



# Update

Dear Friends,

September 11, 2024

*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)*

Remember:

*When you talk to people about Rally Day, remember, "You are promoting the event and their attendance, you are not just announcing the event!"*

**The next meeting of KCPR will be held on Wednesday, October 9th, via Zoom.**

**Please note that this meeting has been changed BACK TO the normal 2<sup>nd</sup> Wednesday date.**

## **KCPR September 11, 2024, UPDATE**

Some of our discussions and actions at today's meeting were as follows:

- I.** We continue working hard to develop the concept for a KPERS Benefit increase that we can submit as a bill. This process is very tricky because:
  - A. Any relatively high cost will in this case not be a negotiation starting point, it will be an absolute nonstarter.
  - B. We know the legislature will want to address the older retirees as well as everyone.
- II.** KCPR has been in touch with the Governor's staff, encouraging them to support our efforts and place a KPERS Benefit increase in her budget.
- III.** At the end of September, we have invited groups that have indicated support for our issues to join us so that we can have their input on a strategy they might be using that we haven't thought of.
  - A. If we somehow missed your group or you have organized a new one and are interested in attending, please let me know at my address information below.
- IV. The KCPR Rally Day at the Capitol has been confirmed: It WILL BE, Wednesday, February 12, 2025.**
- V.** You will find the General Election Candidate list on the KCPR Website, [www.ksretirees.org](http://www.ksretirees.org). It is the first listing under 'Special Notes.' PLEASE BE REMINDED, this election is the last time we have a chance to elect State Senators for four more years!
- VI. Here is the rationale you need to be aware of when you speak with the candidates of those who have already won a position.**

## KPERS RAISE/CORRECTION RATIONALE

The overall great concern for all the KPERS retirees simply stated is this: If the Federal Government does not fix social security, a retirement benefit enhancement for Tier I & II isn't provided, and Tier III changed or improved, the Kansas Public Employees are going to face financial crisis at retirement.

The annual average salary of a KPERS employee is \$50,992.00, (51% less than this salary) and the average benefit is \$16,803.00. KPERS members who are enrolled in Tier III are paying 50% more in employee contributions than the present retirees and could well receive 50% of the present average benefit listed above.

Another suggested resolution to these personal financial problems is that KPERS employees need to invest on their own. We would argue that many cannot afford that luxury. Note the average annual income listed above.

Of the 50 states, 25 have discussed what to do about the above. Kansas is not one of these. With approximately 88% of retirees who remain in Kansas after retirement, if the above-suggested circumstances come to pass, the state will end up supporting retirees in future dollars. Today's dollars are invested and then become future dollars as indicated in 1, A below.

***With the average retirement age of KPERS retirees being 73.3 years, we do not have another 30 years to wait for a benefit increase!***

1. The last permanent KPERS benefit was enacted by the legislature in 1998. This was a 3% annual base increase.
  - A. Since 1998 the cost of living has changed considerably.  
What \$100.00 would buy in 1998, \$198.00 is required today.
  - B. The time since the last benefit increase is nearing 30 years.
  - C. The committee that was established to determine the pay raise for the legislature used as a rationale of need, the fact that the legislature had not had a raise since 2008. (17 years)
2. The most oft used explanation for authorizing a permanent benefit increase or to 'fix' Tier III is the high cost. It should be noted that the 'cost' used in this explanation/excuse is due to underfunding.
3. The UAL (Unfunded Actuarial Liability) is the amount used to support the above rationale. (Present UAL is \$9,686 Billion)
  - A. The UAL is the amount of funds needed to fund the promised benefits at a 100% level. [All things considered.]
  - B. The Kansas Statutes require this calculation to be performed annually.
4. An additional used explanation/excuse is the funding level of the KPERS Trust Fund.
  - A. The figure that has been 'bandied' about in the legislature for this amount needs to be 80%. (Present level of funding is 74%)
  - B. The decidedly large UAL has two causes.
    - a. When the original Kansas Teachers Retirement System was rolled into KPERS by the legislature (1971), they broke their own requirements by not fully funding it at the time. (Attempts were made to rectify this short funding but were discontinued before the fund was made whole.)

- b. The year 2025 marks only the 5<sup>th</sup> time that the actuarially calculated amount was contributed by the state legislature. Before this 'contribution correction', the KPERS Trust Fund had been funded at a 'statutory rate'. This was a percentage established by the legislature and this pattern of underfunding was carried on for 25 years. [1994-2019 – The 'statutory rate' was established by K.S.A. 74-4920(8)]
- c. KPERS estimates that if all the contributions had been made at the actuarial level, the UAL would be reduced by at least one-half and the funding level of KPERS would exceed 80%.

### **Personal Thought**

- A. It is essential that we elect folks who support a KPERS Benefit increase. Since the legislature is going to receive this large raise, we must do everything possible to receive a benefit increase because the legislative raise provides us with the leverage we have not previously enjoyed!
- B. If you need someone to talk to your group because you would like more information, let me know. KCPR can provide someone to talk to your group.
- C. Since the legislature is getting a sizable raise, ask the candidates if they would consider helping you get one!

Have a Wonderful Week!!!!

Ernie Claudel, KCPR & KARSP Lobbyist  
[eclaudel1@comcast.net](mailto:eclaudel1@comcast.net)  
913-481-6923