Actuarial Section

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

4

Safeguarding
the financial future
of our members

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November 14, 2006

Board of Trustees
Kansas Public Employees Retirement System
611 S. Kansas Ave., Suite 100
Topeka, KS 66603

Dear Members of the Board:

At your request, we completed an actuarial valuation of the Kansas Public Employees Retirement System as of December 31, 2005, for determining contributions for fiscal year 2009 for the State and 2008 for Local employers. The major findings of the valuation are contained in this report. The report reflects a change in the retirement assumption for Judges. There was no other change in the actuarial assumptions or methods from the prior valuation. There was only one minor change in the benefit provisions. Both the assumption and benefit change are discussed on page 62 of the report. All the information and the supporting schedules found on pages 62 to 93 of the Actuarial Section have been provided by Milliman, Inc. We also provided the information used in the supporting schedules in the *Schedules of Funding Progress* in the Financial Section as well as the employer contribution rates shown in the *Schedule of Employer Contributions* in the Financial Section.

In preparing our report, we relied, without audit, on information (some oral and some written) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Actuarial Standards of Practice promulgated by the Actuarial Standards Board (ASB) and the applicable Guides to Professional Conduct, amplifying Opinions, and supporting recommendations of the American Academy of Actuaries.

We hereby further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are internally consistent, individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in this actuarial section.

November 14, 2006
Page 2

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the report have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statements No. 25 and 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work product was prepared exclusively for KPERS for a specific and limited purpose. It is a complex, technical analysis that assumes a high level of knowledge concerning KPERS' operations, and uses KPERS' data, which Milliman has not audited. It is not for the use or benefit of any third party for any purpose. Any third recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

We would like to express our appreciation to Glenn Deck, Executive Director of the System, and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

I, Patrice A. Beckham F.S.A., am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I, Brent A. Banister F.S.A., am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

MILLIMAN, Inc.

Sincerely,

Patrice Beckham

Patrice A. Beckham, F.S.A.
Consulting Actuary

Brent A. Banister

Brent A. Banister, F.S.A.
Actuary

Actuarial Valuation Overview

The Kansas Public Employees Retirement System is an umbrella organization which administers the following three statewide pension groups: the Kansas Public Employees Retirement System (KPERS), the Kansas Police and Firemen's Retirement System (KP&F) and the Kansas Retirement System for Judges (Judges). This report presents the results of the December 31, 2005, actuarial valuations for each of the Systems.

The primary purposes of performing actuarial valuations are to:

- Determine the employer contribution rates required to fund each System on an actuarial basis.
- Determine the statutory employer contribution rates for each System.
- Disclose asset and liability measures as of the valuation date.
- Determine the experience of the System since the last valuation date.
- Analyze and report on trends in System contributions, assets, and liabilities over the past several years.

This report reflects one change in the actuarial assumptions. The retirement assumption for the Judges group was changed from a single age to a set of retirement rates.

The 2006 Legislature passed legislation containing the following provisions which impacted KPERS:

- Increases the minimum monthly retirement benefit for former members of the Kansas School Retirement System (KSRS) who retired before January 1, 1971, with at least 20 years of service, from $500 to $625 effective July 1, 2006 and to $750 effective July 1, 2007. The Legislature appropriated $300,000 to offset the increase in the unfunded actuarial liability for this benefit change.
- Increases the annual earnings limitation for KPERS retirees who return to work for their former employer from $15,000 to $20,000.
- Requires that KPERS participating employers pay the actuarial employer contribution rate and statutory employee contribution rate when hiring KPERS retirees who retired from a different KPERS employer (for retirees first employed on or after July 1, 2006).
- Establishes a statutory rate cap on annual employer contribution rate increases for the KPERS correctional officer groups.

The valuation results provide a "snapshot" view of the System's financial condition on December 31, 2005. The unfunded actuarial liability for the System as a whole increased by $409 million due to various factors. A detailed analysis of the change in the unfunded actuarial liability from December 31, 2004, to December 31, 2005, is shown on page 71.

Prior actuarial valuation reports have addressed concerns about the long term funding of KPERS. KPERS' long term funding outlook has improved due to legislation, Board action and strong investment performance in the last few years. The statutory contribution rate is projected to converge with the actuarial required contribution (ARC) rate before the end of the amortization period (2033). Therefore the System is in actuarial balance over the long term *if all actuarial assumptions are met.* However, the shortfall between the actuarial and statutory contribution rates will produce increases in the UAL. As a result, the actuarial contribution rate is expected to increase until the ARC Date (defined as the date at which the actuarial and statutory contribution rates are equal) is reached.

The market value of assets is slightly higher than the actuarial value, and most of the previous investment losses have now been recognized. If the assumed 8 percent investment return is achieved in 2006, an actuarial gain on assets is expected in the December 31, 2006 valuation. This is due to the use of an asset smoothing method and the delayed reflection of market experience in the actuarial value of assets.

Contribution Rates

The System's funding objective is to establish contribution rates that over time will remain relatively level, as a percentage of payroll, and to pay off the unfunded actuarial liability by 2033. Generally, actuarial contribution rates to the various systems consist of a "normal cost" for the portion of projeced liabilities allocated by actuarial cost method to service of members during the year following the valuation date, and an "unfunded actuarial liability contribution" for the excess of the portion of projeced liabilities allocated for service to date over the actuarial value of assets on hand.

There is also a statutory contribution rate that is used to finance the Death and Disability Program. Contributions for the Death and Disability Program are deposited in a separate trust fund, from which benefits are paid. A separate actuarial analysis and report is prepared for the Death and Disability Program on June 30 of each year. Therefore, the death and disability contribution rate is not reflected in this report.

The contribution rates in the December 31, 2005, valuation will set rates for fiscal year end 2009 for the State and 2008 for Local employers.

In KPERS, State, School and Local employers do not necessarily contribute the full actuarial contribution rate. Based on legislation passed in 1993, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap, which has been changed periodically, is currently 0.60 percent for the State, School and Local groups.

A summary of actuarial and statutory employer contribution rates for the Retirement System (excluding the statutory contribution for the Death and Disability Program) follows:

December 31, 2005 Valuation

System	Actuarial	Statutory	Difference
State	7.35%	6.97%[1]	0.38%
School	11.95%	6.97%[1]	4.98%
Local	7.92%	4.91%[1]	3.01%
Police & Fire - Uniform Rates 2	13.86%	13.86%	0.00%
Judges	22.08%	22.08%	0.00%

December 31, 2004 Valuation

System	Actuarial	Statutory	Difference
State	6.99%	6.37%[1]	0.62%
School	11.47%	6.37%[1]	5.10%
Local	7.69%	4.31%[1]	3.38%
Police & Fire - Uniform Rates 2	13.32%	13.32%	0.00%
Judges	22.38%	22.38%	0.00%

1) By statute, rates are allowed to increase by a maximum of 0.60 percent plus the cost of any benefit enhancements.

2) For KP&F, the statutory contribution rate is equal to the "Uniform" rate. The rate shown is for local employers. The rate for State employers is 13.80 percent this year, which includes a payment of 0.58 percent for the debt service payment on the bonds issued for the 13th check. The uniform rate does not include the payment required to amortize the unfunded past service liability or any 15 percent excess benefit liability determined separately for each employer.

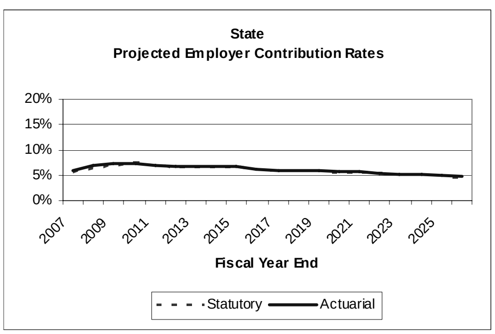
Separate employer contribution rates are calculated for two subgroups of the State. Two Correctional Employee Groups, one with normal retirement age 55 and the other with normal retirement age 60, have higher contribution rates to finance the earlier normal retirement age. Employer contribution rates for the Correctional Employee Groups are shown below:

	Actuarial	Statutory
Retirement Age 55	9.19%	7.44%
Retirement Age 60	9.04%	7.30%

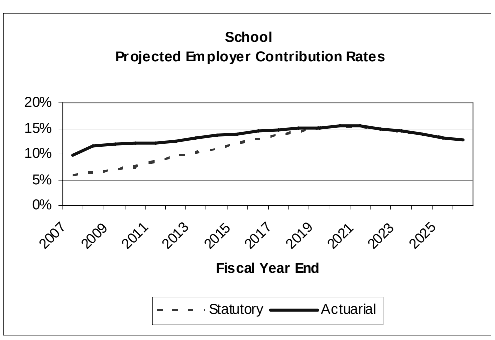
The change in the actuarial contribution rate from December 31, 2004, to December 21, 2005, and the primary components are shown in the table on page 71.

Due to statutory caps, the full actuarial contribution rate is not contributed for the State, School, and Local groups. Based on the current valuation, there is a difference (shortfall) between the actuarial and statutory contribution rates of 0.38 percent, 4.98 percent and 3.01 percent respectively for the State, School and Local groups. Assuming an 8 percent return on the market value of assets for 2006 and beyond, all other actuarial assumptions are met in the future, and the current level of statutory caps, the ARC Date (statutory and actuarial contribution rates are equal) for the State group is 2010, the School group is 2019 and the Local group is 2015.

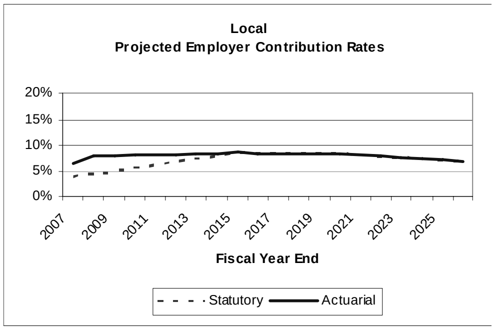
Despite a rate of return on the market value of assets of over 9 percent for 2005, there was an actuarial experience loss on the actuarial value of assets. The impact of negative experience is reflected in the unfunded actuarial liability (UAL). The result is an actuarial loss that increases the payment on the UAL. As the remainder of the net deferred investment experience is recognized in the actuarial value of assets in future years, contributions can be expected to decrease slightly, absent unfavorable experience to offset the previously unrecognized gains.



Due to the funded status of the Plan and the increase in amount of the statutory cap, the ARC Date (date at which the statutory contribution rate equals the actuarial required rate) for the State is 2010, if all actuarial assumptions are met.

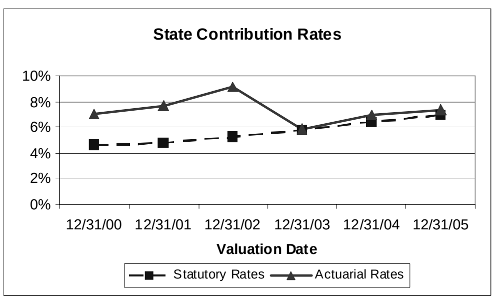


Given the significant difference between the statutory and the actuarial contribution rate, the statutory rate is expected to increase steadily before reaching the ARC Date in 2019.

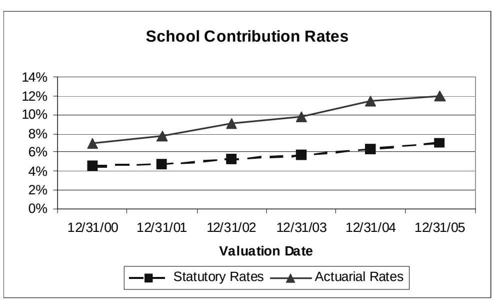


The employer contribution rate is expected to increase each year by the statutory cap for nearly a decade before it stabilizes.

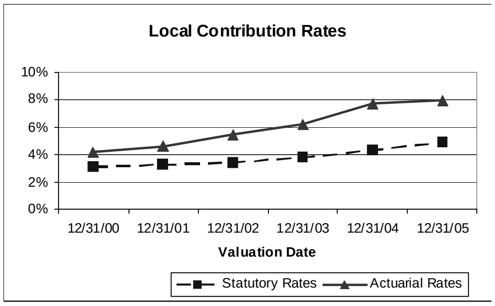
Historical contribution rates for each group are shown on the following pages. Please note that prior to the December 31, 2003, valuation, one contribution rate was developed for the State and School together as one group. Legislation passed in 2004 split the contribution rate calculations into two separate groups, although the statutory contributions are still determined on a combined basis. Significant changes in funding methods as well as a Pension Obligation Bond issue were reflected in the 2003 valuation and actuarial assumptions were changed in the 2004 valuation. These changes impact the comparability of contribution rates between various valuation dates.



