



Update

Dear Friends,

August 14, 2024

Since my election to the KPERS Board of Trustees I have a new disclaimer that I must include in these updates from now on: "The views expressed in this update represent my views and/or the views of the Coalition. They do not in any way represent the views of KPERS Board of Trustees nor do I speak for them." (Ernie Claude)

Remember:

1. *Nothing gets done unless someone does it. Everyone must do their part.*
2. *"One of the penalties for refusing to participate in politics is that you end up being governed by your inferiors." Plato, quoted in the Philadelphia Daily News.*
3. *When you talk to people about the Rally Day, remember, "You are promoting the event and their attendance, you are not just announcing the event!"*

The next meeting of KCPR will be held on Wednesday, September 11th, via Zoom.
The 9:00 AM KCPR MEETING WITH BE FOLLOWED AT 9:45 AM by the Lobby Day 2025 Committee Meeting

Please note that this meeting has been changed BACK TO the normal 2nd Wednesday date.

KCPR August 14, 2024, UPDATE

Some of our discussions and actions at today's meeting were as follows:

- I. Please save a date: The 2025 Lobby Day, Rally Day, or whatever the committee chooses as a name, will be scheduled Wednesday, February 12, 2025, in the South wing of the 1st floor of the Capitol in Topeka.**
- II.** Please be aware that we are working hard on developing the concept for a KPERS Benefit increase we can submit as a bill.
- III.** You will find the General Election Candidate list on the KCPR Website, www.ksretirees.org. It is the first listing under 'Special Notes.'
- IV. Here is all of the rationale you need to be aware of when you speak with the candidates of those who have already won a position. If they have a General Election opponent, this is the information you need to explain to them. This is the what and why they need to support to receive your vote:**

KPERS RAISE/CORRECTION RATIONALE

The overall great concern for all of the KPERS retirees simply stated is this: If the Federal Government does not fix social security, a retirement benefit for Tier I & II isn't enhanced and Tier III changed or improved. The Kansas Public Employees are going to face financial crisis at retirement.

The annual average salary of a KPERS employee is \$50,992.00, (51% less than this salary) and the average benefit is \$16,803.00. KPERS members who are enrolled in Tier III are paying 50% more in employee contribution than the present retirees and could well receive 50% of the above present average benefit listed above.

Another suggested resolution to these personal financial problems is that KPERS employees need to invest on their own. We would argue that many cannot afford that luxury. Note the average annual income listed above.

Of the 50 states, 25 have discussed what to do about the above. Kansas is not one of these. With approximately 88% percentage of retirees who remain in Kansas after retirement, if the above suggested circumstances come to pass, the state will end up supporting retirees in future dollars. Today's dollars are invested and then become future dollars as indicated in 1, A below.

With the average retirement, KPERS age is 73.3 years, we do not have another 30 years to wait for a benefit increase!

1. The last permanent KPERS benefit was enacted by the legislature in 1998. This was a 3% annual base increase.
 - A. Since 1998 the cost of living has changed considerably.
What \$100.00 would buy in 1998, \$198.00 is required today.
 - B. The time since the last benefit increase is nearing 30 years.
 - C. The committee that was established to determine the pay raise for the legislature used as a rationale of need, the fact that the legislature had not had a raise since 2008. (17 years)
2. The most oft used explanation for authorizing a permanent benefit increase or to 'fix' Tier III is the high cost. It should be noted that the 'cost' used in this explanation/excuse is due to underfunding.
 - A. The UAL (Unfunded Actuarial Liability) is the amount used to support the above rationale. (Present UAL is \$9,686 Billion)
 - a. The UAL is the amount of funds needed to fund the promised benefits at a 100% level. [All things considered.]
 - b. The Kansas Statutes require this calculation to be performed annually.
 - B. An additional used explanation/excuse is the funding level of the KPERS Trust Fund.
 - a. The figure that has been 'bandied' about in the legislature for this amount needs to be 80%. (Present level of funding is 74%)
 - C. The decidedly large UAL has two causes.
 - a. When the original Kansas Teachers Retirement System was rolled into KPERS by the legislature (1971), they broke their own requirements by not fully funding it at the time. (Attempts were made to rectify this short funding but were discontinued before the fund was made whole.)
 - b. The year 2025 marks the 5th time that the actuarially calculated amount was contributed by the state legislature. Prior to this 'contribution correction', the KPERS Trust Fund had been funded at a 'statutory rate'. This was a percentage established by the legislature and this pattern of underfunding was carried on for 25 years. [1994-2019 – The 'statutory rate' was established by K.S.A. 74-4920(8)]
 - c. KPERS estimates that if all the contributions had been made at the actuarial level, the UAL would be reduced by at least one-half and the funding level of KPERS would exceed 80%.
3. A third funding problem has arisen with the implementation of the so-called Tier III. Over 50% of the active KPERS members are now enrolled in the program.
 - A. Briefly, this legislation was an outgrowth of the KPERS Commission of 2011.

