

# **Kansas Coalition of Public Retirees**

**A coalition of 43 KPERS retiree groups**

**“Working to improve the KPERS System”**

## ***Recommendations for the 2018 Kansas Legislative Session***



————— Prepared by the Kansas Coalition of Public Retirees —————

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January 8, 2018

Greetings,

The Kansas Coalition of Public Retirees (KCPR) was formed in 2004 to call attention to a serious issue. For 26 years the Kansas Legislature granted periodic cost of living adjustments for KPERS recipients. However, in the past 20 years, no such adjustment has been made. During that same period of time, the cost of living (as measured by the Consumer Price Index, CPI) has risen by approximately 47.0 percent. This coalition strongly requests that the Kansas Legislature give serious consideration for a Cost-Of-Living adjustment (COLA) in the form of a permanent annual modification tied to the Consumer Price Index for the 94,000 retired KPERS members and survivors.

The attached report contains information regarding this serious disparity. An Executive Summary highlights information in the report as well as data supporting our request and reference materials. Members of the Coalition will be visiting with all members of the legislature during the upcoming session to answer questions.

On behalf of all KPERS retirees, we appreciate the support of the Legislature in this request.

Sincerely,

Dennis Phillips, Co-Chair  
Kansas Coalition of Public Retirees

Ernie Claudel, Co-Chair  
Kansas Coalition of Public Retirees

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# **Kansas Coalition of Public Retirees**

## **Mission Statement**

***“To encourage the Kansas Legislature and Executive Branch to provide regular adjustments to KPERS pensions so that the buying power of those pensions is not diminished.”***

## **Coalition Officers for 2018**

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and  
Twitter at: @eclaudel1”



## Summary

### INTRODUCTION

During recent Kansas Legislative sessions, attempts have been made to pass Cost-Of-Living (COLA) increases for retirees of the Kansas Public Employees Retirement System (KPERS). A group of 18 professional associations representing a broad range of KPERS membership, formed the Kansas Coalition of Public Retirees. While interested in all components of the KPERS retirement system, the Coalition overwhelmingly agreed that securing periodic adjustment in the level of retirement benefits would be the most beneficial to all KPERS retirees. The initial group of 18 associations has now grown to 43 organizations. Coalition membership consists of retirees formerly employed by State, Local and School units of government. This brief report is prepared by members of the Kansas Coalition of Public Retirees.

### INSIDE THIS REPORT

**KPERS Benefits are in need of an increase.** The general KPERS retired population desperately needs an upward adjustment in benefits. Even the most casual observer would agree that the cost of goods and services continues to rise and therefore periodic adjustment in retirement benefits is necessary. The KPERS retirement system needs adequate review to increase benefits when necessary.

**Inflation hits hard at purchasing power.** The level of inflation in the United States is usually measured by change in the Consumer Price Index, (CPI). The level of change in the CPI differs from year-to-year but has increased steadily since 1998, the year of the last KPERS benefit adjustment. In fact, the CPI index has grown by more than **47.0** percent since 1998. The significant growth in CPI translates into a dramatic loss of purchasing power by the KPERS retiree. Comprehensive CPI tables and graphs are included in this document as well as a means to calculate loss in purchasing power.

**KPERS retirees represent a powerful economic force in the Kansas economy.** Individuals covered by the KPERS retirement system (working and retired) have a significant impact on the Kansas economy. This paper examines the size of the KPERS workforce and how the KPERS payroll effects the Kansas economy.

**Historical KPERS increases have been eliminated.** During the long history of the KPERS program, several benefit adjustments have been made by legislation which recognized the effects of inflation and the need to adjust benefits accordingly. Some adjustments have taken the form of a cost-of-living increase while others offered a bonus. A complete history of these adjustments is contained in the report.

### CONCLUSION

The Kansas Coalition of Public Retirees believes an upward adjustment in benefits is long overdue and is desperately needed by the KPERS retiree. The membership believes a compelling case for an increase is contained in this paper. The Coalition also strongly supports continuation of the current Defined Benefit form of benefit calculation.

## **Members of the Kansas Coalition of Public Retirees**

AARP (American Association of Retired Persons)  
Association of Department of Education Employees  
Association of Retired City of Topeka Employees  
Association of Retired Highway Employees  
Association of Retired Insurance Department Employees  
Association of Retired KPERS Employees  
    dba AFT-Kansas (American Federation of Teachers-Kansas)  
Fraternal Order of Police (Topeka Chapter)  
HERO (Health and Environment Retirees Organization)  
Johnson County Association of Retired School Personnel (JCARSP)  
KAEOP (Kansas Association of Educational Office Professionals)  
Kansas AFL-CIO  
Kansas Association of Chiefs of Police  
Kansas Association of Community Colleges  
Kansas Association of Counties  
Kansas Association of District Court Clerks & Administrators  
Kansas Association of School Boards  
Kansas City, KS Retired Fire & Police  
Kansas Correctional Officers Association  
Kansas Counties and District Attorneys Association  
Kansas Department of Labor Retirees  
Kansas District Judges Association  
Kansas District Magistrate Judges Association  
Kansas Peace Officers Association  
Kansas Retiree's/Kansas Retired  
Kansas Sheriff's Association  
Kansas State Fraternal Order of Police  
Kansas State High School Activities Association  
Kansas State Troopers Association  
KAPE (Kansas Association of Public Employees)  
KARSP (Kansas Association of Retired School Personnel)  
Keeping the Kansas Promise (KKP)  
KNEA  
KNEA Retired  
KOSE (Kansas Organization of State Employees)  
KSCFF (Kansas State Council of Fire Fighters)  
Leavenworth Area Retired School Personnel  
Olathe District Schools Retired Employees Association  
SEAK (State Employees Association of Kansas)  
Teamsters Local 696  
United Teachers of Wichita  
USA of KS (United School Administrators)  
Working Kansas Alliance

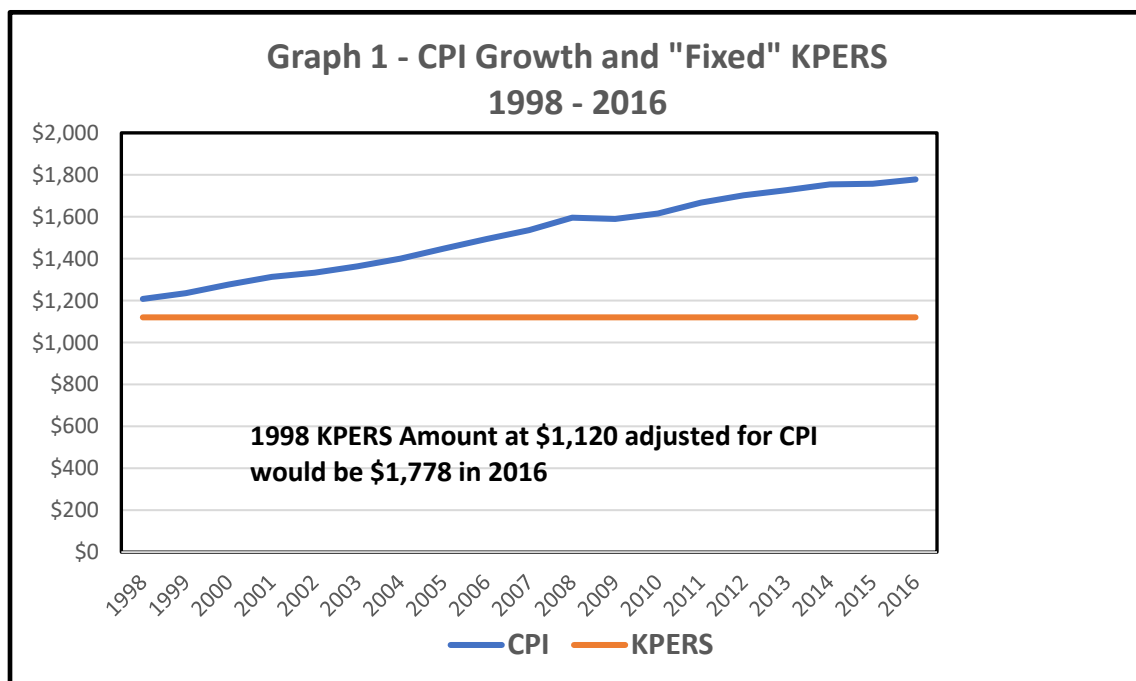
***“Even low inflation, over time, will significantly reduce the real value of all retirement benefits.”***

### **Changes in the Cost-of-Living and a fixed KPERS Benefit.**

Increases in the daily cost of living have a dramatic effect on KPERS retirees when no corresponding adjustment in benefits is granted. When an individual first retires, the increasing cost of goods and services can usually be met by using personal savings to limit the effects of inflation. However, as time goes on, the long-term retiree finds it increasingly difficult to meet the continued rise in the cost of everyday living and this is usually at a time in their life when they are least able to have other opportunities to augment their income.