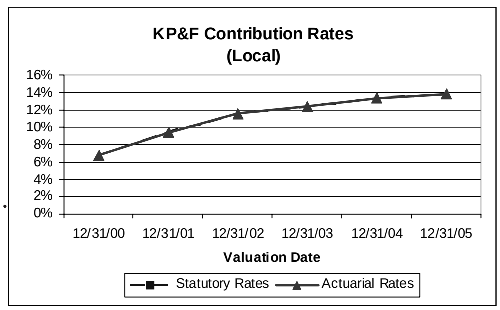
The split of the State group into a separate group with the 2003 valuation, coupled with the bond issue, lowered the actuarial contribution rate. Recognition of unfavorable investment experience in the last few years has resulted in an increase in the contribution rates.



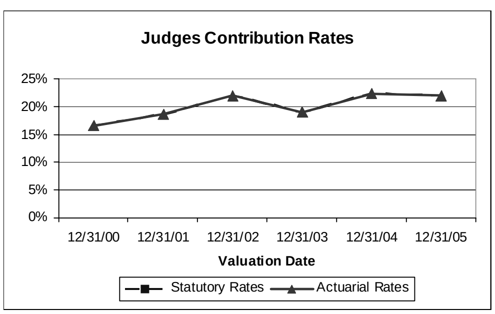
Due to investment experience, changes in actuarial methods and assumptions, and the magnitude of the difference between the actuarial and statutory contribution rates, the funded status of the School group has declined and the actuarial contribution rate has increased.



The Local contribution rate has also been impacted by investment returns on the actuarial value of assets that are below the actuarial assumption. As a result, the difference between the statutory and actuarial contribution rate has increased. Legislation passed in 2004 provided for increased statutory caps, which should allow the statutory and actuarial rates to converge, if actuarial assumptions are met in the future.



Strong investment returns before 2000 held employer contribution rates at a very low level. Investment experience since then coupled with a change in actuarial methodology has dramatically increased the contribution rates.



Significant changes in the actuarial assumptions in both the December 31, 2000 and 2004 valuations, coupled with investment experience in recent years have generally resulted in higher contribution rates.

Experience – All Systems Combined

December 31, 2004 – December 31, 2005

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is December 31, 2005. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process leads to a method of determining the contributions needed by members and employers in the future to balance the System assets and liabilities.

Changes in the Systems' assets and liabilities impacted the change in the actuarial contribution rates between the December 31, 2004, and December 31, 2005, actuarial valuations. On the following pages each component is examined and quantified.

Assets

As of December 31, 2005, the System had total funds when measured on a market value basis, of $11.9 billion, excluding receivables and assets held for the Group Insurance and Optional Life reserves. This was an increase of $0.70 billion from the December 31, 2004, figure of $11.2 billion. The components of the change in the market value of assets for the Retirement System (in millions) are set forth below.

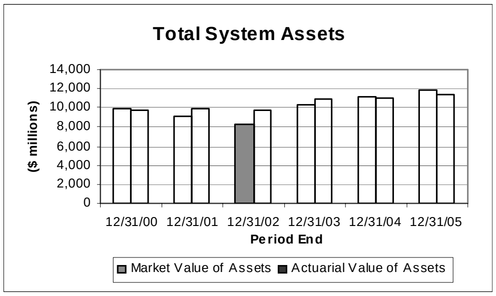
	Market Value ($ in millions)
Assets, December 31, 2004	**$11,178**
• Receivables (POB Proceeds)	0
Adjusted Assets, December 31, 2004	**11,178**
• Employer and Member Contributions	502
• Benefit Payments and Expenses	(832)
• Investment Income	1,061
Assets, December 31, 2005	**$11,909**

The market value of assets is not used directly in the calculation of contribution rates. An asset valuation method is used to smooth the effect of market fluctuations. The smoothing method calculates the difference between the actual return and the expected return (assumed rate of return) on the market value of assets each year. The difference is recognized equally over a five-year period.

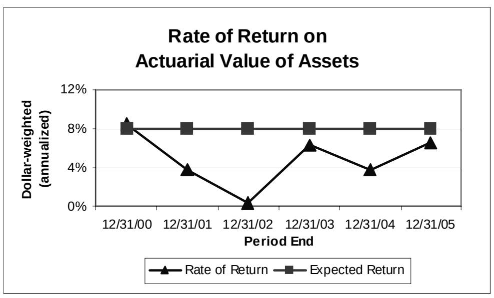
	Actuarial Value ($ in millions)
Actuarial Value of Assets, December 31, 2004	**$10,971**
• Employer and Member Contributions	502
• Benefit Payments and Expenses	(832)
• Investment Income	698
Actuarial Value of Assets, December 31, 2005	**$11,339**

The actuarial value of assets as of December 31, 2005, was $11.339 billion. The annualized dollar-weighted rate of return for 2004 measured on the actuarial value of assets was approximately 6.5 percent and measured on the market value of assets, as reported by KPERS, was 9.7 percent, net of investment and administrative expenses.

Due to the use of an asset smoothing method, there is $570 million of net deferred investment gain experience that has not yet been recognized. This deferred investment gain will gradually be reflected in the actuarial value of assets. If the actuarial assumed rate of 8 percent is met in the future, the smoothing method will generate an actuarial loss for 2005 and actuarial gains for the following four years.



Strong investment returns from 2003 to 2005 have resulted in the market value of assets exceeding the actuarial value.



The rate of return on the actuarial (smoothed) value of assets has lagged the assumed rate of 8 percent for the last five years. Absent losses in future years, rates of return are expected to be above 8 percent for the next few years as the deferred investment gains are reflected in the actuarial value of assets.

Liabilities

The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability (UAL). The unfunded actuarial liability will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, experience gains and losses, and changes in actuarial assumptions and methods will also impact the total actuarial liability (AL) and the unfunded portion thereof.

This report reflects a change in the retirement assumption for the Judges group. There are two groups of active Judges. The pre-July 1, 1987, hires (Group 1) have a higher benefit multiplier, i.e. 5 percent per year of service up to 10 and 3.5 percent thereafter with a maximum benefit of 70 percent. Those members hired after July 1, 1987, (Group 2) have a 3.5 percent per year of service multiplier with a 70 percent maximum benefit. The Judges group has historically used a single retirement age assumption (currently it is age 64). With this type of assumption, there is no dollar amount of normal cost generated in the valuation process for a member who is beyond the assumed retirement age. In the pre-1987 group, there is a large portion of this group who are now beyond age 64 and therefore have no normal cost in the valuation. In the valuation process, the dollar amount of normal cost is divided by the total expected payroll for the upcoming year to develop the normal cost rate. Since the Group 2 normal cost rate is higher than the Group 1 normal cost rate, we expect the normal cost rate for the System in total to increase as the Group 1 members retire from active employment and are replaced with members in Group 2. However, with the single retirement age assumption of age 64 and a significant portion of the group who remain employed after age 64, the calculated normal cost rate would have decreased from 18.71 percent to 18.24 percent. In order to prevent an artificial decrease in the normal cost rate in this valuation, which would negatively impact the funding of the Judges System, we recommend that the retirement assumption be changed from a single assumed retirement age to a set of retirement rates, similar to the retirement assumptions used for the other groups. Our recommended retirement assumption for the Judges is as follows:

Age	Retirement Rate
Under 62	12.5%
62	30.0%
63	25.0%
64	10.0%
65 to 69	50.0%
70 and beyond	100.0%

There was no other change in the actuarial assumptions or methods from the prior valuation. The unfunded actuarial liability by group is summarized by group below:

	State	School	Local	KP&F	Judges
Actuarial Liability	$3,045	$8,928	$2,663	$1,744	$111
Actuarial Value of Assets	2,574	5,473	1,794	1,403	94
Unfunded Actuarial Liability	$471	$3,455	$869	$341	$17

When the actuarial cost method was changed by the Legislature in 1993, the payment methodology for the unfunded actuarial liability (UAL) for all groups except the Judges System was set in statute as a level percentage of payroll over a 40 year closed period. Payments on the UAL increase four percent each year, the same as the payroll growth assumption. In the early years of the period, the payment is less than the interest accruing on the UAL. As a result, the dollar amount of UAL is expected to increase for many years before it begins to decline. In addition, with the planned difference in the statutory and actuarial contribution rates prior to convergence, the unfunded actuarial liability is expected to increase by an additional amount each year.

Other factors influencing the UAL from year to year include actual experience versus that expected based on the actuarial assumptions (both asset and liability), changes in actuarial assumptions, procedures or methods and changes in benefit provisions. The actual experience measured in this valuation is that which occurred during the prior plan year (calendar year 2005). The State and Local groups had a very small net liability gain and the School had a very small net liability loss for the year. KP&F and Judges also had liability gains for the 2005 year. There was an experience loss from investment return on the actuarial value of assets for all groups.

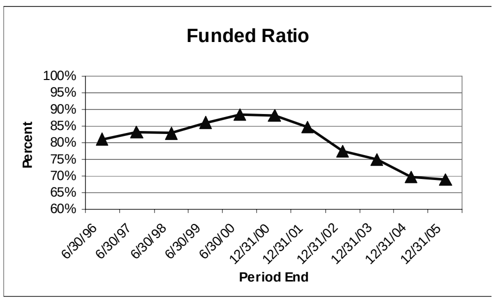
Between December 31, 2004, and December 31, 2005 the change in the unfunded actuarial liabilities for the System as a whole was as follows ($ in millions):

Unfunded Actuarial Liability, December 31, 2004	**$ 4,743**
• effect of contribution cap/time lag	247
• expected increase due to amortization method	84
• loss from investment return	167
• demographic experience*	(76)
• all other experience	(8)
• change in actuarial assumptions	(5)
• change in benefit provisions	–
Final Unfunded Actuarial Liability, December 31, 2005	**$ 5,152**

* Liability gain is about 0.46 percent of total actuarial liability.

A detailed summary of the change in the unfunded actuarial liability by System is shown on page 75. An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial liability. The change to the Entry Age Normal actuarial cost method in the 2003 valuation and the change in actuarial assumptions in the 2004 valuation both resulted in an increase in the UAL and a decrease in the funded status. The funded status information is shown below ($ in millions):

	6/30/00	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05
Funded Ratio	88.6%	88.3%	84.8%	77.6%	75.2%	69.8%	68.8%
Unfunded Actuarial Liability (UAL)	$1,233	$1,305	$1,780	$2,829	$3,586	$ 4,743	$5,152



Due to strong investment returns, the funded status of the System generally improved in the last half of the 1990s. Recent changes in actuarial assumptions and methods, coupled with low investment returns, have significantly reduced the funded ratio over the past five years.

Given the current funded status of the System, the amortization method and period, and the scheduled increases in employer contribution rates, the unfunded actuarial liability is expected to continue to grow and the funded ratio is expected to decline for many years.

In recent years, the Retirement System and the Legislature have given a high priority to the development of a comprehensive plan to address the long-term funding of KPERS. House Bill 2014, which was passed by the 2003 Legislature, increased the statutory cap on the State/School employer contribution rate from 0.20 percent to 0.40 percent in fiscal year 2006, 0.50 percent in fiscal year 2007 and 0.60 percent in fiscal year 2008 and beyond. It also authorized the issuance of up to $500 million in pension obligation bonds (POBs). The POBs were sold and proceeds of $440.2 million were received on March 10, 2004. The debt service payments on the bonds are paid by the State in addition to the regular KPERS employer contribution rate.

The 2004 Legislature passed Senate Bill 520, which continued to address issues related to the long term funding of the System. It gave the KPERS Board of Trustees the authority to establish the actuarial cost method and amortization method and period. With this authority, the Board changed both the actuarial cost method and the asset valuation method with the December 31, 2003, actuarial valuation. Senate Bill 520 also increased the statutory cap for Local employers from 0.15 percent to 0.40 percent in fiscal year 2006, 0.50 percent in fiscal year 2007 and 0.60 percent in fiscal year 2008 and beyond and also split the State/School group into separate groups for purposes of determining employer contribution rates.

