



# Update

Dear Friends,

April 10, 2019

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 Claudel)

The monthly KCPR meeting was held on April 10<sup>th</sup>. The discussions centered on the present status as of the so called, first adjournment of the legislature. The legislature will reconvene for the "Veto Session" on May 1<sup>st</sup>.

## COLA STATUS

Regarding the COLA status...

- a. Next session, January, 2020 will be a carry over session, so our COLA bills, HB2100 & SB74, will not have to be reintroduced.
- b. Rep. Benson (Former Blue Valley Superintendent) has been a 'champion' for the COLA cause. He has tried on two occasions to attach his COLA amendment to KPERS related legislation. In both cases, the amendment was ruled non-germane.
- c. His bill differs slightly from ours. Presently we are determining whether we will support his recommendation as it stands or suggest changes.
- d. To our understanding, there will be no opportunity to attach his amendment, as there are no KPERS related bills available.
- e. We still believe that there is a chance for a COLA Bill next session.
- f. July 1, 2019, will mark 22 years w/o a COLA.
- g. July 1, 2020, will mark 23 years w/o a COLA.

## RETURN OF PUSH FOR PENSION CHANGE

We also discussed the general state of pensions, since once again there will be a national movement toward converting pensions to 401k type retirement plans. Seven facts you need to know if this ever comes up in a discussion with a legislator, or anyone for that matter:

1. Pension money, especially in Kansas, tends to stay at home and gets recycled.
2. Public pensions are a predictable benefit to the local economy. (Most who receive benefits spend those benefits on goods and service.)
3. Large pension systems (such as KPERS) have leverage and daily supervision of invested money. You as an individual do not have this leverage. This is why the cost of individual investment exceeds the investment costs offered to pension plans.
4. Therefore, investment companies desire to remove investments from the protections and savings provided by large pension systems.
5. For those of you 'of age' you will recall the Bardol Commercials of the past, with the 'tag line', "you can pay me now, or you can pay me later."
  - a. The number of citizens over 75 years of age is due to double by 2039. Since 90 and 95% of Kansas retirees tend to stay in our state after retirement, it is tremendously short sighted, to not take note of how to support these people in the future without a responsible pension system.
  - b. Most individuals have money in private investment equal to one year of salary.
  - c. With the Millennials, it is even worse (2/3 have saved nothing). Twenty five of the fifty states have already had high level discussions regarding this concept. Kansas has not!
6. Research shows that any pension changes made, the changes typically make pensions more expensive.
7. Research indicates that women are hurt worst by the inadequate retirement benefit.

## A FINAL CAUTION

It is our belief that some would like you to believe that public pensions are going away. This we believe is meant to indicate that doing away with pensions or changing over to 401k type retirement plans is okay because, "Everyone is doing it!" This is not the case in public pensions. Pensions change since 2008 - 78% of the states have made changes, 50% of the local pension plans have made changes. ESTABLISHED plans have had minimal changes. Most of the changes have been regarding new hires and COLA adjustments, NOT plans in general.

On a personal note, following the meeting I drove to Chanute to speak to the local KARSP Unit. This unit includes KPERS school retirees from the area towns, not just Chanute. It is a vibrant unit which has been able to attract new retirees on a regular basis. I want to thank them for the interest, support, and kindness.

I sincerely hope you have a warm and dry week!!

- Remember to send me your updated email address...also if for any reason you should no longer wish to receive this update, let me know at the address listed at the end of this "update," and I will contact you and remove you from the official mailing lists.
- Just a reminder, that this email is an official report of the Kansas Coalition of Public Retirees. If I editorialize, I will indicate that fact.
- Remember that we want you to forward this to other retirees and the "working" who will benefit from this information.
- The KCPR website is [www.ksretirees.org](http://www.ksretirees.org)

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