



Update

Dear Friends,

June 10, 2020

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)

Today's Meeting

Today's meeting was held on Zoom! We will stay with Zoom meetings for a while, and we are changing the time to 10:00. Unless further Legislative action would suggest another additional meeting, the next meeting will be regularly scheduled on Wednesday, July 8th. *Please note the new time of 10:00 AM.* If you are interested in being involved in this way, please let me know and I will make sure you are included!

General discussions were held on several topics. Following is a summary and some suggestions that came out of the meeting:

Observations on Legislative Action at the June 10th Meeting

What follows is a review of the latest information from the special as it relates to KPERS in General and other items of interest:

1. As earlier stated, the veto by the Governor on the restriction of her powers, stands. The Legislature adjourned Sine Die, and then she vetoed the bill. That adjournment ended the Legislature's ability to override.
2. The outcome of the special session, in finality, was one bill which determined the distribution of Federal Government monies coming to the State because of the 'virus economic downturn'.
3. All the information on bills as mentioned in the last "Update" stands!!
4. No KPERS legislation resulted from the special session.
5. The present budget call for the actuarial recommended amount be paid to the Trust Fund if the revenue permits.
6. The Governor does have Allotment Authority if the revenues are not present.
 - A. The Governor can reduce the amount of any line item if necessary.
 - B. The Governor cannot move money from one line item to another without the consent of the State Finance Council.

LATEST DEVELOPMENTS

At the KCPR meeting this morning the following actions were taken after much discussion:

1. Because of the uncertainty regarding the 'virus' and the fact that retired folks are cautious because of their age, we have elected at this time not to hold the Rally in support of KPERS in 2021.
2. At least the next KCPR meeting on July 8th will be held on Zoom once again.
3. We would ask that you become active in the upcoming elections! We must elect representatives that will vote for a COLA.

4. As you talk to the candidates and incumbents regarding the upcoming elections, primary and general, we provide you, once again, with the following information.

Update on KCPR Releases

You will recall that two areas of interest I have written about in the past are as follows:

1. It is noted that women are more negatively impacted by negative pension legislation and lack of a COLA, than men. We are working on putting this updated article together, but here is a partial Update.
2. The preliminary count of KPERS total participants, as of December 31, 2019, was approximately 326,450. This includes approximately 156,400 active members, 1,850 disabled, 105,600 retired or beneficiaries and 62,600 inactive. Of the retired, 62% are female, while 38% are male. Of the beneficiaries, about 80% are female, while 20% are male.
 - A. The count will be finalized as part of the actuarial valuation process, which is presented to the Board in July. So, these membership numbers might change once we have the final numbers. KPERS does not expect the final numbers to reflect any difference in the proportion of male and female members.
3. Note the following related and useful study findings:
 - A. Although not related directly to retirement, please note that the studies consider any income under \$40,000 as a level where retirement savings of any kind are not generally available. (Note D Below)
 - B. As of December 31, 2019, the average annual KPERS benefit of all under the KPERS umbrella was \$15,863.00.
 - C. The average annual income of all under the KPERS Umbrella was \$45,754.
 - D. The average annual income of the KPERS only group was \$44,404.
4. Votes against pensions and COLAs are arguably votes against women.
5. We have nearly completed the release relating to this topic of women and retirement which further details and supports the conclusions made here. When completed, it will be available to all.
6. The promised information on small towns and rural areas are more heavily dependent on pension benefits than metropolitan areas, which has proved much more difficult to compose. We are still working on it. Capital cities are also often positively impacted by pension benefits because of the large number of State employees who live locally and remain in the area in retirement.

Suggested Rebuttal for COLA or Funding Push Back

I am often asked what response/rebuttal should be used when excuses are offered for no final action on a COLA. **Suggested responses to these excuses are as follows:** KPERS never had a COLA built into the statute. (In my opinion, this response is a condescending answer, and I will indicate those thoughts to those who use it!) Response: Nor did the Statute have a prohibition against a COLA.

1. KPERS benefits are 'earned' benefits. Benefits are paid an amount calculated using a formula, therefore, the benefit is in proportion to what was paid in.

2. ALL employees have paid in every dollar they were required. They have received not contribution variance; in fact, the employee contribution was raised from 4 to 6% per the 2012 legislation.
3. KPERS is not like Social Security! The KPERS Trust Fund balance is derived from three sources: Employee Contribution, Employer Contribution, and Investment Returns. Without the proper employer contribution, proper investment returns are not possible!
4. Approximately 87% of KPERS retirees still reside in Kansas.
5. As of July 1,2020, it will be 23 years without a COLA.
6. All US retirement systems are approved by the IRS, therefore, the KPERS retirement system is NOT a Ponzi scheme!

If you have any questions, please call me at the number listed at the end of the Update.

- Remember to send us your updated email address...also if for any reason you should no longer wish to receive this update, let me know at the address(es) listed at the end of this "update," and we 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

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