Consider the example of an Administrative Assistant who retired in 1998. In this example the retiree benefit represents perhaps 50 percent of final salary (\$1,120). As the graph illustrates however, as time passes, the effects of inflation dramatically reduces the “effective benefit” of the retiree. For this reason, a KPERS COLA adjustment is needed.

### **KPERS Retirement Benefits for Administrative Assistant Retired in 1998**





***“One in every 6 working Kansans is employed by State or Local Government. KPERS members are your neighbors.”***

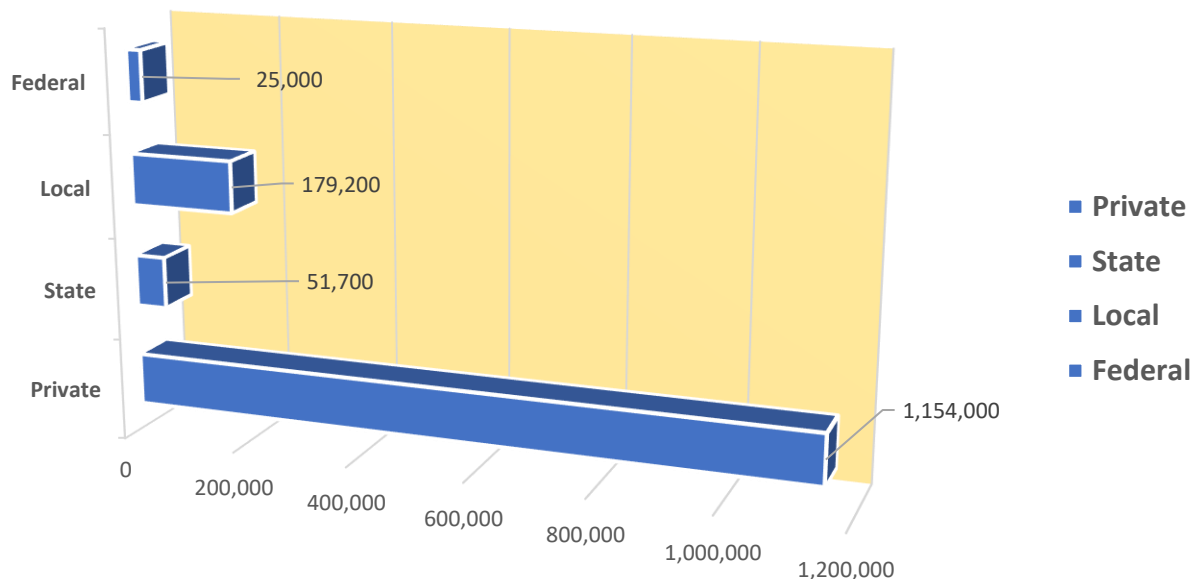
**The impact of KPERS retirees on the Kansas Economy 2016**

KPERS Public employment represents a significant economic force in the Kansas Economy. State and local employment represents nearly 17 percent of statewide employment. Law enforcement, firefighters, judges, school teachers and state employees are employed to administer the complex system of laws, ordinances and programs. Most of these workers are covered by KPERS. Federal workers are not covered by KPERS.

**Table 1**  
**Kansas Nonfarm Wage and Salary Employment (annual average 2016)**

Item	Employment	Percent
<b>Total all employment</b>	<b>1,409,900</b>	<b>100.00</b>
<b>Private</b>	<b>1,154,000</b>	<b>81.8</b>
<b>Government</b>	<b>255,900</b>	<b>18.2</b>
State	51,700	3.7
Local	179,200	12.7
Federal	25,000	1.8

**Graph 2 - Kansas Employment, Private and Government, CY 2016**



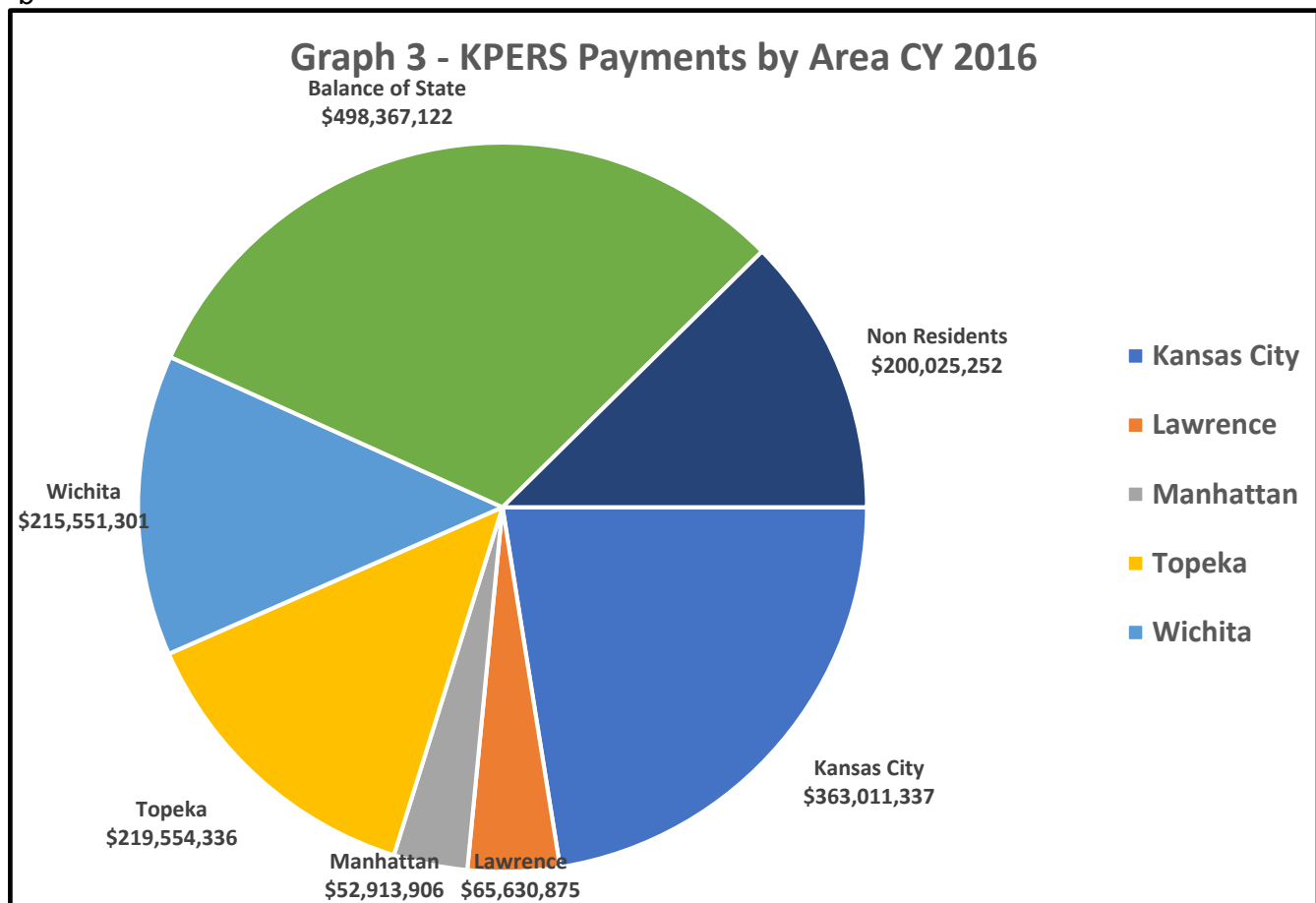
***“Ninety percent (90 %) of all KPERS payments remain in Kansas”***