The 2005 Legislature clarified the determination of KPERS State Group and School Group employer contributions by specifying that, in any year in which the State employer rate is less than the combined State/School rate, the Legislature shall appropriate a supplemental amount to the School group, equal to the difference between the State's contributions using the combined rate and contributions using the State Group rate.

Based on the December 31, 2005, actuarial valuation results and the current statutory caps, the statutory contribution rates for the State, School and Local groups are projected to converge with the actuarial required contribution (ARC) rate before the end of the amortization period. As a result, the System is in long term actuarial balance. However, these projections assume that all actuarial assumptions are met exactly in each future year. To the extent that actual experience deviates from that expected, the ARC Date (date at which the statutory and actuarial rates are expected to converge), as well as the ARC rate, will vary. In particular, due to the School group's funded status, the projected ARC Date and rate are very sensitive to changes in the unfunded actuarial liability (UAL). Unfavorable experience for this group could result in a situation where the statutory contribution rate never reaches the ARC rate. Key funding measurements should continue to be closely monitored in order to determine whether a change in the contribution cap is needed.

Summary of Change in Unfunded Actuarial Liability

December 31, 2005 Valuation ($ in millions)

	State	School	Local	KP&F	Judges	Total
UAL in 12/31/2004 Valuation Report	**$433.3**	**$3,150.9**	**$823.7**	**$312.7**	**$22.0**	**$4,742.7** (1)
Effect of contribution cap/timing	16.6	175.2	50.5	3.7	1.2	247.2
Expected increase due to method	6.8	55.6	14.4	7.8	0.2	84.4
Actual vs. Expected experience						
Investment return	50.4	70.1	17.8	26.8	1.7	166.8
Demographic experience	(35.2)	6.6	(41.7)	(3.3)	(2.4)	(76.0)
All other experience	(0.8)	(3.2)	4.2	(7.0)	(0.8)	(7.7)
Change in assumptions	0.0	0.0	0.0	0.0	(4.9)	(4.9)
Change in benefit provisions	0.0	0.0	0.0	0.0	0.0	0.0
UAL in 12/31/2005 Valuation Report	$471.1	$3,455.2	$868.9	$340.7	$16.6	$5,152.5

1) May not add due to rounding.

Summary of Changes in Actuarial Contribution Rate by System

December 31, 2005 Valuation

Percentage of Payroll	**State**	**School**	**Local**	**KP&F** (1)	**Judges**
Actuarial Contribution Rate in 12/31/2004 Valuation	6.99%	11.47%	7.69%	13.32%	22.38%
Change Due to Amortization of UAL					
Effect of contribution cap/time lag	0.12	0.38	0.24	0.06	0.45
Amortization method	0.00	0.00	0.00	0.00	(0.34)
I Investment experience	0.35	0.15	0.09	0.45	0.64
Liability experience	(0.25)	0.01	(0.20)	(0.06)	(0.90)
All other experience	0.10	(0.06)	0.09	0.04	(0.23)
Change in assumptions	0.00	0.00	0.00	0.00	(1.84)
Change in benefit provisions	0.00	0.00	0.00	0.00	0.00
Change in Normal Cost Rate	0.04	(0.01)	0.01	0.05	1.92
Actuarial Contribution Rate in 12/31/2005 Valuation	7.35%	11.95%	7.92%	13.86%	22.08%

1) Contribution rate for Local employers only.

Summary of Historical Changes in Total System UAL

December 31, 2005 Valuation ($ in millions)

	6/30/95	6/30/96	6/30/97	6/30/98	6/30/99	6/30/00	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	Total
Actual Experience vs. Assumed													
– Investment	$(143)	$(280)	$(323)	$(413)	$(369)	$(441)	$(23)	$350	$644	$140	$456	$167	$(235)
– Other	72	136	157	104	46	99	84	(9)	68	(32)	16	(84)	657
Assumption Changes	(96)	0	0	350	0	0	(206)	0	0	0	437	(5)	480
Changes in Data/Procedures	0	0	0	0	21	71	145**	5	177**	(286)***	0	0	133
Change in Cost Method	0	0	0	0	0	0	0	0	0	1,147	0	0	1,147
Effect of Contribution Cap/Lag	95	70	63	54	78	66	60	115	143	178	179	247	1,348
Amortization Method	47	38	35	32	30	22	12	14	21	47	68	84	450
Change in Benefit Provisions	0	0	0	88	0	19	0	0	37	3	1	0	148
Bond Issue	0	0	0	0	0	0	0	0	(41)	(440)	0	0	(481)
Total	**$(25)**	**$(36)**	**$(68)**	**$215**	**$(194)**	**$(164)**	**$72**	**$475**	**$1,048**	**$757**	**$1,157**	**$409**	**$3,646**

* Not calculated for this year.
** Reflects the impact of re-establishing the KP&F Supplemental Actuarial Liability at December 31, 2002. The additional unfunded actuarial liability as of December 31, 2000, for the State/School and Local groups not recognized in the prior valuation due to the phase-in of the change in actuarial procedures is included.
*** Change in asset valuation method.

Unfunded actuarial liability 6/30/93: $ 968 million
Unfunded actuarial liability 12/31/05: $ 5,152 million

Calculation of Excess (Shortfall) Investment Income for Actuarial Value of Net Assets

State Group*

	12/31/2002**	12/31/2003**	12/31/2004	12/31/2005
Market Value of Assets, beginning of year	$2,200,396,822	$1,983,632,519	$2,370,036,710	$2,553,610,968
Contributions during year	95,761,919	100,195,791	76,634,336	80,477,494
Benefits during year	(168,745,496)	(174,607,196)	(162,256,907)	(172,670,110)
Expected net investment income	173,168,565	155,771,406	186,243,922	200,672,116
Transfers and receivables	12,803,341	36,515,432	0	0
Expected Value of Assets, end of year	$2,313,385,151	$2,101,507,952	$2,470,658,061	$2,662,090,468
Market Value of Assets, end of year	1,983,632,519	2,370,036,710	2,553,610,968	2,680,153,605
Excess (shortfall) of net investment income	($329,752,632)	$268,528,758	$82,952,907	$18,063,137

* Includes asset values for the TIAA group.

** Prior to 12/31/03, assets were combined for state and school. Numbers prior to this are based on the combined amounts, split in proportion to the 12/31/03 allocation.

Calculation of Excess (Shortfall) Investment Income for Actuarial Value of Net Assets

School Group

	12/31/2002*	12/31/2003*	12/31/2004	12/31/2005
Market Value of Assets, beginning of year	$4,326,159,852	$3,899,983,529	$4,991,542,973	5,427,574,148
Contributions during year	188,275,753	196,993,109	232,136,850	247,762,716
Benefits during year	(331,767,426)	(343,292,008)	(401,994,358)	(442,053,181)
Expected net investment income	340,463,540	306,259,306	392,659,845	426,583,823
Transfers and receivables	25,172,414	403,649,568	0	0
Expected Value of Assets, end of year	$4,548,304,133	$4,463,593,504	$5,214,345,310	5,659,867,506
Market Value of Assets, end of year	3,899,983,529	4,991,542,973	5,427,574,148	5,773,541,598
Excess (shortfall) of net investment income	($648,320,604)	$527,949,469	$213,228,838	113,674,092

* Prior to 12/31/03, assets were combined for state and school. Numbers prior to this are based on the combined amounts, split in proportion to the 12/31/03 allocation.

Calculation of Excess (Shortfall) Investment Income for Actuarial Value of Net Assets

State/School Group*

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
Market Value of Assets, beginning of year	$6,526,556,674	$5,883,616,048	$7,361,579,683	$7,981,185,116
Contributions during year	284,037,672	297,188,900	308,771,186	328,240,210
Benefits during year	(500,512,922)	(517,899,204)	(564,251,265)	(614,723,291)
Expected net investment income	513,632,105	462,030,712	578,903,767	627,255,939
Transfers and receivables	37,975,755	440,165,000	0	0
Expected Value of Assets, end of year	$6,861,689,284	$6,565,101,456	$7,685,003,371	$8,321,957,974
Market Value of Assets, end of year	5,883,616,048	7,361,579,683	7,981,185,116	8,453,695,203
Excess (shortfall) of net investment income	($978,073,236)	$796,478,227	$296,181,745	$131,737,229

* Includes asset values for the TIAA group.

Calculation of Excess (Shortfall) Investment Income for Actuarial Value of Net Assets

Local Group

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
Market Value of Assets, beginning of year	$1,395,342,080	$1,297,926,648	$1,561,501,396	$1,743,287,610
Contributions during year	79,874,944	86,210,953	91,862,152	96,419,499
Benefits during year	(91,964,349)	(99,630,311)	(106,730,071)	(117,896,660)
Expected net investment income	111,153,093	103,307,684	124,336,836	138,620,449
Transfers and receivables	900,320	0	0	0
Expected Value of Assets, end of year	$1,495,306,088	$1,387,814,974	$1,670,970,313	$1,860,430,898
Market Value of Assets, end of year	1,297,926,648	1,561,501,396	1,743,287,610	1,897,431,737
Excess (shortfall) of net investment income	($197,379,440)	$173,686,422	$72,317,297	$37,000,839

Calculation of Excess (Shortfall) Investment Income for Actuarial Value of Net Assets
KP&F Group

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
Market Value of Assets, beginning of year	$1,149,732,145	$1,034,446,737	$1,232,406,980	$1,363,065,004
Contributions during year	50,858,313	51,088,147	75,287,870	71,931,377
Benefits during year	(76,751,521)	(79,934,661)	(87,682,550)	(93,936,263)
Expected net investment income	90,962,769	81,624,076	98,106,309	108,181,938
Transfers and receivables	2,707,853	0	0	0
Expected Value of Assets, end of year	$1,217,509,559	$1,087,224,299	$1,318,118,609	$1,449,242,056
Market Value of Assets, end of year	1,034,446,737	1,232,406,980	1,363,065,004	1,459,554,937
Excess (shortfall) of net investment income	($183,062,822)	$145,182,681	$44,946,395	$10,312,881

Calculation of Excess (Shortfall) Investment Income for Actuarial Value of Net Assets
Judges Group

	12/31/2002	12/31/2003	12/31/2004	12/31/2005
Market Value of Assets, beginning of year	$74,599,904	$67,137,447	$81,081,078	90,483,059
Contributions during year	3,716,116	4,123,659	5,090,779	5,729,305
Benefits during year	(5,194,517)	(5,106,275)	(5,275,093)	(5,920,730)
Expected net investment income	5,909,994	5,332,447	6,479,256	7,231,135
Transfers and receivables	171,353	0	0	0
Expected Value of Assets, end of year	$79,202,850	$71,487,278	$87,376,020	97,522,769
Market Value of Assets, end of year	67,137,447	81,081,078	90,483,059	98,126,948
Excess (shortfall) of net investment income	($12,065,403)	$9,593,800	$3,107,039	604,179

Development of Actuarial Value of Net Assets

	State/School	State	School	Local
Excess (Shortfall) of Investment Income				
12/31/05	$131,737,229	$18,063,137	$113,674,092	$37,000,839
12/31/04	296,181,745	82,952,907	213,228,838	72,317,297
12/31/03	796,478,227	268,528,758	527,949,469	173,686,422
12/31/02	(978,073,236)	(329,752,632)	(648,320,604)	(197,379,440)
Total	$246,323,965	$39,792,170	$206,531,795	$85,625,118
Deferral of Excess (Shortfall) of Investment Income				
12/31/05 (80%)	105,389,784	14,450,510	90,939,274	29,600,671
12/31/04 (60%)	177,709,047	49,771,744	127,937,303	43,390,378
12/31/03 (40%)	318,591,291	107,411,503	211,179,788	69,474,569
12/31/02 (20%)	(195,614,647)	(65,950,526)	(129,664,121)	(39,475,888)
Total	406,075,475	105,683,231	300,392,244	102,989,730
Market Value of Assets				
12/31/05	$8,453,695,203	$2,680,153,605	$5,773,561,598	$1,897,431,737
Actuarial Value of Assets				
12/31/05	$8,047,619,728	$2,574,470,374	$5,473,149,354	$1,794,442,007
Actuarial Value Divided by Market Value				
12/31/05	95.2%	96.1%	94.8%	94.6%

