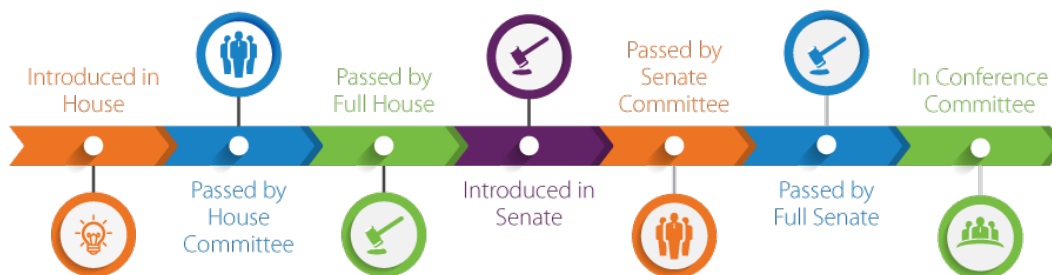


## 2024 Legislative Session | KPERS Bill Recap

### House Bill 2711: KPERS Omnibus Legislation

#### Where It's At



#### Quick Look

HB 2711 contains several policy changes including:

- Increasing the alternative investment cap from 15% to 25%
- Working after retirement changes
  - 30% WAR employer contribution threshold increased from \$25,000 to \$40,000
  - KP&F retiree earnings limit increased from \$25,000 to \$40,000
  - WAR employer contribution exemptions for Community Development Disability Organizations
- Increasing the retiree death benefit from \$4,000 to \$6,000
- Divestment requirements from "countries of concern"

#### Hearings

April 2 – Approved by Conference Committee

#### The Fine Print

Current law includes a cap on alternative investments (e.g., private equity, infrastructure) at no more than 15% of the total investment assets of the KPERS Trust Fund. The Legislature established the cap in 2012 when alternative investments within KPERS' portfolio were relatively new.

HB 2711 as agreed to by the Conference Committee, increases the cap on alternatives investments to 25% of the total investment assets. Several other statutory limitations for alternative investments remain in place.

When a KPERS retiree returns to work for a KPERS-affiliated employer in a covered position, the employer is required to make employer contributions on the compensation paid to the retiree. The employer contribution rate is the statutory rate (12.57% for State/School employers in FY 2024) on the first \$25,000 of compensation and 30% on compensation above \$25,000.

HB 2711, as agreed to by the Conference Committee increases the threshold from \$25,000 to \$40,000 for when the 30% rate applies.

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The bill also increases the KP&F retiree earnings limit from \$25,000 to \$40,000 and creates an exemption from employer contributions for nurses and direct support workers at Community Developmental Disability Organizations (CDDOs).

A covered position is not seasonal or temporary. The position must work 630 hours (School) or 1,000 hours (State and Local) per year.

KPERS retirees who return to work for KPERS-affiliated employers in non-covered positions do not have employer contribution rates.

KPERS retirees do not make contributions to KPERS if they return to work, whether the position is covered or non-covered.

HB 2711 includes an increase to the retiree death benefit from \$4,000 to \$6,000. This benefit is paid to a designated beneficiary upon the death of a retired member. This benefit was last changed in 1993.

Finally, HB 2711 establishes a requirement for State funds to sell, redeem, divest or withdraw all publicly-traded securities, held directly or indirectly in actively or passively managed investment funds of a "country of concern," which is defined in the bill.

State funds would have one year to divest 50% of affected assets, unless a later date is more prudent based on fiduciary discretion. However, 100% of affected assets must be divested within two years.

As defined by SB 37, the list of countries of concern includes:

1. China (including Hong Kong but excluding Taiwan)
2. Cuba
3. Iran
4. North Korea
5. Russia
6. Venezuela