**Table 2 – KPERS Payments by Area CY 2015**

<b>Total all payments</b>	<b>\$1,615,054,130</b>
<b>Kansas Residents</b>	<b>\$1,415,028,878</b>
<b>Non-Residents</b>	<b>\$200,025,252</b>

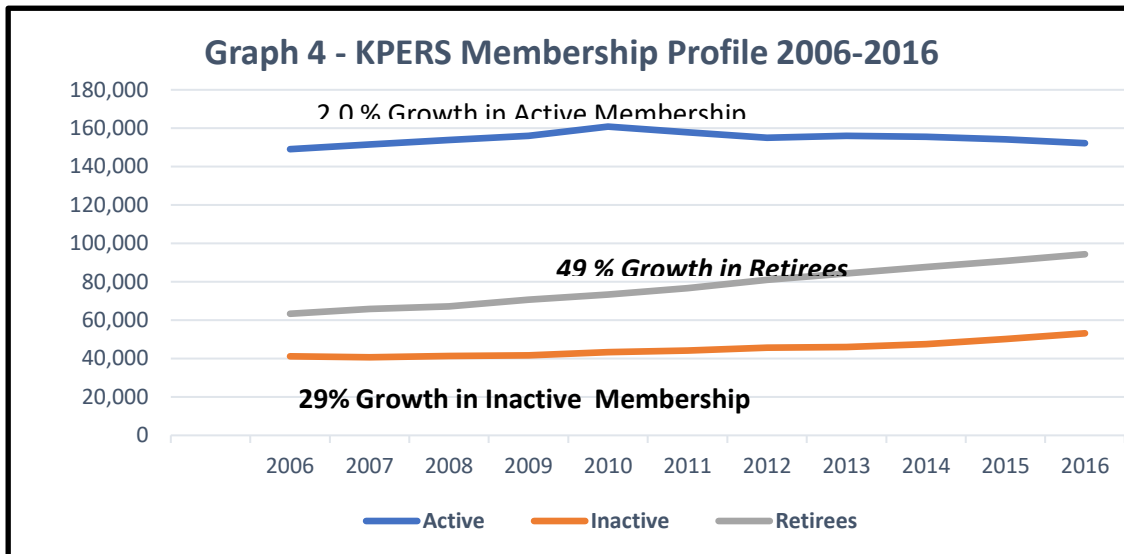
<b>Area</b>	<b>Amount</b>
Kansas City	\$363,011,337
Lawrence	\$65,630,875
Manhattan	\$52,913,906
Topeka	\$219,554,336
Wichita	\$215,551,301
Balance of State	\$498,376,122

b



***“KPERS retirees are the largest single block of workers (and voters) in Kansas”***

***KPERS Retirees grew by nearly 50 % in last 10 years***



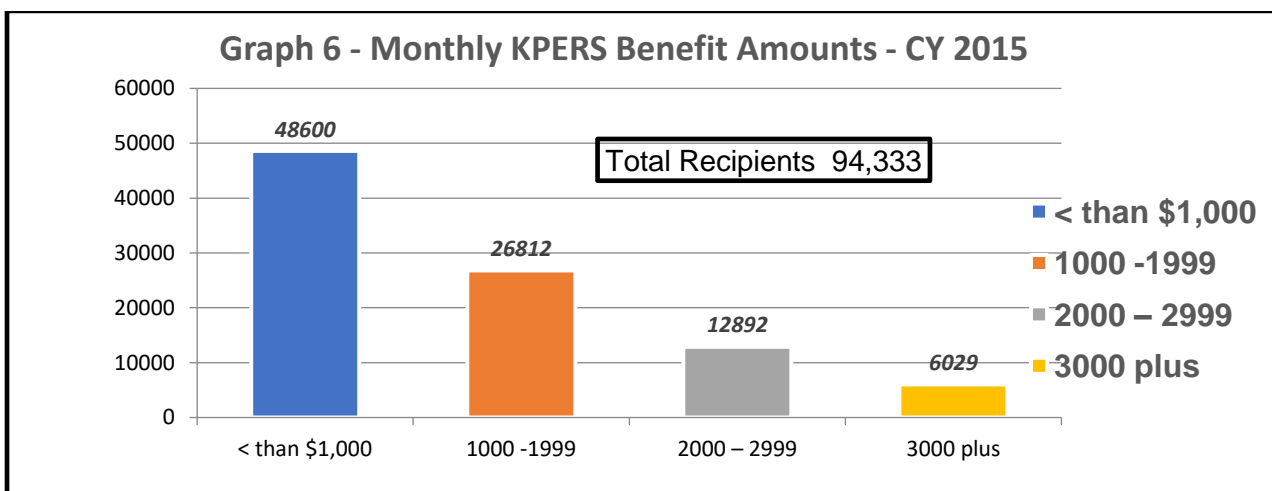
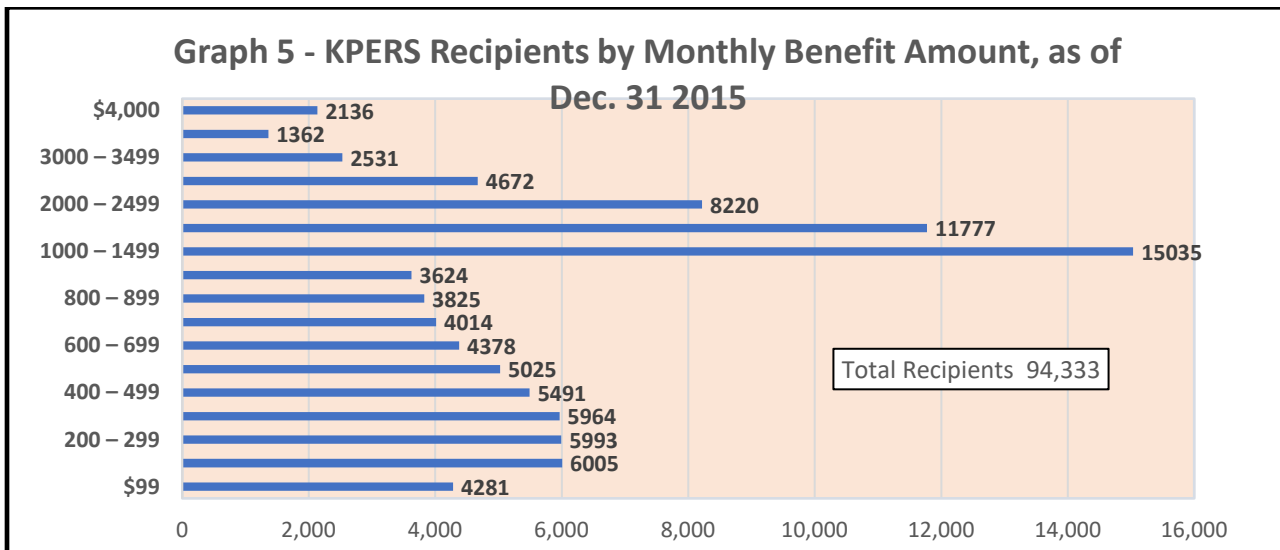
	Number	Amount
KPERS Retirees (End of year 2015)	94,333	\$1,615,054,130