Development of Actuarial Value of Net Assets

	Total KPERS	KP&F	Judges	Total
Excess (Shortfall) of Investment Income				
12/31/05	$168,738,068	$10,312,881	$604,179	$179,655,128
12/31/04	368,499,042	44,946,395	3,107,039	416,552,476
12/31/03	970,164,649	145,182,681	9,593,800	1,124,941,130
12/31/02	(1,175,452,676)	(183,062,822)	(12,065,403)	(1,370,580,901)
Total	$331,949,083	$17,379,135	$1,239,615	$350,567,833
Deferral of Excess (Shortfall) of Investment Income				
12/31/05 (80%)	134,990,455	8,250,305	484,343	143,724,103
12/31/04 (60%)	221,099,425	26,967,837	1,864,223	249,931,485
12/31/03 (40%)	388,065,860	58,073,072	3,837,520	449,976,452
12/31/02 (20%)	(235,090,535)	(36,612,564)	(2,413,081)	(274,116,180)
Total	$509,065,205	$56,678,650	$3,772,005	$569,515,860
Market Value of Assets				
12/31/05	$10,351,126,940	$1,459,554,937	$98,126,948	$11,908,808,825
Actuarial Value of Assets				
12/31/05	$9,842,061,735	$1,402,876,287	$94,354,943	$11,339,292,965
Actuarial Value Divided by Market Value				
12/31/05	95.1%	96.1%	96.2%	95.2%

Summary of Principal Results

All Systems Combined

	12/31/05	12/31/04	% Change
Participant Data			
Number of			
Active Members	149,073	147,751	0.9 %
Retired Members and Beneficiaries	63,348	61,125	3.6
Inactive Members	41,426	41,456	(0.1)
Total Members	253,847	250,332	1.4
Projected Annual Salaries of Active Members	$5,270,350,727	$5,102,016,066	3.3
Annual Retirement Payments for Retired Members and Beneficiaries	$724,441,815	$678,675,133	6.7
Assets and Liabilities			
Total Actuarial Liability	$16,491,762,383	$14,439,546,270	4.9
Assets for Valuation Purposes	11,339,292,965	10,971,426,577	3.4
Unfunded Actuarial Liability	$5,152,469,418	$4,742,665,899	

Summary of Principal Results

Kansas Public Employees Retirement System, State Group

	12/31/2005	12/31/2004	% Change
Participant Data			
Number of:			
Number of			
Active Members	24,124	24,592	(1.9)%
Retired Members and Beneficiaries	14,642	14,410	1.6
Inactive Members	6,293	6,029	4.4
Total Members	45,059	45,031	0.1
Projected Annual Salaries of Active Members	$859,851,488	$851,655,056	1.0
Annual Retirement Payments for Retired Members and Beneficiaries	$154,694,589	$148,286,419	4.3
Assets and Liabilities			
Total Actuarial Liability	$3,045,520,267	$2,952,425,476	3.2
Assets for Valuation Purposes	2,574,470,374	2,519,107,044	2.2
Unfunded Actuarial Liability	471,049,893	433,318,432	
Employer Contribution Rates as a Percent of Payroll			
Normal Cost	3.76%	3.72%	
Amortization of Unfunded Actuarial and Debt Service	3.59%	3.27%	
Actuarial Contribution Rate	7.35%	6.99%	
Statutory Employer Contribution Rate*	6.97%	6.37%	

* Statutory Employer Contribution Rate may not exceed last year's rate by more than rate increase limit of 0.60 percent. This rate does not include the contribution rate for the Death and Disability Program.

Summary of Principal Results

Kansas Public Employees Retirement System, School Group

	12/31/2005	12/31/2004	% Change
Participant Data			
Number of:			
Active Members	82,379	80,602	2.2%
Retired Members and Beneficiaries	32,875	31,378	4.8
Inactive Members	23,644	24,148	(2.1)
Total Members	138,898	136,128	2.0
Projected Annual Salaries of Active Members	$2,765,362,690	$2,641,861,863	4.7
Annual Retirement Payments			
for Retired Members and Beneficiaries	$388,120,658	$358,909,034	8.1
Assets and Liabilities			
Total Actuarial Liability	$8,928,334,248	$8,470,506,029	5.4
Assets for Valuation Purposes	5,473,149,354	5,319,627,299	2.9
Unfunded Actuarial Liability	3,455,184,894	3,150,878,730	
Employer Contribution Rates as a Percent of Payroll			
Normal Cost	4.23%	4.24%	
Amortization of Unfunded Actuarial Debt Service	7.72%	7.23%	
Actuarial Contribution Rate	11.95%	11.47%	
Statutory Employer Contribution Rate*	6.97%	6.37%	

* Statutory Employer Contribution Rate may not exceed last year's rate by more than rate increase limit of 0.60 percent. This rate does not include the contribution rate for the Death and Disability Program.

Summary of Principal Results

Kansas Public Employees Retirement System State and School Groups Combined

	12/31/2005	12/31/2004	% Change
Participant Data			
Number of:			
Active Members	106,503	105,194	1.2%
Retired Members and Beneficiaries	47,517	45,788	3.8
Inactive Members	29,937	30,177	(0.8)
Total Members	183,957	181,159	1.5
Projected Annual Salaries of Active Members	$3,625,214,178	$3,493,516,919	3.8
Annual Retirement Payments7.0 for Retired Members and Beneficiaries	$542,815,247	$507,195,453	7.0
Assets and Liabilities			
Total Actuarial Liability	$11,973,854,515	$11,422,931,505	4.8
Assets for Valuation Purposes	8,047,619,728	7,838,734,343	2.7
Unfunded Actuarial Liability	3,926,234,787	3,584,197,162	
Employer Contribution Rates as a Percent of Payroll			
Normal Cost	4.12%	4.11%	
Amortization of Unfunded Actuarial and Debt Service	6.74%	6.26%	
Actuarial Contribution Rate	10.86%	10.37%	
Statutory Employer Contribution Rate*	6.97%	6.37%	

* Statutory Employer Contribution Rate may not exceed last year's rate by more than rate increase limit of 0.60 percent. This rate does not include the contribution rate for the Death and Disability Program.

Summary of Principal Results

Kansas Public Employees Retirement System, Local Group

	12/31/2005	12/31/2004	% Change
Participant Data			
Number of:			
Active Members	35,544	35,585	(0.1) %
Retired Members and Beneficiaries	12,006	11,613	3.4
Inactive Members	10,177	10,018	1.6
Total Members	57,727	57,216	0.9
Projected Annual Salaries of Active Members	$1,260,949,643	$1,236,051,138	2.0
Annual Retirement Payments for Retired Members and Beneficiaries	$94,612,484	$88,302,227	7.1
Assets and Liabilities			
Total Actuarial Liability	$2,663,333,880	$2,522,397,478	5.6
Assets for Valuation Purposes	1,794,442,007	1,698,668,607	5.6
Unfunded Actuarial Liability	868,891,873	823,728,871	
Employer Contribution Rates as a Percent of Payroll			
Normal Cost	3.69%	3.68%	
Amortization of Unfunded Actuarial and Supplemental Liability	4.23%	4.01%	
Actuarial Contribution Rate	7.92%	7.69%	
Statutory Employer Contribution Rate*	4.91%	4.31%	

* Statutory Employer Contribution Rate exceeds last year's rate by the statutory rate increase limit of 0.50 percent This rate does not include the contribution rate for the Death and Disability Program.

Summary of Principal Results

Kansas Police and Firemen's Retirement System

	12/31/2005	12/31/2004	% Change
Participant Data			
Number of:			
Active Members	6,772	6,721	0.8 %
Retired Members and Beneficiaries	3,654	3,558	2.7
Inactive Members	1,293	1,056	4.0
Total Members	11,719	11,335	1.7
Projected Annual Salaries of Active Members	$360,718,148	$349,723,478	3.1
Annual Retirement Payments for Retired Members and Beneficiaries	$81,562,962	$77,962,447	4.6
Assets and Liabilities			
Total Actuarial Liability	$1,743,599,187	$1,657,628,308	5.2
Assets for Valuation Purposes	1,402,876,287	1,344,909,124	4.3
Unfunded Actuarial Liability	340,722,900	312,719,184	
Employer Contribution Rates as a Percent of Payroll			
Normal Cost	8.03%	7.98%	
Amortization of Unfunded Actuarial and Supplemental Liability	5.83%	5.34%	
Actuarial Contribution Rate (Local Employers)	13.86%	13.32%	
Statutory Employer Contribution Rate*	13.86%	13.32%	

* The Statutory Employer Contribution Rate is equal to the Actuarial Rate. This is referred to as the "Uniform" rate, and varies for State and Local employers. The total contribution is qual to the appropriate uniform rate plus the payment required to amortize any unfunded past service liability or 15 percent excess benefit liability, determined separately for each employer.

Summary of Principal Results

Kansas Retirement System for Judges

	12/31/2004	12/31/2004	% Change
Participant Data			
Number of:			
Active Members	254	251	1.2%
Retired Members and Beneficiaries	171	166	3.0
Inactive Members	19	18	5.6
Total Members	444	435	2.1
Projected Annual Salaries of Active Members	$23,468,759	$22,724,531	3.3
Annual Retirement Payments for Retired Members and Beneficiaries	$5,451,122	$5,215,006	4.5
Assets and Liabilities			
Total Actuarial Liability	$110,974,801	$111,135,185	(0.1)
Assets for Valuation Purposes	94,354,943	89,114,503	5.9
Unfunded Actuarial Liability	16,619,858	22,020,682	
Employer Contribution Rates as a Percent of Payroll			
Normal Cost	15.76%	13.84%	
Amortization of Unfunded Actuarial and Supplemental Liability	6.32%	8.54%	
Actuarial Contribution Rate	22.08%	22.38%	
Statutory Employer Contribution Rate*	22.08%	22.38%	

* Statutory Employer Contribution Rate is equal to the Actuarial Rate. This rate excludes the contribution for the Death and Disability Program.

Actuarial Assumptions

Every three years KPERS consulting actuary makes a general investigation of the Retirement System's actuarial experience, including mortality, retirement and employment turnover. The actuary recommends actuarial tables for use in the valuation and in calculating actuarial equivalent values based on such investigation. An actuarial experience study was conducted for the three years ending December 31, 2004.

Kansas Public Employees Retirement System

Rate of Investment Return

8.0 percent, net of expenses

Implicit Inflation Rate

3.5 percent

Mortality Rates

Post Retirement
RP-2000 Healthy Annuitants Table (Generational) with the following adjustments:

School (Male): Male Table -1

School (Female): Female Table -2

State (Male): Male Table +2

State (Female): Female Table +1

Local (Male): Male Table +2

Local (Female): Female Table +0

Pre-Retirement
RP-2000 Employees Table (Generational) Same age adjustments as above

Disabled
RP-2000 Disableds Table (Generational) Same age adjustments as above

Marriage Assumption

70 percent of all members are assumed married with male spouse assumed to be three years older than female.

