

HOUSE BILL No. 2619

By Committee on Financial Institutions and Pensions

2-11

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system; adjusting the frequency of the actuarial
3 experience study; amending K.S.A. 74-4908 and 74-4908a and
4 repealing the existing sections.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 74-4908 is hereby amended to read as follows: 74-
8 4908. (1) The board shall appoint an executive director and shall establish
9 the compensation therefor. Subject to the direction of the board, the
10 executive director shall be the managing officer of the system and as such
11 shall have charge of the office, records and supervision and direction of
12 the employees of the system. The executive director shall be in the
13 unclassified service under the Kansas civil service act.

14 (2) The executive director shall recommend to the board the
15 administrative organization, the number and qualifications of employees
16 necessary to carry out the intent of this act and the directions of the board.
17 Upon approval of the board, the executive director is authorized to employ
18 such persons in accordance with the Kansas civil service act.

19 (3) The board of trustees shall select and employ or retain a qualified
20 actuary who shall serve at its pleasure as its technical advisor on matters
21 regarding operation of the system. The actuary shall:

22 (a) Make an annual valuation of the liabilities and reserves of the
23 system, and a determination of the contributions required by the system to
24 discharge its liabilities and administrative costs under this act, and
25 recommend to the board rates of employer contributions required to
26 establish and maintain the system on an actuarial reserve basis. Such
27 recommended employer contributions shall not be based on any other
28 purpose outside of the needs of the system as prescribed by this
29 subsection.

30 (b) ~~As soon after the effective date as practicable and once every~~
31 ~~three years thereafter,~~ *Commencing from the most recent actuarial*
32 *experience study completed prior to July 1, 2020, every four years, or*
33 *more or less frequently if deemed necessary by the board in the exercise of*
34 *the board's fiduciary duty to act in the best interest of the Kansas public*
35 *employees retirement fund, make a general investigation of the actuarial*
36 *experience under the system including mortality, retirement, employment*

1 turnover ~~and interest~~, *member compensation, inflation and investment*
2 *returns*, and recommend actuarial tables for use in valuations and in
3 calculating actuarial equivalent values based on such investigation. *Any*
4 *adjustment by the board to the frequency of such investigation shall be not*
5 *more frequent than once every three years and not less frequent than once*
6 *every five years.*

7 (c) Cooperate with and provide any assistance to the actuary, the
8 legislative coordinating council and the joint committee on pensions,
9 investments and benefits related to the independent actuarial audit and
10 evaluation as provided in K.S.A. 74-4908a, and amendments thereto.

11 (d) Perform such other duties as may be assigned by the board.

12 (4) The attorney general of the state shall furnish such legal services
13 as may be necessary upon receipt of a request from the board, except that
14 legal services may be furnished by other counsel as the board in its
15 discretion deems necessary and prudent.

16 (5) The board shall employ or retain qualified investment counsel or
17 counselors or may negotiate with a trust company to assist and advise in
18 the judicious investment of funds as herein provided.

19 (6) Subject to limitations imposed pursuant to this subsection and
20 otherwise provided by law, the board may appoint such officers and
21 employees necessary to advise and assist the board in the performance of
22 powers, duties and functions relating to the management and investment of
23 the fund and in such other matters as may be directed by the board. Such
24 appointed officers and employees shall be in the unclassified service under
25 the Kansas civil service act. The provisions of this subsection shall not
26 affect the classified status of any employee in the classified service under
27 the Kansas civil service act who is employed on the date immediately
28 preceding July 1, 2014. The board is authorized to assign any new or
29 vacant position created by the system on or after the effective date of this
30 act to the classified or unclassified service under the Kansas civil service
31 act. The compensation of such appointed officers and employees in the
32 unclassified service under the Kansas civil service act shall be established
33 by the board.

34 (7) The board may establish a program for the paying of bonus
35 awards to unclassified officers and employees pursuant to procedures
36 established by the board.

37 Sec. 2. K.S.A. 74-4908a is hereby amended to read as follows: 74-
38 4908a. Commencing in the fiscal year that commenced in calendar year
39 1995 and at least once every six years thereafter, there shall be an
40 independent actuarial audit and evaluation of the actuarial services and
41 valuations provided to the board of trustees of the Kansas public
42 employees retirement system pursuant to ~~subsection (3) of~~ K.S.A. 74-
43 4908(3), and amendments thereto. Such independent audit and evaluation

1 shall be conducted by an actuary other than the actuary employed or
2 retained by the board pursuant to ~~subsection (3) of~~ K.S.A. 74-4908(3), and
3 amendments thereto. Such independent audit and evaluation shall include
4 a review of all assumptions, evaluations and methodology utilized by the
5 actuary employed or retained by the board as provided in ~~subsection (3) of~~
6 K.S.A. 74-4908(3), and amendments thereto, and shall express an opinion
7 regarding the reasonableness or accuracy of the actuarial assumptions,
8 actuarial cost methods, valuation results and statutory contribution rates
9 and shall include certifications that the actuarial valuation report was
10 performed by a qualified actuary, that the valuation was prepared in
11 accordance with principles of practices prescribed by the actuarial
12 standards board and that the actuarial calculations were performed by
13 qualified actuaries in accordance with accepted actuarial procedures and
14 that such actuary conducting the independent actuarial audit and
15 evaluation shall perform test work on the data used by the system for the
16 annual *valuation* and ~~three-year performance actuarial experience~~ review
17 required by K.S.A. 74-4908, and amendments thereto. The actuary
18 conducting the independent actuarial audit and evaluation as required by
19 this section shall be employed by the legislative coordinating council as
20 provided in K.S.A. 46-1204, and amendments thereto.

21 Sec. 3. K.S.A. 74-4908 and 74-4908a are hereby repealed.

22 Sec. 4. This act shall take effect and be in force from and after its
23 publication in the statute book.