**Table 3 – Number of KPERS Recipients by Membership Category**

Year	Active	Inactive	Retirees
2006	149,073	41,232	63,348
2007	151,449	40,672	65,765
2008	153,804	41,383	67,102
2009	156,073	41,749	70,724
2010	160,831	43,324	73,339
2011	157,919	44,231	76,744
2012	155,054	45,678	81,025
2013	156,053	45,969	84,318
2014	155,446	47,484	87,670
2015	154,203	50,255	90,907
2016	152,175	53,159	94,333

***“Nearly 30% of KPERS retirees receive less than \$500 in monthly payments and 50% receive less than \$1,000 in monthly KPERS benefits”***

***“No retiree is getting wealthy from KPERS”***



# KPERS Benefit Payments by County CY 2016 and 2015

County	CY 2016	CY 2015	Per Cent Change
<b>Total Payments</b>	<b>\$1,615,054,130</b>	<b>\$1,565,425,696</b>	<b>3.2</b>
Kansas Residents	\$1,415,028,878	\$1,376,872,982	<b>2.8</b>
Non-Residents	\$ 200,025,252	\$188,552,714	<b>6.1</b>
 Total Counties	 <b>1,415,028,878</b>	 <b>1,376,872,982</b>	 <b>2.8</b>
Allen	\$8,247,418.19	\$7,891,293.70	4.5
Anderson	\$4,893,406.15	\$4,684,134.86	4.5
Atchison	\$7,958,829.95	\$7,977,187.89	-0.2
Barber	\$2,750,496.61	\$2,674,777.19	2.8
Barton	\$12,761,557.09	\$12,026,890.36	6.1
Bourbon	\$7,579,632.05	\$7,543,525.85	0.5
Brown	\$5,496,372.50	\$5,023,645.84	9.4
Butler	\$29,594,061.01	\$28,933,007.46	2.3
Chase	\$2,046,275.39	\$1,834,492.70	11.5
Chautauqua	\$1,375,030.49	\$1,394,923.77	-1.4
Cherokee	\$8,918,031.72	\$8,254,855.14	8.0
Cheyenne	\$1,570,803.42	\$1,498,011.96	4.9
Clark	\$1,275,962.73	\$1,277,635.84	<b>-0.1</b>
Clay	\$4,631,561.31	\$4,586,353.91	1.0
Cloud	\$5,265,295.82	\$4,977,228.39	5.8
Coffey	\$5,494,787.51	\$6,023,204.83	-8.8
Comanche	\$1,466,777.02	\$1,274,121.41	15.1
Cowley	\$24,701,719.67	\$22,551,663.26	9.5
Crawford	\$21,343,819.55	\$21,223,952.10	0.6
Decatur	\$1,657,111.45	\$1,801,833.67	-8.0
Dickinson	\$10,746,697.04	\$10,548,416.64	1.9
Doniphan	\$3,462,010.02	\$3,162,196.24	9.5
Douglas	\$65,630,875.43	\$61,265,539.74	7.1
Edwards	\$1,899,706.76	\$1,839,711.46	3.3
Elk	\$1,640,717.86	\$1,993,786.09	-17.7
Ellis	\$18,720,928.69	\$17,283,472.51	8.3
Ellsworth	\$4,326,460.14	\$4,698,604.85	-7.9
Finney	\$11,748,854.23	\$11,174,040.62	5.1
Ford	\$11,494,016.43	\$10,380,425.38	10.7
Franklin	\$13,473,277.55	\$13,982,849.74	-3.6

County	CY 2016	CY 2015	Percent Change
Geary	\$10,135,703.39	\$10,954,810.09	-7.5
Gove	\$1,711,997.27	\$1,649,705.66	3.8
Graham	\$2,345,442.48	\$2,275,764.78	3.1
Grant	\$2,821,333.74	\$2,735,840.40	3.1
Gray	\$2,641,794.35	\$2,119,010.12	24.7
Greeley	\$586,756.46	\$534,000.67	9.9
Greenwood	\$4,225,076.14	\$4,261,473.19	-0.9
Hamilton	\$1,163,581.86	\$1,285,065.07	-9.5
Harper	\$3,871,559.66	\$3,711,549.94	4.3
Harvey	\$18,717,193.61	\$18,547,874.61	0.9
Haskell	\$1,351,524.05	\$1,416,385.50	-4.6
Hodgeman	\$970,060.04	\$1,114,832.83	-13.0
Jackson	\$9,666,656.05	\$10,086,692.70	-4.2
Jefferson	\$14,027,592.31	\$13,450,749.74	4.3
Jewell	\$2,019,966.48	\$1,954,190.18	3.4
Johnson	\$217,803,416.57	\$208,868,709.96	4.3
Kearny	\$1,937,714.71	\$2,120,841.73	-8.6
Kingman	\$3,951,660.95	\$3,794,063.97	4.2
Kiowa	\$1,328,356.13	\$1,326,537.63	0.1
Labette	\$13,691,177.78	\$13,119,268.49	4.4
Lane	\$958,946.82	\$940,696.05	1.9
Leavenworth	\$32,451,754.19	\$33,570,117.03	-3.3
Lincoln	\$1,911,826.34	\$1,871,712.32	2.1
Linn	\$5,341,981.82	\$5,329,640.48	0.2
Logan	\$2,475,634.26	\$2,176,304.20	13.8
Lyon	\$21,382,423.87	\$21,150,451.68	1.1
Marion	\$5,583,434.36	\$5,816,593.37	-4.0
Marshall	\$4,668,588.74	\$5,197,474.09	-10.2
McPherson	\$15,526,093.51	\$15,023,187.32	3.3
Meade	\$2,663,602.15	\$2,520,173.57	5.7
Miami	\$17,702,370.14	\$17,348,654.05	2.0
Mitchell	\$4,890,808.54	\$4,575,057.72	6.9
Montgomery	\$17,074,188.85	\$17,619,396.76	-3.1
Morris	\$4,069,931.78	\$3,730,352.89	9.1
Morton	\$1,266,663.94	\$1,591,394.27	-20.4
Nemaha	\$4,845,830.18	\$4,848,211.69	0.0
Neosho	\$11,270,831.55	\$11,580,234.82	-2.7
Ness	\$1,956,106.89	\$1,723,637.02	13.5
Norton	\$4,983,808.05	\$5,168,236.18	-3.6
Osage	\$12,519,905.45	\$12,412,767.81	0.9
Osborne	\$1,990,724.28	\$2,019,119.17	-1.4
Ottawa	\$3,324,885.25	\$3,753,241.43	-11.4
Pawnee	\$8,824,769.86	\$8,488,551.54	4.0
Phillips	\$3,442,900.29	\$3,346,806.94	2.9
Pottawatomie	\$11,581,073.35	\$12,115,536.03	-4.4

