



TALKING POINTS

(Updated March 3, 2021)

1. The legislature determines KPERS benefits and funding. Additionally, the legislature also defines vesting, employee and employer contributions, benefit formula, service credit and retirement eligibility.
2. **Kansas has earned the dubious honor of neglecting its retirees longer than any state with a statewide pension plan.**
3. The Kansas legislature **does** have a history of awarding COLAs. KPERS, as we know it today, was established in 1962. Between 1971 and 1997 the legislature and the governor authorized 16 COLAs and at least 5 bonuses.
4. Since that time, the Cost of Living has increased 54% through CY 2018. Various components within the CPI have increased even more dramatically and are listed. The Consumer Price Index is a "Market Basket price of goods and services:" as measured monthly; and the source of that information is the U.S. Department of Labor, Bureau of Labor Statistics, BLS.
 - a. Gasoline – 162%
 - b. Food – 48%
 - b. Housing – 61%
 - c. TV Providers – 91%
 - d. Physicians - 65%
 - e. Medical Service – 109%
 - f. Hospital Costs – 216%
5. 50% of KPERS retirees receive less than \$1,000 in monthly benefits. An average monthly benefit provided by KPERS is \$1,296 or \$15,555 annually.
6. After 25 years (1994) the Legislature finally authorized the actuarial recommended annual payment for 2019.
7. Presently KPERS is 70% funded. Legislative short funding over the past 25 years has amounted to a KPERS trust fund shortfall of approximately \$9 Billion.
8. If it had not been for bond money issued in 2004 (\$440 Million) and 2015 (\$1 Billion), plus a 2% increase in employee contributions, the funded ratio would be even less than 67%.

OTHER IMPORTANT INFORMATION

1. **KPERS originated in 1962 and merged with the Kansas Teacher's Retirement System in 1971. (The statutes require that any organization joining KPERS must be fully funded. The legislature made the decision to join the two programs, and subsequently contributed an additional \$10 Million a year to fully fund the Kansas Teacher's Retirement System portion of KPERS from 1971-1982, at which time they stopped the "extra" contribution.) (This action has led to our comments that KPERS School has been underfunded two times in the past and now is another underfunding about to begin?)**

2. The underfunding has become such a concern, that two times the Legislature and Governor have authorized a bond issue to address the UAL (Unfunded Actuarial Liability).
 - a. BOND ISSUE # 1. "In February 2004, the State of Kansas issued \$500 Million in pension obligation bonds, and KPERS received net proceeds of \$440.2 Million in March of 2004. The proceeds have been invested to assist with financing the State and School group's unfunded actuarial liability. The debt service on the bonds will be paid by the State of Kansas in addition to the State's regular employer contribution."
 - b. BOND ISSUE # 2. Again in 2015 underfunding became such a concern that the Legislature approved the issue of \$1 Billion in revenue bonds. The cost of the bonds is required to be paid by the General Fund, not the KPERS Trust Fund.
3. Suggested Rebuttal for COLA or Funding Push Back: (All information is factually correct.)
 - A. 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:
 - a. 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.
 - b. 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.
 - c. 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.
 - d. *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!
 - e. Approximately 87% of KPERS retirees still reside in Kansas.
 - f. As of July 1, 2020, it was 23 years without a COLA. As of July 1, 2021, the time without a COLA will extend to 24 years.
 - g. All U.S. retirement systems are approved by the IRS; therefore, the KPERS retirement system is NOT a Ponzi scheme!

A Reminder/Suggestion

We are also including the following link <http://www.openkansas.org>. Anyone clicking on this link can enter their address (on the home page even!!! ☺) and get a list of the State and Federal elected representatives.

KCPR CO-CHAIRS Contact Information

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

Dennis Phillips
djpiatt83@yahoo.com
785-554-3442