



# Update

Dear Friends,

May 12, 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! Unless further Legislative action would suggest another additional meeting, the next meeting will be regularly scheduled on July 14<sup>th</sup>, at 10:00 AM. AT THIS TIME, WE ARE NOT PLANNING A STEERING COMMITTEE MEETING FOR JUNE, HOWEVER, THE COLA COMMITTEE WILL BE MEETING. If you are interested in being involved in this way, please let me know and I will make sure you are included! We will make determination between today and July whether to begin in person meetings again, continue with ZOOM, or a combo of both. We will give you plenty of warning of any change from a ZOOM only meeting.

## Summary of action taken at the May meeting.

We discussed legislative outcomes. There will be a one more legislative day, the so called 'Sine Di' in late May. That will officially end the legislative year. While the following four points have been repeated with some regularity, they are facts that must not be forgotten. You must be familiar with them!

1. KPERS is not a *Ponzi Scheme!* It is an IRS approved retirement system.
2. KPERS is not like Social Security! There are three money sources necessary to fund KPERS.
  - A. Employer Contribution. (State & School funding receive this funding from Kansas Legislature.)
  - B. Employee Contribution. (Recently raised from the traditional 4% contribution to 6% for those still working.) No employee has ever missed a contribution!
  - C. Investment income on A & B.
3. If properly funded, retirement systems (even those which contain a COLA) work effectively. This is very important because even some well-meaning citizens do not understand this fact.
4. The primary cause of the KPERS Unfunded Actuarial Liability (UAL) is the fact that KPERS has been previously underfunded for 25 years by the Kansas Legislature.

This information is so important that it would be wise to have a contest with prizes to ensure that peers know these facts by heart. Additionally, be sure that your members and friends know the name of their Kansas Legislators.

## Suggested Readings (REPRINT)

We would like to draw your attention to three items on our website ([ks.retirees.org](http://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.

#### **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](http://www.ksretirees.org)

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

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