contribution rate but prior to or on such member's date of retirement repaid the difference pursuant to this subsection.

(5) (a) Subject to the provisions of K.S.A. 74-49,123, and amendments thereto, each participating employer, pursuant to the provisions of section 414(h)(2) of the federal internal revenue code, shall pick up and pay the contributions which would otherwise be payable by members as prescribed in subsection (1). The contributions so picked up shall be treated as employer contributions for purposes of determining the amounts of federal income taxes to withhold from the member's compensation.

(b) Member contributions picked up by the employer shall be paid from the same source of funds used for the payment of compensation to a member. A deduction shall be made from each member's compensation equal to the amount of the member's contributions picked up by the employer, provided that such deduction shall not reduce the member's compensation for purposes of computing benefits under the system.

(c) Member contributions picked up by the employer shall be remitted quarterly, or as the board may otherwise provide, to the executive director for credit to the Kansas public employees retirement fund. Such contributions shall be credited to a separate account within the member's individual account so that amounts contributed by the member may be distinguished from the member contributions picked up by the employer. Interest shall be added annually to members' individual accounts.

**History:** L. 1965, ch. 447, § 15; L. 1974, ch. 343, § 1; L. 1979, ch. 251, § 1; L. 1982, ch. 319, § 40; L. 1984, ch. 289, § 15; L. 1990, ch. 282, § 16; L. 1993, ch. 289, § 6; L. 1994, ch. 293, § 22; L. 1998, ch. 64, § 79; L. 2001, ch. 209, § 40; L. 2013, ch. 132, § 5; June 13.