



Update

Dear Friends,

April 14, 2021

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 AM. Unless further Legislative action would suggest another additional meeting, the next meeting will be regularly scheduled on Wednesday, May 12, 2021. If you are interested in being involved in this way, please let me know and I will make sure you are included!

Summary of action taken at the April meeting.

Numerous items were discussed and implemented:

1. "The current KPERS Board position (Representing KPERS School) held by Ernie Claudel will be a contested election. We have attached responses provided by the candidates. The KPERS Board election for 'KPERS School' will be held throughout the month of April. The other elected KPERS Board position is presently held by Ryan Trader, an Olathe Firefighter. He is running unopposed.
2. There have been incidents that have come to light that should be noted:
 - A. If you choose to vote for the KPERS Board on-line, you need to be aware of the following:
 - a. If you have never signed on or logged on to the KPERS website (which many of us have never done), you will need to call the info line 888-275-5737 so that they can authorize your access so you can sign on. If you fill out the info first requested, you will be rejected and will need to start over with your sign in, so get authorization first.
 - b. The same applies if you had a password set up etc., and you have not used the site *in a year*, you will have to start over. See A above. (At last check, this procedure is not listed on the KPERS website.)
3. If you received a call suggesting that you check on your phone vote, that means you will need to call the info line 888-275-5737 and revote. There was a coding error and those who voted by phone early on will need to vote again. If you got the call, your vote was not recorded. *If you did NOT get that call or voice mail, your vote **was** recorded!!*
4. The following bills, regarding KPERS have passed the House and are headed to the Senate. We believe they are likely to pass.
 - a. *HB 2243 — Adjusting the frequency of the KPERS actuarial experience study.*
 - b. *HB 2063 — Providing certain KP&F tier II spousal and children's benefits for death resulting from a service-connected disability.*
 - c. *HB 2064 — Making DROP elections revocable and allowing DROP members who first elected a DROP period of less than five years to extend such DROP period.*
 - d. *Update-HB2405 was amended in conference committee. The results, which the Governor is likely to sign, is another Bond Issue for \$500 Million (Reduced from \$1 Billion) to be used to reduce the Unfunded Actuarial Liability in the KPERS*

trust fund. The legislation calls for these bonds to be purchased if that can be done for 4.3% or less. It appears unless something totally unexpected happens with the economy, the rate is very possible.

5. KCPR has established a committee to begin plans for aggressively working toward a COLA. We are doing this because we believe if we put together a plan for you and the Steering Committee, we all "WILL" the plan. There is hope!!
6. During the debate on the \$500 Million Bond, the idea of a DC (Defined Contribution – 401K) was floated once again. Please be sure and read the section below entitled "Beware of the Following".
7. KCPR is once again sending a weekly Email Blast to the legislature. These are available for your viewing on our updated website, www.ksretirees.org, under **2021 House and Senate COLA Information**.

Suggested Readings

We would like to draw your attention to three items on our website (ks.retirees.org).

We suggest you read the following:

Under **Special Notes**:

1. COLA Requests & Actions by KCPR in 2021.
This entry brings you up to date on KCPR attempts to get a COLA over several years.
2. TIER III Explanation and Chart 2021
This entry explains the concern over the pension program that new employees are under in KPERS and KPERS School. This is becoming a real concern because, to everyone's surprise, the number of active employees in TIER III has reached nearly a third of the active KPERS members.
3. **2021 House and Senate COLA Information**
This section contains the 'Email Blasts' which have been sent to the Legislators this year. These articles are usually a one-page written explanation and sometimes include easy to read charts. They are worth reviewing because they detail the financial reason, we need a benefit increase. There are countless talking points within the entries.

Be aware of the following:

- A. There are still those who are convinced we should have a DC program.
As discussed at length in previous Updates, research tells us that a change to DC would not only be more expensive but would cause the UAL to soar!
- B. There are still those who would like to privatize the retirement system. There are no apparent takers (companies) on this, primarily because of the high UAL.
- C. There are those who think they have no obligation to fund KPERS. This number has candidly been reduced over time. KCPR takes some credit for this improved understanding.
- D. There is at least one who has stated that he believes KPERS is a Ponzi scheme.

- E. We do not know whether the repeated actions of the Legislature are caused by Ignorance, Arrogance, Malice, or that they just plain do not care much about public employees.

**Suggested Rebuttal for COLA or Funding Push Back
(This is a reprint. All information is factually correct.)**

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 no 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

Please get vaccinated and wear your mask!
You are all very valuable to me!!

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