



Update

Dear Friends,

July 12, 2017

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 Wednesday, July 12th.

Email Delivery Update

All of you who presently receive these "Updates" under my email address should have received 2 additions of the same UPDATE last month, the first under the longstanding format and then one on Saturday under the new format. The new system indicated who of you received the 2nd release and who did not. If you did not receive one, we corrected the email addresses, and you all should get one this month. I know that many of you receive the UPDATE from several sources, so AGAIN, IF FOR ANY REASON THE SATURDAY EMAIL DOES NOT ARRIVE, OR IT WILL NOT COMPLETELY OPEN FOR YOU, PLEASE EMAIL ME AT eclaudel1@comcast.net and tell me the problem. I may well have trouble finding you if you don't include your name! Incidentally, we received a number of nice comments regarding the new format.

TODAY'S MEETING

A lengthy discussion regarding a COLA/Increased Benefit possibility was held. Whenever these discussions are held, we immediately find ourselves discussing adequate KPERS funding! Even though we have mentioned this concern, once again it is essential that this underfunding not continue. Several points need to be made once again so that you have 'talking points when you communicate with your legislator'! (Incidentally, this communication needs to happen now when they are out of session!)

1. A statutory Contribution rate for paying off the UAL was established by 2012 legislation. It was designed to incrementally increase until 2020. In 2020 the statutory rate was projected to equal the actuarial suggested rate. Note: The Statutory rate adopted by the 2012 legislature was a "scheduled" rate, not the actuarial rate. Therefore, the 2012 legislation was actually an 'underfunded' rate. THEREFORE, ANY ADDITIONAL REDUCTION IN EMPLOYEE CONTRIBUTION is actually 'underfunding' the initial 'underfunded' amount.
2. We are all (or will be) Kansas Public Retirees. No one under the KPERS umbrella is presently receiving an annual COLA (Cost of Living Adjustment.) The last COLA was enacted in 1998, authorized for those who retired prior to July 1, 1997. If you retired prior to July 1, 1997, you also received a \$300 bonus in 2007, and if you retired on/or before July 1, 1998, you also received a \$300 bonus in 2008. Of those presently receiving KPERS benefits, **77.4 % do not/have not received** any of these enhancements.
3. The last benefit increase/COLA became effective in 1998. The employer contribution has been underfunded for at least 23 years.
4. As far as the KPERS School portion of the Trust Fund, the following should be noted:
 - A. The KPERS System was established in 1961.
 - B. The existing Kansas Retirement System was added in 1971.
 - C. The 'old' system was ineffective and needed to be funded properly.
 - a. To make up the difference, the legislature contributed an extra \$5 million to the KPERS Trust fund for one year and an additional \$10 million for 10 more years. At this point the 'make up' funding was stopped.

- b. This is why we contend that KPERS School was 'underfunded' at least one more time than the rest of KPERS.
5. It was also substantiated by the KPERS Commission of 2011 that the promised benefits would legally have to be paid as promised. Since 70+% of the balance in the Trust Fund is derived from investment income, it is essential that the proper amount of money is present to generate investment income.
6. The underfunding must stop!!

We continue to work on the rationale we will use to support the need for a benefit increase in the future.

Please continue to communicate with your elected representatives the necessity to 'keep their hands off' the KPERS contributions. Sighting an old commercial, "They will have to pay now or pay later!"

The Proposed 2018 Rally In Support of KPERS is Wednesday, January 31, 2018, with a backup date, Monday, February 5th, 2018.

Stay Cool!!

- Remember to send us your updated email address...also if for any reason you should no longer wish to receive this update, let us 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 Ron and I editorialize, we 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

Ernie Claudel
eclaudel1@comcast.net
913-481-6923