Rates of Salary Increase

	Rate of Increase*		
Years of Service	State	School	Local
1	7.8%	9.8%	7.8%
5	5.6%	6.7%	6.2%
10	4.9%	5.1%	5.2%
15	4.4%	4.6%	4.8%
20	4.1%	4.1%	4.6%
25	4.0%	4.0%	4.1%
30	4.0%	4.0%	4.0%

* Includes general wage increase assumption of 4.0 percent (composed of 3.5 percent inflation and 0.50 percent productivity)

Termination Rates

School – Male Years of Service

Age	Years of Service <2	2	3	4	5
25	23.0%	18.0%	12.0%	8.5%	8.0%
30	20.5%	16.2%	11.0%	8.5%	8.0%
35	19.7%	15.9%	10.0%	8.5%	7.5%
40	19.3%	14.6%	10.0%	8.0%	7.5%
45	18.8%	14.3%	10.0%	8.0%	7.0%
50	18.4%	13.9%	10.0%	8.0%	7.0%

Age	Years of Service 6	7	8	9	10+
25	7.5%	7.4%	7.0%	6.7%	6.0%
30	7.5%	6.9%	6.5%	5.8%	5.0%
35	7.0%	6.4%	5.8%	4.7%	3.6%
40	6.5%	5.9%	4.7%	3.8%	2.5%
45	6.0%	5.5%	4.1%	3.3%	1.9%
50	5.5%	5.5%	4.0%	2.8%	1.4%

School – Female Years of Service

Age	Years of Service <2	2	3	4	5
25	26.0%	20.7%	17.5%	11.2%	10.6%
30	23.5%	16.2%	14.4%	9.2%	8.9%
35	20.0%	13.5%	12.5%	8.0%	7.3%
40	16.5%	11.2%	9.0%	7.3%	6.5%
45	14.0%	10.2%	8.7%	7.1%	6.2%
50	13.4%	9.9%	8.5%	7.0%	6.1%

Age	Years of Service 6	7	8	9	10+
25	10.0%	9.4%	8.7%	8.1%	7.5%
30	8.6%	8.4%	8.1%	7.8%	7.5%
35	6.6%	5.9%	5.1%	4.4%	3.7%
40	5.7%	4.8%	4.0%	3.1%	2.3%
45	5.3%	4.5%	3.6%	2.7%	1.8%
50	5.2%	4.3%	3.4%	2.5%	1.6%

Termination Rates

State – Male Years of Service

Age	Years of Service <2	2	3	4	5
25	18.0%	18.0%	15.8%	14.0%	13.3%
30	18.0%	15.0%	12.0%	11.2%	11.2%
35	15.0%	12.0%	9.6%	9.6%	9.6%
40	15.0%	10.3%	8.1%	8.1%	8.1%
45	13.0%	10.0%	7.5%	7.0%	7.0%
50	13.0%	10.0%	7.5%	7.0%	7.0%

Age	Years of Service 6	7	8	9	10+
25	10.0%	7.0%	5.0%	5.0%	5.0%
30	10.0%	7.0%	5.0%	5.0%	5.0%
35	8.0%	7.0%	5.0%	5.0%	4.8%
40	5.8%	4.5%	3.8%	3.8%	3.5%
45	4.8%	3.2%	3.0%	3.0%	2.2%
50	4.8%	3.0%	3.0%	3.0%	1.4%

State – Female Years of Service

Age	Years of Service <2	2	3	4	5
25	25.0%	13.0%	17.6%	15.0%	15.2%
30	20.5%	13.0%	14.9%	12.3%	11.9%
35	17.8%	13.0%	12.6%	10.7%	9.9%
40	16.3%	13.0%	10.6%	9.8%	8.8%
45	15.8%	13.0%	10.2%	9.5%	8.2%
50	15.5%	13.0%	10.2%	9.3%	8.0%

Age	Years of Service 6	7	8	9	10+
25	15.3%	15.5%	15.7%	15.7%	15.9%
30	11.5%	11.1%	10.4%	10.4%	9.8%
35	9.1%	8.3%	7.2%	7.2%	6.0%
40	7.8%	6.7%	5.2%	5.2%	3.7%
45	7.0%	5.7%	3.9%	3.9%	2.0%
50	6.8%	5.5%	3.6%	3.6%	1.7%

Termination Rates

Local – Male Years of Service

Age	Years of Service <2	2	3	4	5
25	23.0%	19.5%	16.1%	14.9%	12.3%
30	18.0%	15.3%	12.6%	11.7%	9.4%
35	15.0%	12.0%	10.5%	9.7%	7.5%
40	12.5%	10.6%	8.7%	8.1%	5.9%
45	11.3%	10.0%	7.9%	7.3%	5.1%
50	11.0%	10.0%	7.7%	7.2%	4.9%

Age	Years of Service 6	7	8	9	10+
25	12.6%	11.5%	11.5%	9.0%	8.0%
30	10.1%	9.3%	9.3%	8.0%	7.0%
35	8.2%	7.4%	7.4%	6.8%	5.0%
40	6.7%	6.0%	6.0%	5.5%	3.8%
45	5.8%	5.0%	5.0%	4.3%	2.7%
50	5.6%	4.8%	4.8%	3.8%	2.5%

Local – Female Years of Service

Age	Years of Service <2	2	3	4	5
25	25.0%	22.5%	18.8%	15.7%	14.1%
30	20.0%	18.0%	15.0%	12.6%	11.5%
35	17.5%	15.7%	13.1%	11.0%	10.0%
40	15.8%	14.2%	11.9%	10.0%	8.9%
45	15.3%	13.8%	11.5%	9.6%	8.6%
50	15.0%	13.5%	11.2%	9.4%	8.4%

Age	Years of Service 6	7	8	9	10+
25	14.5%	10.9%	9.2%	7.6%	6.0%
30	12.5%	9.3%	8.2%	7.1%	6.0%
35	10.4%	8.0%	7.0%	6.0%	5.0%
40	9.3%	6.8%	5.9%	4.8%	3.8%
45	8.0%	6.0%	5.5%	4.4%	3.4%
50	7.8%	6.0%	5.4%	4.4%	3.4%

Retirement Rates

Rule of 85 – School

Age	1st Yr w/85 Points	After 1st Year w/85 Points
53	20%	15%
55	20%	15%
57	22%	15%
59	25%	20%
61	30%	35%

Early Retirement Age	Early Retirement Rate	Normal Retirement Age	Normal Retirement Rate
55	5%	62	35%
56	5%	63	25%
57	5%	64	30%
58	5%	65	35%
59	10%	66	25%
60	10%	67-74	20%
61	22%	75	100%

Rule of 85 – State

Age	1st Yr w/85 Points	After 1st Year w/85 Points
53	15%	15%
55	15%	12%
57	15%	12%
59	15%	15%
61	30%	25%

Early Retirement Age	Early Retirement Rate	Normal Retirement Age	Normal Retirement Rate
55	5%	62	35%
56	5%	63	20%
57	5%	64	30%
58	5%	65	40%
59	6%	66	30%
60	7%	67-74	20%
61	20%	75	100%

Retirement Rates

Rule of 85 – Local

Age	1st Yr w/85 Points	After 1st Year w/85 Points
53	11%	10%
55	11%	10%
57	11%	10%
59	11%	12%
61	30%	25%

	Early Retirement		Normal Retirement
Age	Rate	Age	Rate
55	5%	62	30%
56	5%	63	20%
57	5%	64	30%
58	5%	65	35%
59	5%	66-74	20%
60	5%	75	100%
61	15%		

Correctional employees with an age 55 normal retirement date

Age	Rate
55	10%
58	10%
60	10%
62	40%
65	100%

Correctional employees with an age 60 normal retirement date	Age 62
TIAA employees	Age 66
Inactive vested members	Age 62

Disability Rates

Age	School	State	Local
25	.025%	.036%	.030%
30	.025%	.146%	.065%
35	.035%	.230%	.097%
40	.050%	.305%	.130%
45	.096%	.376%	.190%
50	.213%	.511%	.330%
55	.452%	.892%	.600%
60	.850%	1.400%	1.200%

Indexation of Final Average Salary for Disabled Members: 2.5 percent per year

Probability of Vested Members Leaving Contributions With the Retirement System

Age	School	State	Local
25	60%	51%	35%
30	60%	51%	40%
35	65%	53%	47%
40	74%	63%	61%
45	83%	69%	71%
50	88%	83%	82%
55	100%	100%	100%

Kansas Police and Firemen's Retirement System

Rate of Investment Return
8.0 percent, net of expenses

Implicit Inflation Rate
3.5 percent

Mortality Rates

Post-Retirement

RP-2000 Healthy Annuitants Table (Generational) with the following adjustments:

Males and Females +1

Pre-Retirement

RP-2000 Employees Table (Generational) with the following adjustments:

Males and Females +1

*70% of pre-retirement deaths assumed to be service related.

Disabled

RP-2000 Disableds Table (Generational) with the following adjustments:

Males and Females +1

Marriage Assumption
80 percent of all members are assumed married with male spouse assumed to be three years older than female

Rates of Salary Increase

Years of Service	Rate of Increase*
1	12.5%
5	7.0%
10	4.9%
15	4.3%
20	4.0%
25	4.0%

* Includes general wage increase assumption of 4.0 percent (composed of 3.5 percent inflation and 0.50 percent productivity).

Termination Rates

Tier I

Age	Rate
<41	3%
after 41	0%

Tier II

Years of Service	Rate
1	13.0%
5	6.0%
10	2.5%
15	1.0%
20	1.0%
25	0.0%

Retirement Rates

Tier I

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
50	5%	55	50%
51	5%	56	30%
52	10%	57	20%
53	10%	58	40%
54	30%	59	30%
		60	50%
		61	20%
		62	100%

Tier II

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
50	10%	50	25%
51	10%	53	15%
52	10%	55	30%
53	10%	58	20%
54	25%	60	20%
		61	60%
		62	40%
		63	100%

Inactive vested members Assumed to retire at later of (i) eligibility for unreduced benefits or (ii) age 55

Disability Rates**

Age	Rate
22	.06%
27	.07%
32	.15%
37	.35%
42	.60%
47	1.00%
52	1.60%
57	2.55%

** 90 percent assumed to be service-connected under KP&F Tier I.

Retirement System for Judges

Rate of Investment Return

8.0 percent, net of expenses

Implicit Inflation Rate

3.5 percent

Mortality Rates

Post-Retired
RP-2000 Healthy Annuitants Table (Generational)

Pre-Retired
RP-2000 Employees Table (Generational)

Disabled
RP-2000 Disableds Table (Generational)

Disability Rates

None assumed

Salary Increase Rate

5.5 percent

Marriage Assumption

70 percent of all members are assumed married with male spouse assumed to be three years older than female

Termination Rates

None assumed

Retirement Age

Age	Retirement Rate
Under 62	12.5%
62	30.0%
63	25.0%
64	10.0%
65 to 69	50.0%
70 and beyond	100.0%

Actuarial Methods

Funding Method

Under the EAN cost method, the actuarial present value of each member's projected benefits allocates on a level basis over the member's compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial liability. The unfunded actuarial liability represents the difference between the actuarial liability and the actuarial value of assets as of the valuation date. The unfunded actuarial liability is calculated each year and reflects experience gains/losses.

There are several components of the unfunded actuarial liability which are amortized over different periods. The increase in the unfunded actuarial liability resulting from the 1998 COLA is amortized over 15 years. The increase in the unfunded actuarial liability for Local employers resulting from 2003 legislation which made the 13th check for pre-July 2, 1987, retirees a permanent benefit is funded over a ten-year period beginning in 2005. The remainder of the unfunded actuarial liability is amortized over a period originally set at 40 years beginning July 1, 1993.

The UAL is amortized as a level percentage of payroll for all groups except Judges, who use a level dollar payment. The payroll growth assumption is 4 percent so the annual amortization payments will increase 4 percent each year. As a result, if total payroll grows 4 percent per year, as assumed, the amortization payment will remain level as a percentage of total current payroll.

Asset Valuation Method

For actuarial purposes, assets are valued using an asset smoothing method. The difference between the actual return and the expected return (based on the actuarial assumed rate of return) on the market value of assets is calculated each year and recognized equally over a five-year period.

Plan Provisions

NOTE: In the interest of simplicity, certain generalizations have been made. The law and the rules adopted by the Board of Trustees will control specific situations.

Plan Membership

The Kansas Public Employees Retirement System (the Retirement System, or the System), is a body corporate and an instrumentality of the State of Kansas. The Retirement System is an umbrella organization administering three statewide retirement systems:

- Kansas Public Employees Retirement System (KPERS)
- Kansas Police and Firemen's Retirement System (KP&F)
- Kansas Retirement System for Judges (Judges)

All three systems are part of an tax-exampt, defined benefit, contributory plan covering substantially all public employees in Kansas. The Kansas Retirement System for Judges is a single employer plan, while the other two are cost-sharing, multi-employer plans. The State of Kansas is required to participate, but local political subdivisions participation is optional but irrevocable once elected. Certain legislative employees also receive benefit payments.

Kansas Public Employees Retirement System (State, Local and School)

Employee Membership

Membership is mandatory for all employees in covered positions, except elected officials. A covered position for non-school employees is one that is covered by Social Security, is not seasonal or temporary, and requires at least 1,000 hours of work per year. School employees become KPERS members on their employment date. School employees who work at least 630 hours per year or 3.5 hours per day for 180 days are eligible for membership. Non-school employees become KPERS members after one year of continuous employment. State employees and non-school employees of local employers have first-day coverage for death and disability benefits if their employer elects the coverage. KPERS retirees may not become contributing members again.