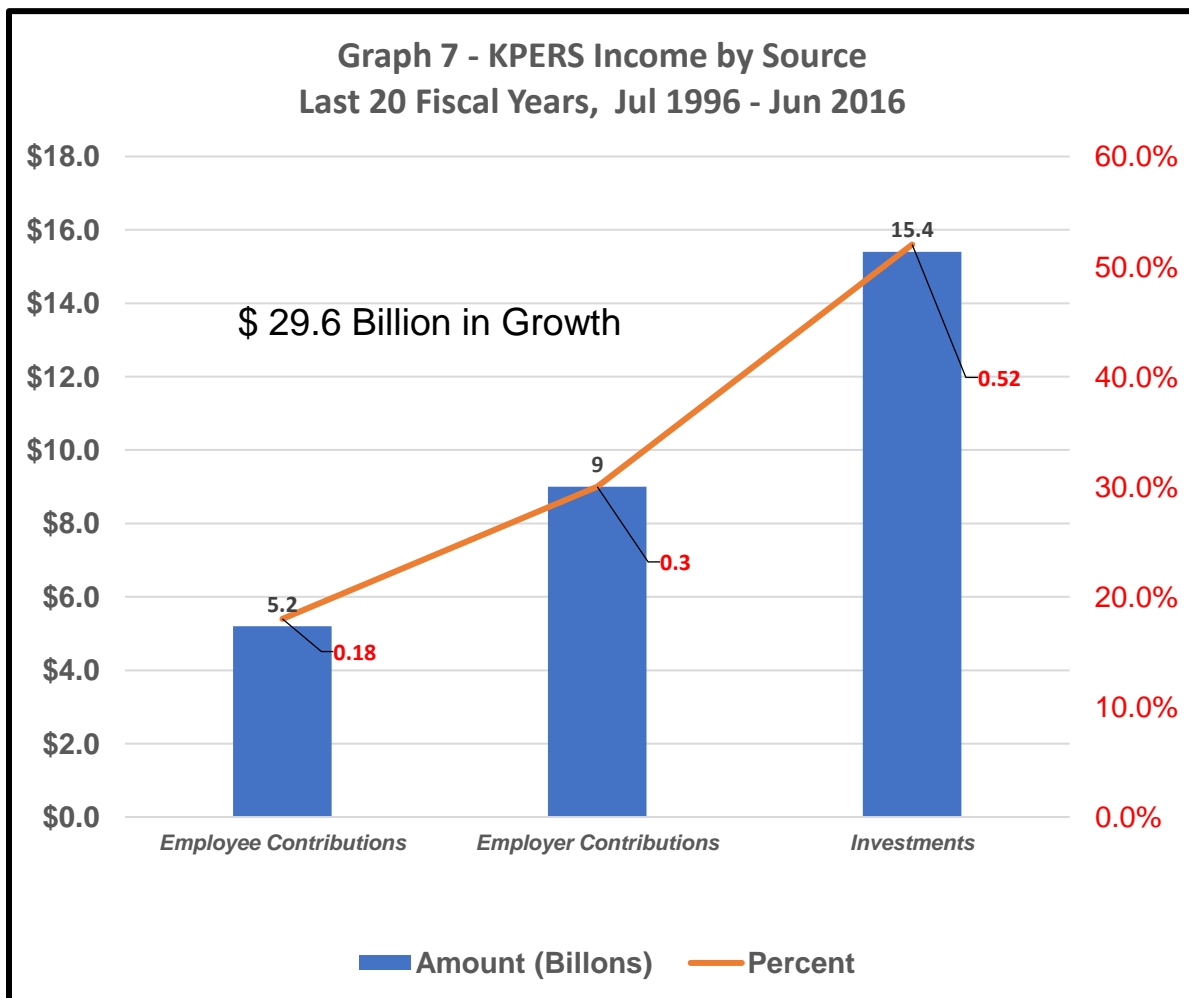
<b>County</b>	<b>CY 2016</b>	<b>CY 2015</b>	<b>Change</b>
Pratt	\$7,081,092.58	\$7,407,255.48	-4.4
Rawlins	\$1,704,533.75	\$1,508,334.38	13.0
Reno	\$39,108,150.34	\$36,910,995.76	6.0
Republic	\$3,930,091.55	\$3,611,693.63	8.8
Rice	\$5,190,793.80	\$4,950,288.50	4.9
Riley	\$31,197,129.45	\$30,686,494.13	1.7
Rooks	\$3,170,961.17	\$3,072,400.21	3.2
Rush	\$2,106,547.21	\$1,918,352.42	9.8
Russell	\$4,375,901.74	\$4,100,353.50	6.7
Saline	\$30,222,017.92	\$28,623,771.94	5.6
Scott	\$2,078,628.18	\$2,070,125.95	0.4
Sedgwick	\$152,598,049.08	\$146,979,286.45	3.8
Seward	\$6,238,333.35	\$5,804,535.62	7.5
Shawnee	\$178,010,268.00	\$174,529,657.78	2.0
Sheridan	\$1,360,707.73	\$1,405,798.26	-3.2
Sherman	\$3,148,000.02	\$3,076,080.14	2.3
Smith	\$2,304,455.89	\$2,172,533.39	6.1
Stafford	\$2,698,208.41	\$2,618,728.82	3.0
Stanton	\$961,880.29	\$1,213,629.89	-20.7
Stevens	\$2,383,816.53	\$2,000,658.74	19.2
Sumner	\$14,641,996.90	\$15,001,908.19	-2.4
Thomas	\$3,896,774.19	\$4,012,211.89	-2.9
Trego	\$1,796,770.05	\$1,685,991.93	6.6
Wabaunsee	\$5,329,914.48	\$5,325,149.14	0.1
Wallace	\$941,434.44	\$663,692.23	41.8
Washington	\$3,521,150.94	\$3,170,234.79	11.1
Wichita	\$697,733.52	\$869,936.95	-19.8
Wilson	\$6,391,357.06	\$5,055,923.41	26.4
Woodson	\$1,853,499.83	\$1,832,981.96	1.1
Wyandotte	\$76,238,537.00	\$75,567,277.55	0.9

## Tracking KPERS Fund Performance

***“During the last 20 State Fiscal Years the KPERS fund has seen income growth of \$29,605,000,000. Most income growth (52.0 %) is from investments, a result of prudent and successful KPERS fund management practices. Employers contributions accounted for 30 % and the employee contribution represents the remaining 18% in growth”***

***“It should be noted that income derived from a 2016 \$1.0 B bond issuance is included in employer contributions.***

***“Unfortunately, the growth could have been significantly stronger had the State of Kansas honored their commitment and made contributions at statutorily recommended levels.”***



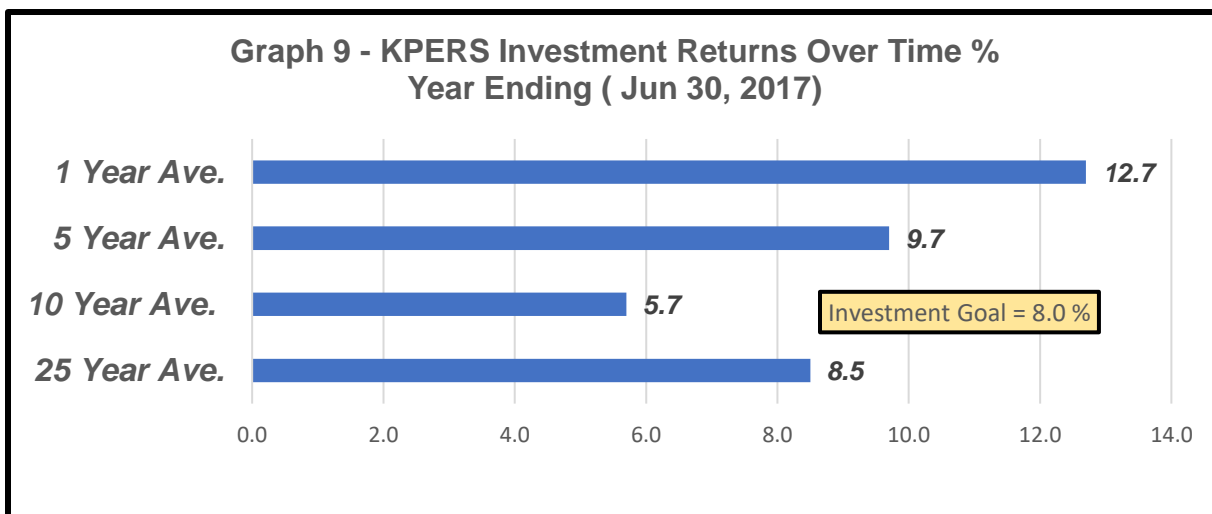
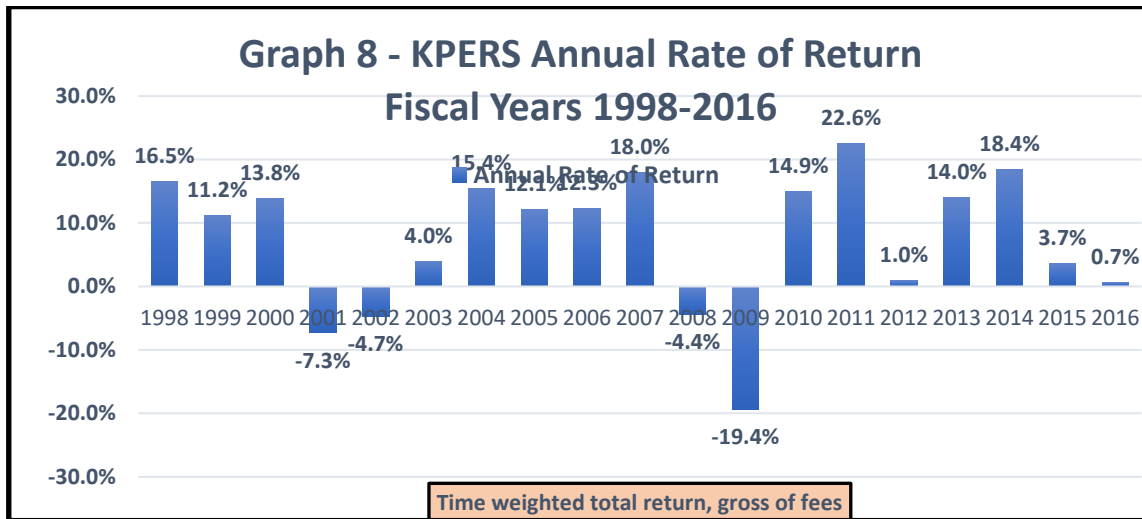


