

Kansas Coalition of Public Retirees



RE-AMORTIZATION REBUTTAL

By re-amortizing the KPERS UAL (Unfunded Actuarial Liability) over an additional 10 years the following would be the result:

1. While initial employer annual contribution would be reduced, the additional long-term expense to the State would be an increase of \$4.6 Billion.
2. As we all know, amortization is a means to gradually reduce an obligation through periodic payments such as a mortgage. A newly proposed KPERS re-amortization plan would extend the current plan by ten additional years.
3. In addition to re-amortization of the Unfunded Actuarial Liability, some layering of cost payments enacted by the KPERS Board would be eliminated.
4. HB2399, if enacted, would again create underfunding of KPERS. In our view, this would be extremely undesirable.
5. If legislation is passed to enact the above suggestions, the legislature would in effect override the policies enacted by the KPERS Board, for which the KPERS Board has been previously given responsibility by the Legislature.
6. This action would move the projected 80% funding date from 2029 to 2036.
7. Even with the level of funding reached, according to KPERS, the Trust Fund is... "*Not yet in a solid funding position!*" The very minimum funding goal needs to be 80% on the way to 100% funding.
8. So before launching into a new re-amortization plan, it is worth remembering we already have a re-amortization plan in place. That plan was initiated in 1993. It was set to run for 40 years with the goal of eliminating the underfunded actuarial liability (UAL) by 2033 if no other legislation was enacted.
9. The KPERS Actuary has stated that this policy is counterproductive to the long-term health of KPERS. It has been suggested that if the annual cost were reduced, the probability of it being paid would be increased. Statistics indicate this assumption is incorrect. The shorter the payoff time, not the annual amount, are better indicators for chances of payment.

KCPR CO-CHAIRS Contact Information

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

Dennis Phillips
djpiaff83@yahoo.com
785-554-3442