Board of Regents Plan Members (TIAA and equivalents)

Board of Regents plan members (TIAA and equivalents) do not make contributions to KPERS. They receive prior service benefits for service before 1962. The benefit is 1 percent of FAS for each year of credited prior service. Service after 1961 is counted for purposes of determining eligibility for vesting. These members are also covered by the KPERS Death and Disability Benefits Program.

Correctional Members

Correctional employees, as certified to the Board of Trustees by the Secretary of Corrections, are defined in K.S.A. 74 4914a:

a) Correctional officers
b) Certain directors and deputy directors of correctional institutions
c) Correctional power plant operators
d) Correctional industries employees
e) Correctional food service employees
f) Correctional maintenance employees

For groups (a) and (b) with at least three consecutive years of credited service, in such positions immediately before retirement, normal retirement age is 55 and early retirement requirements are age 50 with ten years of credited service. For groups (c), (d), (e) and (f) with at least three consecutive years of service in such positions immediately before retirement, normal retirement age is 60 and early retirement requirements are age 55 with ten years of credited service. Both groups are also eligible for full benefits when age and service equal 85 “points.”

Member Contributions

Members contribute 4 percent of their gross earnings. Interest is credited to members’ contribution accounts on June 30 each year, based on account balance as of the preceding December 31. Those who became members before July 1, 1993, earn 8 percent interest per year. Those who became members on and after July 1, 1993, earn 4 percent interest.

Employer Contributions

Rates are certified by the Board of Trustees based on results of annual actuarial valuations; however, annual increases are capped by state statute.

Vesting Requirements

A member must have ten years of credited service. Should the vested member end employment, the member must leave accumulated contributions on deposit with the Retirement System to be eligible for future benefits. If a vested member ends employment and withdraws accumulated contributions, the member loses all rights and privileges under the Retirement System. If a vested member who is married ends employment and wants to withdraw accumulated contributions, the member's spouse must provide consent for the contribution withdrawal, since any benefits to which the spouse may have been entitled in the future would be lost as well. Retirement benefits are payable when the vested member reaches normal retirement age, or reduced benefits are payable when the vested member reaches a specified early retirement age.

Retirement Age and Service Requirements

Eligibility
- Age 65 with one year of service
- Age 62 with ten years of credited service
- Any age when combined age and years of credited service equal 85 "points"

Age is determined by the member's last birthday and is not rounded up.

Retirement Benefits

Benefits are based on the member's years of credited service, final average salary (FAS) and a statutory multiplier. Effective July 1, 2001, at retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced.

For those hired on or after July 1, 1993, FAS is the average of their three highest years, excluding additional compensation, such as sick and annual leave.

For those who were hired before July 1, 1993, FAS is the greater of either a:
- Four-year FAS including additional compensation, such as sick and annual leave; or
- Three-year FAS excluding additional compensation, such as sick and annual leave.

Prior service credit is 0.75 percent to 1 percent of FAS per year [School employees receive 0.75 percent FAS for each year of prior service that is not credited under the former Kansas School Retirement System (KSRS)]. Participating service credit is 1.75 percent of FAS.

Early Retirement

Eligibility is age 55 and ten years of credited service. The retirement benefit is reduced 0.2 percent per month if the member is from age 60 to age 62, plus 0.6 percent per month if the member is from age 55 to age 60.

Working After Retirement

A member must wait 30 days after his or her retirement date before working for any employer who participates in KPERS. If a retired member then goes to work for an employer he or she worked for during his or her last two years of KPERS participation, the member has a $20,000-per-year earnings limit.

Withdrawal Benefit

If members leave employment they can withdraw their contributions, plus interest, after 30 days. Members lose any rights and benefits when they withdraw from KPERS, such as insurance coverage. Former members who return to covered employment within five years will not have lost any membership rights or privileges, if they haven't withdrawn contributions. The Retirement Act does not allow members to borrow from contributions.

The employer portion of contributions remains with the System when a member ends employment and withdraws contributions. The Retirement System will refund contributions only after all contributions have been reported by the member's former employer.

Disability Benefit

KPERS Death and Disability Program provides disability income benefits, financed by employer contributions of 0.8 percent of a member's compensation. A member must be totally disabled for 180 continuous days. Benefits accrue from the later of the 181st day of continuous disability or from the first day when compensation from the employer ceases. The long-term disability benefit is 60 percent of the member's annual compensation on the date disability begins, reduced by Social Security benefits (members must apply), Workers' Compensation benefits and any other employment-related disability benefits. Members disabled before January 1, 2006, receive a benefit based on two-thirds of their annual compensation on the date the disability began. The minimum monthly benefit is $100. Members receiving disability benefits continue to receive service credit under KPERS, group life insurance coverage and waiver of optional group life insurance premiums if the member is under age 65 when first disabled. The waiver of optional group life insurance premiums ended January 1, 2004, for new disabled members. If a disabled member retires after receiving disability benefits for at least five years immediately before retirement, the member's FAS is adjusted by statute.

Non-Service Connected Death Benefit

The active member's designated beneficiary receives the member's accumulated contributions plus interest in a lump sum. If the member had reached age 55 with ten years of credited service, and the spouse is the sole beneficiary, then the spouse may choose a lifetime benefit instead of receiving the returned contributions. If a member with ten or more years of service dies and was not of retirement age, and the spouse is the sole beneficiary, then the spouse can elect one of the survivor options at the time the member would have first been of retirement age.

Service-Connected Accidental Death Benefit

The active member's accumulated contributions plus interest, a $50,000 lump sum, and an annual benefit based on 50 percent of FAS (reduced by Workers' Compensation benefits and subject to a minimum benefit of $100 a month), are payable to a spouse, minor children or dependent parents for life, or until the youngest child reaches age 18 (or up to age 23 if a full-time student), in this order of preference. The monthly accidental death benefit is in lieu of any joint/survivor benefit.

Basic Group Life Insurance for Active Members

KPERS Death and Disability Program provides an insured death benefit equal to 150 percent of the active member's annual compensation on the date of death. If a disabled member dies after receiving disability benefits for at least five years immediately before death, the member's current annual rate of compensation is adjusted by statute.

Death Benefit for Retirees

The retiree's beneficiary receives a $4,000 lump sum. The beneficiary may assign this benefit to a funeral establishment. The beneficiary for the $4,000 death benefit may be, but is not always, the same person as the member's joint annuitant. A retiree may name a funeral establishment as beneficiary. If the member has selected a retirement option, benefits are paid to the joint annuitant or the designated beneficiary. Under joint and survivor retirement options, if the joint annuitant dies before the retired member, the reduced benefit payment is increased to the amount the retired member would have received if no retirement option had been selected. Benefits payable to a joint annuitant stop at the joint annuitant's death. If a member does not select an option, the designated beneficiary receives the excess, if any, of the member's accumulated contributions, plus interest, over total benefits paid to date of death.

Kansas Police and Firemen's Retirement System (KP&F)

* TIER I — Members have Tier I coverage if they were employed before July 1, 1989, and if they did not elect coverage under Tier II.

** TIER II — Members have Tier II coverage if they were employed July 1, 1989, or later. This also includes members employed before July 1, 1989, who elected Tier II coverage.

Member Contributions

Members contribute 7 percent of their gross earnings. For members with 32 years service credit, the contribution rate is reduced to 2 percent of compensation.

A few members employed before January 1, 1976, have contributions reduced by their Social Security contributions, not including contributions for Medicare. These members' benefits are reduced by 50 percent of original Social Security benefits accruing from employment with the participating employer.

Retirement Age and Service Requirements

Eligibility — Tier I*

- Age 55 and 20 years of service
- Any age with 32 years of service

Eligibility — Tier II**

- Age 50 and 25 years of service
- Age 55 and 20 years of service
- Age 60 and 15 years of service

Benefits — Benefits are based on the member's Final Average Salary (FAS) and years of service. Effective July 1, 2001, at retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced.

For those who were hired *before* July 1, 1993, FAS is the average of the highest three of the last five years of credited participating service, *including* additional compensation, such as sick and annual leave.

For those who are hired *on or after* July 1, 1993, FAS is the average of the highest three of the last five years of participating service, *excluding* additional compensation, such as sick and annual leave.

Annual benefits at normal retirement age equal FAS x 2.5 percent x years of service (up to 32 years).

Local Plan — For members covered by local plan provisions on the employer's entry date, normal retirement is at age 50 with 22 years of credited service.

Working After Retirement

A member must wait 30 days after his or her retirement date before working for any employer who participates in KP&F. If a retired member then goes to work for an employer he or she worked for during his or her last two years of KP&F participation, the member has a $20,000-per-year earnings limit.

Early Retirement

Members must be at least age 50 and have 20 years of credited service. Normal retirement benefits are reduced 0.4 percent per month under age 55.

Vesting Requirements
Eligibility — TIER I *: The member must have 20 years of credited service; if ending employment, the member must leave contributions with the Retirement System to be eligible for future benefits.

Eligibility — TIER II **: The member must have 15 years of credited service to be considered vested. To draw a benefit before age 60, however, the member must have 20 years of credited service. If ending employment, the member must leave contributions with the Retirement System to be eligible for future benefits.

Withdrawal Benefit
If members leave employment before retirement they can withdraw their contributions, plus interest, after 30 days. When members withdraw from KP&F they lose any rights and benefits, such as insurance coverage.

If a married vested member ends employment and wants to withdraw accumulated contributions, the member's spouse must consent to the withdrawal, since any of the spouse's future benefits will be forfeited as well. Former members who return to covered employment within five years will not lose any membership rights or privileges if they haven't withdrawn contributions. The Retirement Act does not allow members to borrow from contributions. The employer contributions remain with the System when a member ends employment and withdraws. The Retirement System will refund contributions only after all contributions have been reported by the member's former employer.

Service-Connected Disability Benefits for Tier I Members
There is no age or service requirement to be eligible for this benefit. A member receives a pension of 50 percent of FAS, plus 10 percent of FAS for each dependent child under age 18 (or up to age 23 for full-time students), to a maximum of 75 percent of FAS. If dependent benefits aren't payable, the benefit is 2.5 percent for each year, to a maximum of 80 percent of FAS. When a member receiving service-connected disability benefits dies, the spouse and dependent children receive service-connected death benefits if the member dies within two years of retirement or after two years from the same service-connected cause. If service-connected death benefits aren't payable, the spouse receives a lump-sum payment of 50 percent of the member's FAS. Also, either the spouse or the dependent children receive a pension of half of the member's benefit.

Non Service-Connected Disability Benefits for Tier I Members
This pension is calculated at 2.5 percent of FAS per year of service, to a maximum benefit of 80 percent of FAS (minimum benefit is 25 percent of FAS). When a member receiving non-service-connected disability benefits dies, the surviving spouse receives a lump-sum payment of 50 percent of FAS. Also, either the spouse or the dependent children receive a pension of half of the member's benefit.

Disability Benefits for Tier II Members
There is no distinction between service-connected and non-service-connected disability benefits. Benefit is 50 percent of FAS. Service credit is granted during the disability period. Disability benefits convert to age and service retirement as soon as the member is eligible for full retirement benefits. If the member is disabled for at least five years immediately before retirement, the member's FAS is adjusted by statute. Disability benefits are offset $1 for each $2 earned after the first $10,000 of earnings.

Service Connected Death Benefit
There is no age or service requirement, and a pension of 50 percent of FAS goes to the spouse, plus 10 percent of FAS goes to each dependent child under age 18 [or up to age 23 if full time student(s)], to a maximum of 75 percent of FAS.

Non-Service-Connected Death
A lump sum of 100 percent of FAS goes to the spouse; and a pension of 2.5 percent of FAS per year of service (to a maximum of 50 percent) is payable to the spouse. If there is no spouse, the monthly benefit is paid to the dependent children. If there is no surviving spouse or children the lump-sum payment less refundable contributions and interest is paid to the beneficiary.

Death Benefit for Inactive Members
If an inactive member with 20 or more years of service dies and was not of retirement age, and the spouse is the sole beneficiary, then the spouse can elect one of the survivor options at the time the member would have first been of retirement age. If an inactive member is eligible to retire when he or she dies, and the spouse is the sole beneficiary, the spouse may elect to receive benefits as a joint annuitant under any option instead of receiving the member's contributions.