- B. By the time the 2024 legislature was sworn in, most all of the legislators, save the Senate Majority leader, are convinced that Tier III either needed to be replaced or improved.
 - C. When and if fixed, this will require more money because the likely benefit is acknowledged as being not sufficient. (The reduced cost of this program is the cause of the perceived inadequate benefit.)
4. The statute that authorized the study of the pay increase stated that the pay increase would take place if there was no further legislative action on the question. The Legislative pay raise is estimated to be 90%.
- A. It should be noted that the attempts by some legislators to thwart, or even discuss what the committee recommended as this increase was denied.
5. One cure low pension benefits is that working people should invest more. Considering the following, we believe that investing additional money on their own is most often not possible because many KPERS members cannot afford that luxury.
- A. According to the U.S. Bureau of Labor Statistics, the value of the dollar has declined 48% since 1998. Today a person needs \$198 to purchase what \$100 would purchase in 1998.
 - B. Federal Poverty Level for a household with 4 people in 2023 is \$30K. About 22% of the active KPERS members reported salaries are \$30K or less.
 - C. As of 12/31/2023, 51% of the KPERS members reported salaries of less than \$50K.
 - D. 33% (1/3) reported salary was between \$40K and \$60K.
 - E. Only 3% have a reported salary of \$100K or higher.
 - F. The actual average salary is \$50,992. If KP&F and Judges are included, the average salary elevates to \$52,681.
- V.** We have long communicated that the gender under the most peril with a poor pension system is women! We have always included statistics and rationale explaining this position of concern. On our website www.ksretirees.org we have provided a more in-depth explanation of this concern. It can be found under 'Special Notes,' under the heading, "New Retirement Concerns Especially for Women, August 2024."
- VI.** One of the serious concerns noted from the Primary Election was the low voter turnout!
- A. Be sure you and your friends are registered to vote.
 - B. Be sure that you talk to those people and find their position on fixing KPERS. Require promises on their position! One of our steering committee members asked for the promise in writing and received it.
 - C. Here are suggested questions to ask the candidates, as well as those running unopposed.
 - a. Since all of you are getting over a 90% raise in salary.... after 17 years:
 - b. Will you support a permanent increase in KPERS retirement benefits? We are hovering around 30 years now since we had one. Rationale used to cement your upcoming raise, which was the rationale that it had been in 2008 (17 years) since there was a legislative pay raise. Don't the retirees after nearly 30 years deserve one?
 - c. If elected, will you refuse to vote for legislative leadership if they will not promise to address this issue?
 - d. Supporting these issues is the only way to secure my vote.
 - e. If you hear the excuse that KPERS needs to be 80% funded before a benefit increase can be offered, tell them that that is unrealistic and that we don't have another 30 years to wait for a benefit increase. I won't explain, but rest assured, that 80% funding is an unrealistic goal anytime soon!

VII. Communication

- A. All previously attached information is now available on our website. www.ksretirees.org
- B. Once you know who your legislator is going to be, contact him/her. I do not think every week or two will hurt.
- C. Do not worry about them being too old, find a way around it. - Rod's idea: If you know that there is no way they are going to write their Kansas Representative and Senator, compose a letter at each meeting and have them sign. Then you mail it. BUT do not let the more able-bodied one use an excuse for not drafting an email themselves.
- D. Be careful not to suggest anything that they can use as an excuse for doing less. (For example, write post cards rather than attend the Lobby Day.)

VIII. Personal Thought

- A. It is essential that we elect folks who support a KPERS Benefit increase. Since the legislature is going to receive this large raise, it is essential that we do everything possible in order to receive a benefit increase because the legislative raise provides us with leverage we have not previously enjoyed!
- B. If you need someone to talk to your group because you would like more information, let me know. KCPR can provide someone to talk to your group.
- C. Since the legislature is getting a sizable raise, ask the candidates if they would consider helping you get one!

Have a Wonderful Week!!!!

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