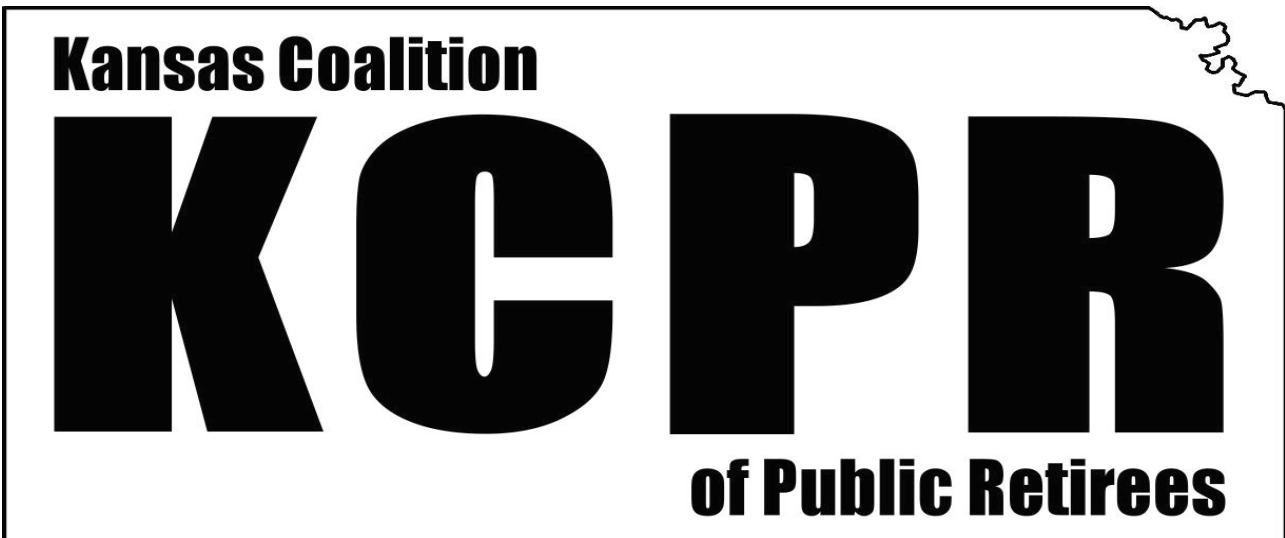


Kansas Coalition of Public Employees & Kansas Association of Retired School Personnel



WHY IS A BENEFIT ADJUSTMENT NECESSARY?

- 50% of KPERS retirees receive less than \$1000.00 in monthly benefits. The average monthly retirement benefit provided by KPERS is \$1,580.00. Compare this to the 2021 US poverty level for a 2-person household of \$1,451.00 monthly income. (Some of our KPERS retiree’s employment are NOT part of the Social Security Program.)
- 88% of the KPERS retirees and beneficiaries have never received a benefit adjustment. (Some of our KPERS retiree’s employment are NOT part of the Social Security Program.)
- Today it takes \$177.00 to buy what \$100.00 would buy in 1997, the last effective date of a KPERS COLA.
- The annual inflation rate for the last year from December to December is 6.5%. The last time the US had a major inflation rate was in 1981. (13%) The legislature provided a 10% benefit in 1982 in response to the high inflation.

MYTHS, UNTRUTHS, AND HALF TRUTHS

- **Myth: Defined benefit plans do not have cost-of-living adjustment.**
 - Periodic cost-of-living adjustments (COLAs) in some form ARE indeed provided on most state and local and state government pensions.
 - 37 states have defined benefit pension programs. 22 have permanent COLAs. 8 allow adjustments based on need and funding availability.
- **Half-Truth: Retirees and Beneficiaries were never meant to have a COLA.**
 - The Kansas Legislature has provided 22 benefit adjustments up to 1997. The legislature has not provided the Kansas retirees a permanent increase since 1997. This indicates it was not intended to NEVER provide adjustments, but to make them based on the need and funding availability.
- **Myth: Pensions are unsustainable.**
 - Pensions are set up and approved by the IRS on an investment formula. Actions that can alter the plan include poor investment strategies, underfunding of the pension plan, and poor investment return as the result of a sustained downturn in the economy.

THE TIME IS NOW!

- With the spiraling inflation facing our nation today the need for a COLA is great.
- Many of our retirees and their surviving spouses are struggling to keep up with inflation.
- The fund balances are there to fully fund the cost of a significant cost-of-living or inflation adjustment for KPERS retirees and their beneficiaries.
- Thanks to the legislative efforts of the past several years, the funded ratio of all KPERS groups combined is at 71.6% even with the KPERS Board's change to the investment return projections.
- During hard economic times, the constant, predictable income from pensions help support smaller communities.

ADDITIONALLY:

- In our 1,2,3,4,5% COLA bill proposal of 2022, a one-time cost for the entire proposal was \$317.4 Million. This is not an annual cost.
- Every pension dollar leads to \$5.20 in Kansas economic growth. According to AARP, retirement checks in Kansas account for \$3.1 billion in economic growth, 18,344 jobs providing \$900 million in wages, and \$413.4 million in federal, state, and local tax revenue.
- The City of Wichita has a defined benefit plan similar to KPERS which provides a COLA. The State of Kansas DID NOT FUND the actuarial calculated contribution for 23 years. The employees contributed the statutory amount the entire time. Without a COLA the employees have never received any "added value" for their investment.