Death Benefit for Retirees
The retiree's beneficiary may assign this benefit to a funeral establishment. The beneficiary for the $4,000 death benefit may be, but is not always, the same person as the member's joint annuitant. A retiree may name a funeral establishment as beneficiary. If the member has selected a retirement option, benefits are paid to the joint annuitant or the designated beneficiary. Under joint and survivor retirement options, if the joint annuitant dies before the retired member, the reduced benefit payment is increased to the amount the retired member would have received if no retirement option had been selected. Benefits payable to a joint annuitant stops at the joint annuitant's death. If a member does not select an option, the designated beneficiary receives the excess, if any, of the member's accumulated contributions, plus interest, over total benefits paid to date of death.

The surviving spouse of a transfer member (who was covered by a local plan on the employer's entry date, who dies after retirement, and who had not elected a retirement benefit option), receives a lump-sum payment of 50 percent of FAS. Also, 75 percent of the member's benefit is payable either to the spouse or to dependent children.

Kansas Retirement System for Judges (Judges)

Member Contributions
Judges contribute 6 percent of gross earnings. When an active member reaches the maximum retirement benefit level of 70 percent of FAS, the contribution rate is reduced to 2 percent.

Employer Contributions
Rates are certified by the Board of Trustees, based on results of annual actuarial valuations and statutory regulations set by the Legislature.

Vesting Requirements
Judges vest when appointed. There is no minimum service requirement. However, if ending employment, the member must leave contributions on deposit with the Retirement System in order to be eligible for future benefits. Eligible judges who have service credited under KPERS have vested benefits under both KPERS and the Retirement System for Judges when the combined total credited service equals ten years.

Retirement Age and Service Requirements

Eligibility

- Age 65
- Age 62 with ten years of credited service
- Any age when combined age and years of credited service equal 85 “points”

Age is determined by the member’s last birthday and is not rounded up.

Retirement Benefit

The benefit is based on the member’s Final Average Salary (FAS), which is the average of the three highest years of service as a judge. Effective July 1, 2001, at retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member’s lifetime benefit. His or her monthly retirement benefit is then permanently reduced.

The basic formula for those who were members before July 1, 1987, is 5 percent of FAS for each year of service up to ten years, plus 3.5 percent for each year, to a maximum of 70 percent of FAS. For those who became members on or after July 1, 1987, the formula is 3.5 percent for each year, to a maximum benefit of 70 percent of FAS.

Early Retirement

A member must be age 55 and have ten years of credited service to take early retirement. The retirement benefit is reduced 0.2 percent per month if the member is from age 60 to age 62, plus 0.6 percent per month if the member is from age 55 to age 60. Normal benefit accrued at termination is payable at age 62 or in a reduced amount at age 55, provided the member has ten years of service credit. Otherwise, benefits are not payable until age 65.

Employment After Retirement

Retired judges may enter into an agreement to work for up to 104 days at 25 percent of the current salary of a judge. The agreement is for two years and may be renewed for up to 12 years. Retirement benefits will be suspended in any case where a retired judge is elected or appointed to a judgeship. The judge in that case resumes active participation and will accrue additional service credit. When the judge retires again, the retirement benefit is recalculated.

Disability Benefits

These benefits are payable if a member is defined as permanently physically or mentally disabled. The disability benefit, payable until age 65, is 3.5 percent of FAS for each year of service. The minimum benefit is 50 percent of FAS. Benefits are recalculated when the member reaches retirement age. If a judge is disabled for at least five years immediately before retirement, the judge’s FAS is adjusted by statute.

Withdrawal Benefit

If members leave employment they can withdraw their contributions, plus interest, after 30 days. When members withdraw from KPERS they lose any rights and benefits, such as insurance coverage. Former members who return to covered employment within five years will not have lost any membership rights or privileges, if they haven’t withdrawn contributions. The Retirement Act does not allow members to borrow from contributions. The employer portion of contributions remains with the System when a member ends employment and withdraws contributions. KPERS will refund contributions only after all contributions have been reported by the member’s former employer.

Death Benefit for Active Members

A lump sum insured death benefit equal to 150 percent of the active member's annual compensation on the date of the member's death is payable; plus a refund of the member's accumulated contributions. In lieu of receiving the member's accumulated contributions, the surviving spouse of a member who is eligible to retire at death, may elect to receive benefits under any survivor benefit option. The spouse must be the member's sole designated beneficiary to exercise this option. If the member had at least ten years of credited service, but hadn't reached retirement age at the time of death, the spouse may elect a monthly benefit to begin on the date the member first would have been eligible to retire.

Death Benefit for Retirees

The retiree's beneficiary receives a $4,000 lump sum. The beneficiary may assign this benefit to a funeral establishment. A retiree may also directly name a funeral establishment as beneficiary. If the member had selected an option with survivor benefits, benefits are paid to the joint annuitant or to the member's designated beneficiary. Under joint and survivor retirement options, if the joint annuitant dies before the retired member, the reduced benefit payment is increased to the amount the retired member would have received if no retirement option had been selected. Benefits payable to a joint annuitant stop when the joint annuitant dies. If the member did not select an option, the designated beneficiary receives the excess, if any, of the member's accumulated contributions, plus interest, over total benefits paid to date of death.

Short Term Solvency Test

Last Ten Fiscal Years

Valuation Date	Member Contributions (A)	Retirees and Beneficiaries (B)	Active Members Employer Financed Portion (C)	Assets Available for Benefits		Portions of Accrued Liabilities Covered by Assets (A)	(B)	(C)
06/30/97	$2,337,511,704	$3,232,733,926	$2,681,740,618	$6,875,918,348		100%	100%	49%
06/30/98	2,522,614,846	3,841,556,459	2,976,514,154	7,749,203,022		100	100	47
06/30/99	2,725,881,233	4,125,714,368	3,147,650,125	8,601,875,670		100	100	56
06/30/00	2,929,469,325	4,454,897,319	3,417,030,430	9,568,274,828		100	100	64
12/31/00	3,007,338,917	4,576,452,175	3,556,222,919	9,835,181,839	(1)	100	100	63
12/31/01	3,330,859,571	4,903,096,418	3,509,095,766	9,962,917,897		100	100	49
12/31/02	3,353,870,165	5,247,201,306	4,012,527,155	9,784,862,188		100	100	30
12/31/03	3,595,082,177	5,558,543,751	5,285,920,342	10,853,462,178	(2)	100	100	32
12/31/04	3,817,174,808	5,994,869,531	5,902,048,137	10,971,426,577		100	100	20
12/31/05	4,006,823,805	6,413,679,842	6,071,258,736	11,339,292,965		100	100	15

1) Actuarial valuation date was changed to a calendar year.

2) Actuarial cost method was changed to the Entry Age Normal (EAN) for all three plans.

A short-term solvency test, which is one means of determining a system's progress under its funding program, compares the plan's present assets with (A) active member contributions on deposit, (B) the liability for future benefits to present retired lives and (C) the actuarial liability for service already rendered by active members. In a system that has been following the level percent of payroll financing discipline, the liability for active member contributions on deposit (item A) and the liabilities for future benefits to present retired lives (item B) will be fully covered by present assets with the exception of rare circumstances. The liability for service already rendered by active members (item C) will be fully or partially covered by the remainder of present assets. If the system has been using level cost financing, the funded portion of item C usually will increase over a period of time. Item C being

Schedule of Active Member Valuation Data (1)

Valuation Date	Number of Active Members	Percentage Change in Membership	Number of Participating Employers	Percentage Increase in Number of Participating Employers	Total Annual Payroll (millions) (2)	Average Payroll	Percentage Increase in Average Payroll
06/30/97	136,241	1.3%	1,371	2.0%	$3,590	$26,350	2.3%
06/30/98	134,866	-1.0	1,397	1.9	3,765	27,915	5.9
06/30/99	137,969	2.3	1,407	0.7	4,088	28,529	2.2
06/30/00	140,559	1.9	1,416	0.6	4,290	30,471	6.8
12/31/00	143,337	2.0	1,423	0.5	4,455	30,412	-0.2
12/31/01	145,666	1.6	1,435	0.8	4,675	32,094	5.5
12/31/02	147,294	1.1	1,442	0.5	4,866	32,984	2.8
12/31/03	148,145	0.6	1,454	0.8	4,978	32,944	-0.1
12/31/04	147,751	-0.3	1,461	0.5	5,102	33,854	2.7
12/31/05	149,073	0.9	1,474	0.9	5,270	34,661	2.4

1) Data provided to actuary reflects active membership information as of January 1.

2) Excludes TIAA salaries.

Schedule of Employer Contribution Rates

Last Ten Fiscal Years (1)

Year	Actuarial Rate	Actual Rate	Actuarial Rate	Actual Rate
	KPERS State/School		**KPERS Local**	
1997	5.17 %	3.59 %	3.73%	2.63 %
1998	5.23	3.79	3.86	2.78
1999	5.33	3.99	3.86	2.93
2000	5.27	4.19	3.89	3.22
2001	6.15	3.98(2)	3.88	2.77(2)
2002	6.00	4.78	4.07	3.52
2003	6.17	4.98(3)	4.73	3.67(3)
2004	7.05	4.58(3)	4.64	3.22(3)
2005	8.29	5.47	6.04	4.01
2006	**9.94**	**6.07**	**7.04**	**4.61**
	KP&F (Uniform Rate)		**Judges**	
1997	9.73%	9.73 %	16.00 %	16.00 %
1998	9.45	9.45	15.67	15.67
1999	7.36	7.36	15.67	15.67
2000	7.35	7.35	14.38	14.38
2001	6.97	6.97	16.14	15.74 (2)
2002	6.79	6.79	12.88	12.88
2003	6.86	6.86	12.66	12.66 (3)
2004	9.47	9.47	16.67	16.67 (3)
2005	11.69	11.69	19.22	19.22
2006	**12.39**	**12.39**	**22.37**	**22.37**
	TIAA			
1997	1.89	1.89 %		
1998	1.66	1.66		
1999	1.93	1.93		
2000	1.82	1.82		
2001	1.21	1.21 (2)		
2002	2.03	2.03		
2003	2.27	2.27 (3)(4)		

1) Rates shown for KPERS State/School, TIAA and Judges represent the rates for the fiscal years ending June 30. KPERS Local and KP&F rates are reported for the calendar years. Rates include death and disability insurance when applicable.

2) Per 2000 and 2001 legislation, employers were not required to remit the Group Life and Disability portion of the Actual Rate from April 1, 2000, through December 31, 2001.

3) Per 2002 and 2003 legislation, employers were not required to remit the Group Life and Disability portion of the Actual Rate from July 1, 2002, through December 31, 2002, or from April 1, 2003, through June 30, 2004.

4) Per 2003 legislation, members of the TIAA group were made special members of KPERS and no longer have a separate valuation or contribution rate.