## ***KPERS fund success has not been shared with retirees!!***

***“KPERS retirees are not participating in the financial success of the KPERS fund. While above average returns have consistently been recorded, that success has not been shared with retirees.”***

Recent Total Fund Returns are displayed in Graph 8 below. Reading from the 2016 KPERS Annual Report Investment section, page 57 it states.

***“For the 25 - year period ending June 30, 2016, the System’s assets have produced an average return of 8.5 percent. The expected return assumption is 8.0 percent.”***



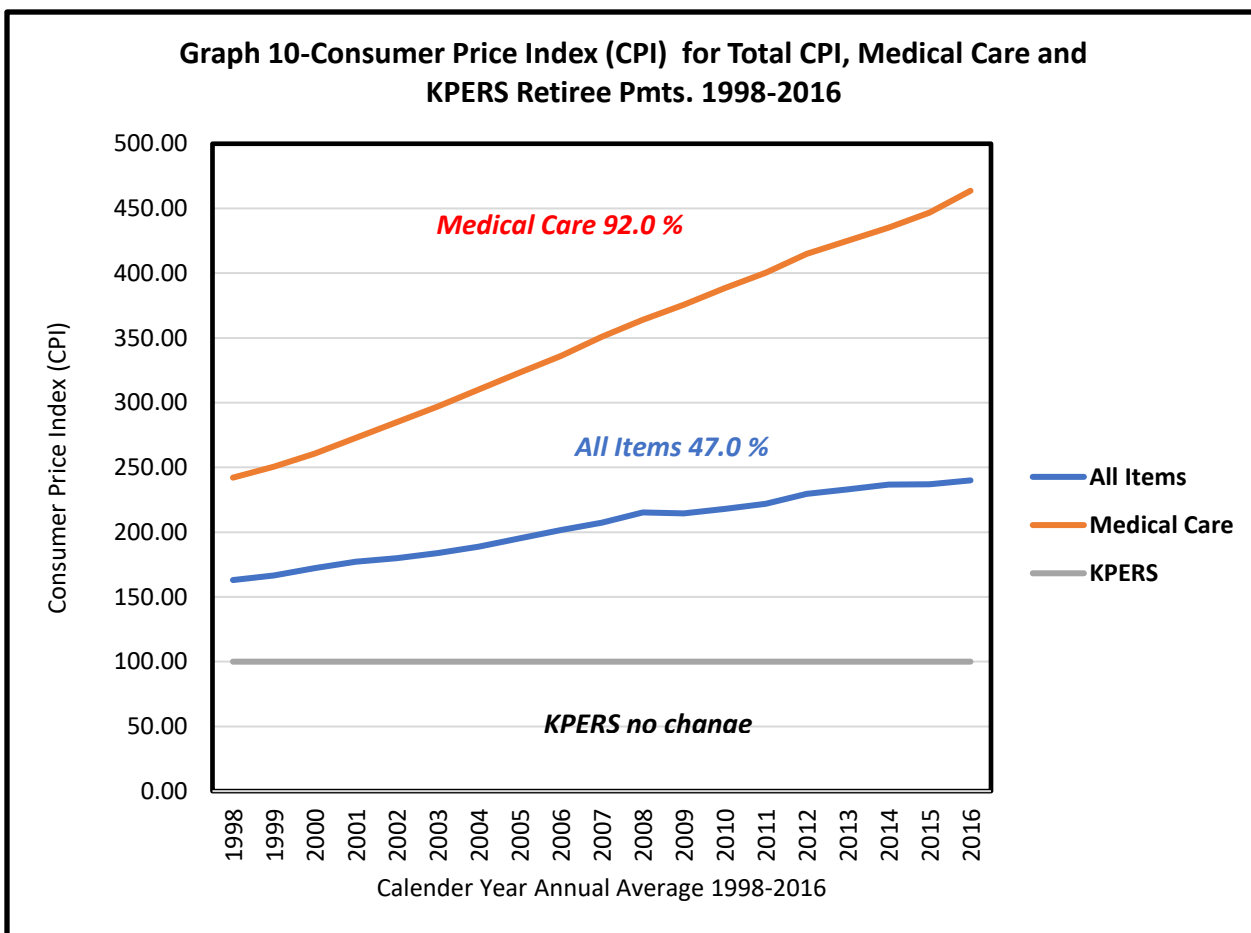
***“We ask, if no COLA with this record then WHEN??”***

## Special costs and Considerations affecting All Seniors.

***“Most KPERS retirees face significant additional expenses at retirement, yet income remains fixed and no provision for even the smallest Cost-Of-Living adjustment in the last 20 years”.  
.....NONE!!***

Retirees including KPERS participants, face increased and uncontrollable costs for **Medical Expenses** as the years pass. And of course, the largest users of **Medical Services** are seniors. For many years the Kansas Legislature acknowledged these trends with a small but very welcome COLA. **And yet, the KPERS fund remained solvent.**

Consider the graph below which illustrates the rising Consumer Price Index (CPI) for medical services. In this example the CPI increase during 1998-2016 for all items is 47.0 percent. However, during that same period the increase for **Medical Care** was roughly double the cost of all goods and services at a staggering **92.0 percent**.

