2012 Kansas Statutes

12-5002. Actuarial standards imposed; minimum annual contribution rate; optional schedule of phased-in contributions; actuarial services by KPERS or private firm; rules and regulations; actuarial evaluation of proposed pension plan changes. (a) From and after January 1, 1978, no city may maintain or fund any local police or fire pension plan except in accordance with the minimum funding standards prescribed in this section.

(b) From and after January 1, 1978, and notwithstanding any other provision of law to the contrary, all cities maintaining and funding any local police or fire pension plan shall make annual contributions to each local police or fire pension plan at an annual rate of contribution which is equal to or greater than the minimum annual rate of contribution which is determined pursuant to subsections (c) or (d), except as otherwise specifically authorized pursuant to subsection (g). Such minimum annual rate of contribution shall be equal to the sum of: (1) The actuarially determined amount required to amortize over a period of not more than 20 years the accrued unfunded liabilities of such plan; and (2) the normal or ongoing costs attributable to active members.

(c) All cities which will maintain and fund one or more local police or fire pension plans on and after January 1, 1978, and which do not elect pursuant to subsection (d) to use the services of an actuary or firm of actuaries other than the actuary of the board of trustees, shall furnish to the board of trustees all necessary data, as determined by the board of trustees, at times designated by the board of trustees, but not more often than annually, from which the minimum annual rate of contribution for each such plan may be determined. Upon the basis of an actuarial analysis of such data, the board of trustees shall certify, commencing on or before June 1, 1977, and at least once every three years thereafter, to each such city the actuarially determined minimum annual rate of contribution which will be required for each such plan in accordance with subsection (b) for the ensuing calendar year. All costs involved in making certifications under this subsection shall be paid by each such city.

(d) Any city which will maintain and fund one or more local police or fire pension plans on and after January 1, 1978, may elect to use and pay for the services of an actuary or firm of actuaries other than the actuary of the board of trustees as provided in subsection (c), in order to determine the minimum annual rate of contribution for such city for all such plans. Each city so electing shall file a statement of election with the board of trustees, setting forth the name and address of the actuary or firm of actuaries selected by such city and requesting approval thereof. The board of trustees shall approve such actuary or firm of actuaries for performance of the periodic actuarial evaluation and review of all the local police or fire pension plans maintained and funded by such city and for determination of the minimum annual contribution for each such plan in accordance with this section if the board of trustees finds that such actuary or firm of actuaries is qualified therefor. The approved actuary or firm of actuaries shall perform such actuarial evaluation and review and shall determine the minimum annual contribution for each local police or fire pension plan in accordance with this section and shall report annually thereon to the board of trustees in such form and manner as may be prescribed by rules and regulations of the board of trustees. The approval of an actuary or firm of actuaries under this subsection (d) shall be effective until the city requests approval of another actuary or firm of actuaries or until the city acts to use the services of the actuary of the board of trustees under subsection (c) by withdrawing the statement of election filed under this subsection (d).

(e) In accordance with the provisions of K.S.A. 77-415 et seq., and amendments thereto, the board of trustees shall adopt rules and regulations which establish actuarial standards and assumptions for the purposes of actuarial evaluation and review of local police or fire pension plans and determination of the minimum annual rates of contribution for cities maintaining and funding such plans. Whenever the amount of any benefit is to be determined on the basis of actuarial standards and assumptions, the standards and assumptions shall be specified in a way that precludes employer discretion.

(f) Prior to the adoption by a city of any proposed changes in the benefit provisions of a local police or fire pension plan or in the rate of employee contributions thereto, the governing body of the city shall obtain an actuarial evaluation of the effect of such changes, including an estimate of the minimum annual contribution which would be required under this section if such changes are adopted. Such actuarial evaluation and determination shall be conducted by the actuary of the board of trustees or by the actuary or firm of actuaries approved under subsection (d) and all costs incurred therefor shall be paid by the city.

(g) The governing body of any city which is required to make annual contributions at a minimum annual rate to each local police or fire pension plan maintained and funded by the city in accordance with this section and which determines that such minimum annual rate of contributions would place an undue initial hardship on the property taxpayers of such city, may adopt a resolution to that effect and file a certified copy of such resolution with the board of trustees prior to January 1, 1978. Any city which has filed a certified copy of such resolution with the board of trustees prior to January 1, 1978, may make annual contributions in accordance with the following schedule:

(1) Contributions for the calendar year 1978 shall be at a rate equal to or greater than the total of: (A) Thirty-three and one-third percent of the actuarially determined amount required to amortize over a period of not more than 40 years from January 1, 1978, the accrued unfunded liabilities of such plan which are attributable to active members; (B) 33 1/3% of the amount required to amortize over a period of not more than 20 years from January 1, 1978, the accrued unfunded liabilities of such plan which are attributable to retired members; and (C) the normal or ongoing costs attributable to active members.

(2) Contributions for the calendar year 1979 shall be at a rate equal to or greater than the total of: (A) Sixty-six and two-thirds percent of the actuarially determined amount required to amortize over a period of not more than 39 years from January 1, 1979, the accrued unfunded liabilities of such plan which are attributable to active members; (B) 66 2/3% of the amount required to amortize over a period of not more than 19 years from January 1, 1979, the accrued unfunded liabilities of such plan which are attributable to retired members; and (C) the normal or ongoing costs attributable to active members.

(3) Contributions for the calendar year 1980 and each year thereafter shall be at a rate equal to or greater than the total of: (A) One hundred percent of the actuarially determined amount required to amortize over a period of not more than 38 years from January 1, 1980, the accrued unfunded liabilities of such plan which are attributable to active members; (B) 100% of the amount required to amortize over a period of not more than 18 years from January 1, 1980, the accrued unfunded liabilities of such plan which are attributable to retired members; and (C) the normal or ongoing costs attributable to active members.

History: L. 1976, ch. 348, § 2; L. 1977, ch. 65, § 1; L. 1996, ch. 266, § 1; L. 1998, ch. 64, § 1; L. 2002, ch. 3, § 1; July 1.