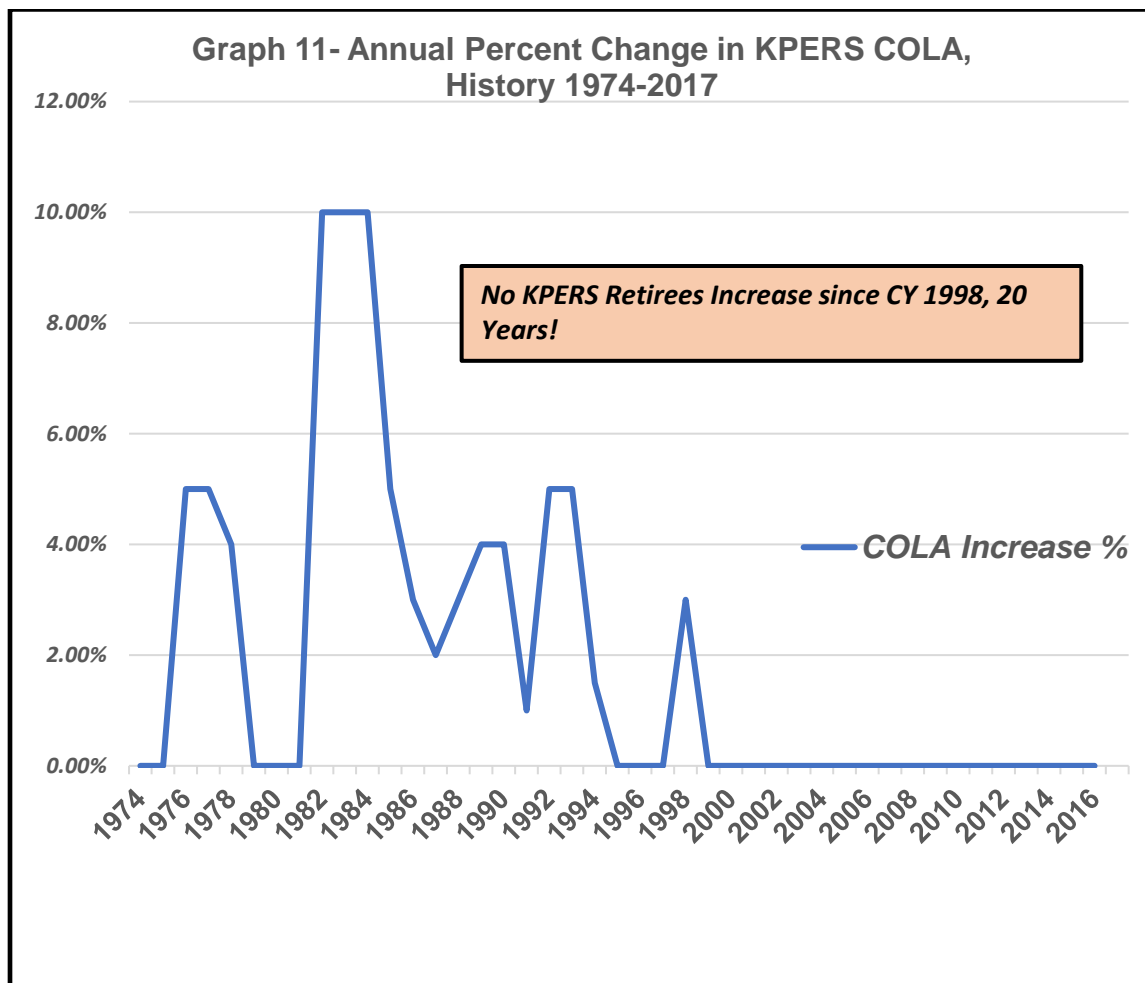


***Simply stated, the average price of an item at \$100.00 in 1998 has now risen to \$147.00 in 2016. On the other hand, the cost of Medical Care in 1998 at \$100.00 is now a staggering \$192.00. And, Medical Care continues to rise at about 4.0% each year with no reduction or limit sight!***

## Other KPERS Cost Considerations

***“Many, but not all, KPERS retirees are covered by the Social Security Act and as such may receive some level of defined benefit from SSA at retirement. Yet, some KPERS retirees have no protection from the Social Security Program and must rely totally on KPERS retirement as a retirement income source.”***

Both the U. S. Social Security Act and KPERS are *defined benefit retirement programs*. However, the SSA recognizes the need for periodic COLA adjustments to keep pace with inflation. KPERS does not. During the early 1980’s unusually high rates of inflation were recorded and SSA payments were adjusted accordingly. In recent years annual inflation rates, while low, continue to threaten the long-time KPERS retiree.



A history of KPERS COLA increases is shown in graph 10. And at one time the COLA increases, while usually less than those of the SSA, did at least acknowledge that such adjustments were in the best interest of the KPERS employer, employee, retiree and the State of Kansas. The COLA was also useful in attracting talented and qualified employees. Usually legislation was considered during each Kansas Legislature to provide such an adjustment. However, no such increase has now been enacted since 1998.

## **Changes Made to KPERS by 2012 Legislature**

The 2012 session of the Kansas Legislature passed a bill to establish Tier 3 within the Kansas Public Employees Retirement System (KPERS). Tier 3 is a Cash Balance plan for new hires beginning on January 1, 2015. This plan is a type of defined benefit plan which includes some elements of a defined contribution plan. Each member will pay 6 percent of his/her salary into an account, while the employer makes a quarterly payment based on the member's years of service. The account earns interest and will be annuitized at the employee's retirement for a guaranteed lifetime benefit.

Under the current defined benefit plan, most KPERS retirees receive about 50 percent of their salary in retirement benefits. According to KPERS staff, it is estimated that a retiree under the new Cash Balance plan will receive 34-43 percent of their salary as a retirement benefit. The Coalition believes that this will have a significant negative impact on future retirees and recommends that no further changes to the detriment of employees be made to the system.

The positive element of the new legislation is that employers are to begin paying a higher contribution rate into the KPERS system. Since the inception of the KPERS system, employee contributions were set by statute at 4 percent of pay. Beginning in FY 2009, that amount was raised to 6 percent of pay. Employer contributions during this period of time were 'capped' by statute; however, the 2012 legislation removed the cap and specified larger amounts which are to be contributed by employers.

## Public Retirement Plan Benefit Adjustments in the Other States

This discussion centers on State employee retirement plans in other states. Because most states recognize that inflation reduces purchasing power, the overwhelming majority of states provide some means to adjust retirement benefits to take account of inflation. Some plans provide automatic increases based on a fixed percentage or tied to changes in the Consumer Price Index, CPI. Other state plans base adjustments on excess earnings or some combination of these factors. Some increases are ad hoc and periodic.

The National Association of State Retirement Administrators reviewed 126 public retirement plans covering all 50 states and the District of Columbia in their "2012 Public Fund Survey". Because the survey covers plans that include State employees, teachers, municipalities, local government subdivisions, local police, fire and EMS and others that KPERS may not cover, only the State plan for each State is included in the following information about the plans to provide a more equitable evaluation.

<b>Table 5</b>		
<u>Retirement Plan Adjustment Provision</u>	<u>Number</u>	<u>Percent</u>
<b>Total</b>	<b>51</b>	<b>100%</b>
Adjustments indexed to CPI	21	42.7%
Automatic percentage increase	13	25.5%
Based on investment performance or	3	5.9%
Ad Hoc increase	11	21.6%
No Increase Includes Kansas	3	5.9%

# KCPR Recommendations for a KPERS COLA Adjustment

**Summary.** This KCPR 2018 Annual Report has presented facts to support an increase in the KPERS COLA. We offer this summary citing the KCPR request. We ask that the Kansas Legislature review the following brief outline and grant a long overdue Cost-Of-Living, COLA to retirees effective July 1, 2018. ***“It is the right thing to do”!***

**KPERS is a Benefit to Kansans.** ***“The KPERS employer and taxpayer has benefited from the KPERS program”.*** To receive KPERS benefits a retiree must have made a significant investment in a Public Service career. KPERS employees and retirees are some of the most experienced employees in the Kansas labor force both public and private. At the same time, KPERS employees were historically compensated at rates well below market value. Since KPERS was established in 1962, Kansas taxpayers have received a huge benefit from a seasoned labor force at a greatly reduced cost. In turn, the KPERS retirement system was designed to provide a minimum level of income protection in retirement years. Moreover, an implied contract with the KPERS employee partially protected the retiree from inflation by providing some COLA increases during retirement. And since the inception of KPERS (1962), a total of 19 COLA adjustments were provided. ***“That is, up until 1998 when the last COLA was granted.”***

**KPERS is shared funding.** ***“KPERS retirees paid significant amounts into a shared retirement system”.*** As designed, the employee and the employer were to make systematic payments to the KPERS fund. Historical contributions to KPERS between employer and employee have been about equal (about 30% and 20% respectively). However, most real KPERS fund growth from 1996-2016 has come from investment earnings. Professional fund management and keen investment practices are largely responsible for the favorable growth. (graph 7, page 13). Given this outstanding history it is reasonable for the KPERS employee to expect at least some participation. Retirees expect a periodic COLA. ***“All KPERS employees have paid every dollar owed to KPERS. The State of Kansas has not! The reckless denial of a COLA for 20 years (1998-2017) while earning enormous gains represents a serious breach of fiscal and moral responsibility!”***

**A KPERS COLA is in order.** ***“The failure to grant a periodic COLA to retirees is beyond unreasonable.”*** No one has more interest in the success of KPERS fund than the retiree! A twenty-year history shows that the long-term earnings of KPERS have exceeded all expectations. (graphs 8 and 9 pp 14). At the same time the retiree has witnessed continued delays and even diversion of required KPERS employer payments. In addition, the State of Kansas has not paid at the legally established rate for 20 years. In some cases, employer payments have even failed to be made. ***“This is a legal breach of duty and the purposeful misdirection of an intended tax to supplement other departments of Kansas Government. It is time to grant a COLA in support of KPERS retirees”!*** ***KPERS retirees are weary of the continued denials and Legislative excuses for the lack of a COLA!***

## HISTORY OF KPERS BENEFIT INCREASES (1974-2016)

2016	No benefit increase	1996	No benefit increase. Effective August 20, 1996 \$4,000 death benefit became taxable.
2015	No benefit increase		
2014	No benefit increase	1995	No benefit increase
2013	No benefit increase		
2012	No benefit increase		
2011	No benefit increase	1994	An increase of the higher of either 1.5%; or a combination of \$.50 for each year of service and \$50 for each year of retirement. Applies to those who retired before July 1, 1993.
2010	No benefit increase	1993	Increase of 5% or \$10, whichever is greater, to retired members with fewer than 15 years of service. Increase of 15% or \$50, whichever is greater, to a maximum of \$200, to retired members with 15 or more years of credited service. Retired death benefit increased to \$4,000 from \$2,500.
2009	No benefit increase		
2008	\$300 one-time payment for all retirees who retired on or before July 1, 1998, with 10 or more years of service.		
2007	\$300 one-time payment for all retirees who retired prior to July 1, 1997, with 10 or more years of service.	1992	Increase of \$15 for those who retired prior to July 1, 1991 (included disability recipients)
2006	No benefit increase		
2005	No benefit increase	1991	Increase of 1% or \$10, whichever is greater, for those who retired prior to July 1, 1990 (Included disability recipients)
2004	No benefit increase	1990	Increase of 4% for those who retired prior to July 1, 1989.
2003	Annual Retirant Dividend Payment (13 <sup>th</sup> Check) made permanent for retirees who retired prior to July 2, 1987.	1989	Increase of 4% to those who retired prior to July 1, 1988.
2002	No benefit increase	1988	Increase of 3% to those who retired prior to January 1, 1987
2001	KSRS recipients with 20 years of service will have their benefit increased to \$500 effective July 1, 2001 <b>(approximately 66 Members)</b> . Retired members may name funeral homes as a beneficiary for the \$4,000 death benefit.		
2000	One-time benefit to be paid in September equal to 50% of the retirement benefit payment to those who retired prior to July 1, 1999. Any federal withholding will be ½ of the tax table amount of the full benefit amount.		
1999	No benefit increase		
1998	Increase of 3% for those who retired prior to July 1, 1997. Increase of \$100 to those who retired prior to January 1, 1971 who have at least 25 years of service, and 3% will be added to this.		
1997	No benefit increase		

### ***HISTORY OF BENEFITS cont.***

- 1987 Increase of 2% to those who retired prior to January 1, 1986. Death benefit increased from \$2,000 to \$2,500 for deaths after July 1, 1987.
- 1986 Increase of 3% to those who retired prior to January 1, 1985. Retired death benefit increases to \$2,000 for those who died after July 1, 1986.
- 1985 Increase of 5% to those who retired prior to July 1, 1984. Death benefit increased from \$1,000 to \$1,500 for those who died after July 1, 1985.
- 1984 Increase of 10% to those who retired prior to July 1, 1981. Made permanent the 10% increase established in 1982.
- 1983 BMs-10% increase to retired members who retired prior to July 1, 1981, and a 50% increase in the savings annuity portion. Death benefit increased to \$1,000 for deaths after July 1, 1983.
- 1982 Increase of 10% to those who retired prior to July 1, 1981, payable through 1987. July 1, 1982 pop-up option was established. If a spouse died prior to the 7-1-82 date, there is no pop-up.
- 1981 No benefit increase
- 1980 Thirteenth check increase equal to regular monthly benefit for those who retired prior to 1987 – July 1, 1980, and before July 1 in each subsequent year, to be paid annually through 1987.
- 1979 No benefit increase
- 1978 Permanent increase for all who retired prior to January 1, 1977, as follows:  
Those who retired prior to January 1, 1973 - 7.34%  
1973 - 5.5%  
1974 - 4.4%  
1975 - 2.2%  
1976 - 1.1%
- 1977 Same provision as the 1976 legislation.
- 1976 Thirteenth check – one-time additional payment for those retired prior to January 1, 1975, equal to 5% of total annual retirement benefit. In no event shall the additional benefit be less than \$20 or more than \$200.
- 1975 No benefit increase
- 1974 No benefit increase



## GLOSSARY

**Active Member** - An employee with a participating employer who is currently employed in a KPERS-covered position. All members become active members immediately.

**Cash Balance Plan – (KPERS 3)** – A retirement plan that is a type of defined benefit plan that includes some elements of a defined contribution plan and shares risk between employer and employee. A member makes contributions to his or her account. Employer credits and interest are also added to this account. Employer credits represent dollars instead of years of service. At retirement, the account balance is annuitized and funded from the KPERS trust to create a lifetime monthly benefit. Unlike other benefit plans at KPERS, cash-balance plan benefits are based on the account balance, not a formula. KPERS 3 members are those who were hired January 1, 2015 and after.

**Consumer Price Index (CPI)** – An index of the variation in prices paid by typical consumers for retail goods and services.

**Cost of Living Adjustment (COLA)** – An increase in monthly pension benefits given at the direction of the Legislature in an effort to help benefits keep pace with inflation. No KPERS retirement plan includes an automatic COLA.

**Defined Benefit Plan** – A retirement plan (like **KPERS 1 and 2**) that bases retirement benefits on a formula including age, years of service and final average salary. Benefits are guaranteed. KPERS 1 members were hired before July 1, 2009. KPERS 2 members were hired July 1, 2009 to December 31, 2014.

**Defined Contribution Plan** – A retirement plan (unlike KPERS, like a 401K) that bases retirement income entirely on the performance of investment choices selected by the member.

**Inactive Member** - A member who is no longer employed with a KPERS-affiliated employer, but chose to leave his or her contributions with the Retirement System when he or she ended employment.

**Retiree/Retirant:** The member, once employed by a KPERS participating agency, who has retired and currently receives a monthly benefit.

**COLA** – Cost of Living Adjustment

**CPI** – Consumer Price Index

**CY** – Calendar Year

**DB** – Defined Benefit

**DC** – Defined Contribution

**MSA** – Metropolitan Statistical Area

**SFY** – State Fiscal Year



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**Kansas Coalition of Public Retirees**

[www.ksretirees.org](http://www.ksretirees.org)