Membership Profile

Last Ten Calendar Years

Valuation Date	Active	Inactive	Retirees & Beneficiaries	Total Membership
1996	136,285	21,443	47,940	205,668
1997	134,866	23,588	50,058	208,512
1998	138,292	25,463	51,639	215,394
1999	140,833	27,664	53,137	221,634
2000	143,591	35,482	54,396	233,469
2001	145,910	38,056	56,115	240,081
2002	147,294	40,404	57,597	245,295
2003	148,145	41,315	59,124	248,584
2004	147,751	41,269	61,125	250,145
2005	149,073	41,232	63,348	253,653

Retirees and Beneficiaries – Changes in Rolls for All Systems

Last Ten Fiscal Years

		Additions		Deletions						
Year	Number at Beginning of Year	Number Added	Annual Allowances	Number Removed	Annual Allowances	Number at at End of Year	% Change in Number of Retirants	% Change in Additions Allowances	Average Annual Allowance	Year-End Annual Allowances
1997	46,746	3,456	$42,581,075	1,643	$7,829,006	48,559	3.90%	13.00%	$8,056	$388,830,304
1998	48,559	3,228	40,731,685	1,716	7,638,945	50,071	3.10	(4.30)	8,449	421,314,908
1999	50,071	3,328	41,833,222	1,756	9,151,705	51,643	3.10	2.70	9,034	464,709,423
2000	51,643	3,360	44,028,303	1,862	9,563,949	53,141	2.90	5.20	9,397	797,869,985
2001	53,141	3,112	44,919,587	1,951	10,020,387	54,302	2.20	2.00	9,773	550,674,064
2002	54,302	3,689	45,669,820	1,922	9,552,087	56,069	3.30	1.70	10,101	627,704,056
2003	56,069	3,585	48,718,476	2,116	10,942,002	57,538	2.60	6.70	10,443	645,716,079
2004	57,538	3,612	50,253,218	2,009	11,940,793	59,141	2.60	3.20	10,897	676,918,614
2005	59,141	4,141	59,096,917	2,017	12,333,238	61,265	3.60	17.60	11,126	737,563,276
2006	61,265	4,547	66,239,352	1,759	11,185,646	63,765	4.00	12.00	11,498	805,978,732

Summary of Membership Data

Retiree and Beneficiary Member Valuation Data (1)

	12/31/05	12/31/04
KPERS		
Number	59,523	57,401
Average Benefit	$10,709	$10,374
Average Age	72.70	72.78
Police & Fire		
Number	3,654	3,558
Average Benefit	$22,322	$21,912
Average Age	62.10	61.60
Judges		
Number	171	166
Average Benefit	$31,878	$31,416
Average Age	73.40	73.70
System Total		
Number	63,348	61,125
Average Benefit	$11,436	$11,103
Average Age	72.09	72.13

Active Member Valuation Data (1)

	12/31/05	12/31/04
KPERS		
Number	142,047	140,779
Average Current Age	45.31	45.25
Average Service	10.86	10.84
Average Pay	$33,724	$32,937
Police & Fire		
Number	6,772	6,721
– Tier I	662	703
– Tier II	6,110	6,018
Average Current Age	38.90	38.90
Average Service	10.97	10.90
Average Pay	$52,222	$51,014
Judges		
Number	254	251
Average Current Age	55.72	55.51
Average Service	11.59	11.61
Average Pay	$90,585	$88,761
System Total		
Number	149,073	147,751
Average Current Age	45.04	44.98
Average Service	10.86	10.85
Average Pay	$34,661	$33,854

1) Data provided to actuary reflects active membership information as of January 1.

Statistical Section

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

5

Safeguarding
the financial future
of our members

The Statistical Section presents several schedules that provide financial trends analysis of the Retirement System's overall financial health and additional analytical information on retirements benefits and employers' membership data. The schedules on pages 110 through 115 provide revenues, expenses, and funding status information for the past ten fiscal years. On page 116, information is provided showing the top ten participating employers determined by covered active employees. On pages 117 through 119 various schedules are presented to depict the level of monthly benefits by numbers of retirees, retirement type and options and years of service. Also on page 117 a schedule is presented that allocates the total benefits and type of refunds that were paid. The source of the information in these schedules is derived from the comprehensive annual financial reports, unless otherwise noted.

Revenues by Source

	Contributions					
Year	Member	Employer	Employer Insurance	Misc.	Net Investment Income	Total
1997	$171,120,750	$133,053,259	$23,226,519	$92,827	$974,302,417	$1,301,795,772
1998	173,954,587	142,931,373	24,173,870	173,035	1,247,347,928	1,588,580,793
1999	185,180,551	175,581,182	26,071,503	210,116	953,992,725	1,341,036,077
2000	192,776,305	168,100,637	17,164,419	245,354	1,314,770,498	1,693,057,213
2001	204,142,810	193,384,289	——— (1)	175,815	(798,126,783)	(400,423,869)
2002	209,624,015	207,611,045	13,862,682	137,633	(463,746,959)	(32,511,584)
2003	224,746,447	222,882,765	8,581,558	82,257	326,056,643	782,349,670
2004	230,349,955	714,353,221 (2)	——— (1)	182,113	1,336,225,914	2,281,111,203
2005	233,226,034	261,961,687	31,990,734	178,105	1,223,096,121	1,750,452,681
2006	246,203,381	298,711,909	53,319,639	175,539	1,354,407,763	1,952,818,231

1) Per 2000 and 2003 legislation, employers were not required to remit the Group Life and Disability Insurance portion of required employer contributions.

2) Pension obligation bonds net proceeds of $479.1 million were issued in 2004.

Schedule of Benefits by Type

Fiscal Year	Retirement Benefits	Retirement Dividend	Death Benefits	Refunds of Contributions	Disability Insurance Premiums/ Benefits
1997	$378,656,752	$10,173,553	$7,830,644	$36,761,625	$36,048,625
1998	411,626,428	9,673,950	7,682,253	41,510,908	37,639,743
1999	455,265,896	9,443,527	7,862,525	40,860,950	41,892,190
2000	489,058,357	8,811,628	8,071,779	43,631,850	42,199,878
2001	542,389,577	8,284,487	8,227,488	43,967,623	46,456,603
2002	619,959,068	7,744,988	8,694,809	39,066,937	47,625,764
2003	638,498,630	7,217,449	7,826,064	39,608,946	53,829,235
2004	670,246,402	6,672,212	8,685,182	41,179,470	50,396,392
2005	731,389,840	6,173,436	7,849,884	46,773,933	53,703,109
2006	800,256,846	5,721,885	8,810,923	46,826,176	54,957,957

Expenses by Type

Year	Benefits	Withdrawals	Insurance	Administration	Total
1997	$396,660,948	$36,761,626	$36,048,625	$4,659,099	$474,130,298
1998	428,997,161	41,510,908	37,639,743	4,702,566	512,850,378
1999	472,571,948	40,860,950	41,892,190	5,442,410	560,767,498
2000	505,941,764	43,631,850	42,199,878	5,689,571	597,463,063
2001	558,901,552	43,967,623	46,456,603	6,843,434	656,169,212
2002	636,398,865	39,066,937	47,625,764	6,776,044	729,867,610
2003	653,542,143	39,608,946	53,829,235	7,215,024	754,195,348
2004	685,603,796	41,179,470	50,396,392	7,231,295	784,410,953
2005	745,413,160	46,773,933	53,703,109	7,340,147	853,230,349
2006	814,789,655	46,826,176	54,957,957	7,718,879	924,292,667

Changes in Net Assets

For the Last Ten Fiscal Years

	2006	2005	2004
Additions			
Contributions			
Member Contributions	$246,203,381	$233,226,034	$230,349,955
Employer Contributions	352,031,548	293,952,421	714,353,221(1)
Total Contributions	598,234,929	527,178,455	944,703,176
Investments			
Net Appreciation in Fair Value of Investments	1,046,279,084	932,881,712	1,087,128,878
Interest	165,466,523	132,806,082	132,004,016
Dividends	113,162,346	130,167,483	91,477,150
Real Estate Income, Net of Operating Expenses	51,835,809	43,821,311	39,514,695
Other Investment Income	303,028	412,211	565,492
	1,377,046,790	1,240,088,799	1,350,690,231
Less Investment Expense	(27,204,510)	(22,070,013)	(18,718,601)
Net Investment Income	1,349,842,280	1,218,018,786	1,331,971,630
From Securities Lending Activities			
Securities Lending Income	87,911,153	53,059,141	23,020,103
Securities Lending Expenses			
Borrower Rebates	(82,182,198)	(46,714,331)	(17,697,447)
Management Fees	(1,163,472)	(1,267,475)	(1,068,372)
Total Securities Lending Activities Expense	(83,345,670)	(47,981,806)	(18,765,819)
Net Income from Security Lending Activities	4,565,483	5,077,335	4,254,284
Total Net Investment Income	1,354,407,763	1,223,096,121	1,336,225,914
Other Miscellaneous Income	175,539	178,105	182,113
Total Additions (Net Reductions) to Plan Net Assets	1,952,818,231	1,750,452,681	2,281,111,203
Deductions			
Monthly Retirement Benefits Paid	(805,978,732)	(737,563,276)	(676,918,614)
Refunds of Contributions	(46,826,176)	(46,773,933)	(41,179,470)
Death Benefits	(8,810,923)	(7,849,884)	(8,685,182)
Insurance Premiums and Benefits	(54,957,957)	(53,703,109)	(50,396,392)
Administrative Expenses	(7,718,879)	(7,340,147)	(7,231,295)
Total Deductions from Plan Net Assets	(924,292,667)	(853,230,349)	(784,410,953)
Change in Net Assets	$1,028,525,564	$897,222,332	$1,496,700,250

1) Pension obligation bonds net proceeds of $479.1 million were issued in 2004.

2003	2002	2001	2000	1999	1998	1997
$224,746,447	$209,624,015	$204,142,810	$192,777,255	$185,180,551	$173,954,587	$171,120,750
231,464,323	221,473,727	193,384,289	185,264,106	201,652,685	167,105,243	156,279,778
456,210,770	431,097,742	397,527,099	378,041,361	386,833,236	341,059,830	327,400,528
85,233,479	(676,384,745)	(1,061,275,002)	997,376,144	701,131,827	981,923,854	707,311,840
145,411,285	159,209,184	201,483,091	211,532,985	162,670,637	178,369,148	192,130,388
76,508,361	24,416,401	37,639,689	55,532,495	69,869,740	65,588,023	59,536,776
31,217,255	44,792,323	41,997,152	40,748,804	39,885,611	35,536,987	26,607,468
557,611	667,029	556,969	31,508,502	953,003	5,353,416	5,663,700
338,927,991	(447,299,808)	(779,598,101)	1,336,698,930	974,510,818	1,266,771,428	991,250,172
(16,675,173)	(19,758,136)	(23,251,905)	(25,517,316)	(23,363,682)	(22,692,831)	(20,935,414)
322,252,818	(467,057,944)	(802,850,006)	1,311,181,614	951,147,136	1,244,078,597	970,314,758
25,878,944	33,310,814	62,950,106	32,446,888	25,884,533	41,373,775	44,881,692
(20,861,098)	(28,577,302)	(56,202,763)	(27,320,030)	(21,819,685)	(36,703,726)	(39,186,901)
(1,214,021)	(1,422,527)	(2,024,120)	(1,537,974)	(1,219,259)	(1,400,718)	(1,707,132)
(22,075,119)	(29,999,829)	(58,226,883)	(28,858,004)	(23,038,944)	(38,104,444)	(40,894,033)
3,803,825	3,310,985	4,723,223	3,588,884	2,845,589	3,269,331	3,987,659
326,056,643	(463,746,959)	(798,126,783)	1,314,770,498	953,992,725	1,247,347,928	974,302,417
82,257	137,633	175,815	245,354	210,116	173,035	92,827
782,349,670	(32,511,584)	(400,423,869)	1,693,057,213	1,341,036,077	1,588,580,793	1,301,795,772
(645,716,079)	(627,704,056)	(550,674,064)	(497,869,985)	(464,709,423)	(421,314,908)	(388,830,304)
(39,608,946)	(39,066,937)	(43,967,623)	(43,631,850)	(40,860,950)	(41,510,908)	(36,761,626)
(7,826,064)	(8,694,809)	(8,227,488)	(8,071,779)	(7,862,525)	(7,682,253)	(7,830,644)
(53,829,235)	(47,625,764)	(46,456,603)	(42,199,878)	(41,892,190)	(37,639,743)	(36,048,625)
(7,215,024)	(6,776,044)	(6,843,434)	(5,689,571)	(5,442,410)	(4,702,566)	(4,659,099)
(754,195,348)	(729,867,610)	(656,169,212)	(597,463,063)	(560,767,498)	(512,850,378)	(474,130,298)
$28,154,322	$(762,379,194)	$(1,056,593,081)	$1,095,594,150	$780,268,579	$1,075,730,415	$827,665,474

Highlights of Operations

Ten-Year Summary

	2006	2005	2004	2003	2002
Membership Composition					
Number of Retirants (a)	63,348	61,125	59,124	57,597	56,115
Number of Survivors (b)	5,394	4,141	3,612	3,585	3,689
New Retirants During the Fiscal Year	4,452	4,141	3,612	3,585	3,689
Active and Inactive Members (a)	190,305	189,020	189,460	187,698	183,966
Participating Employers	1,474	1,461	1,454	1,442	1,435
Financial Results (millions)					
Member Contributions	$246	$233	$230	$225	$210
Employer Contributions (c)	352	294	714	231	221
Retirement / Death Benefits	815	745	686	654	636
Investment Income (d)	1,354	1,223	1,336	326	(464)
Employer Contribution Rate (e)					
KPERS—State / School	6.07%	5.47%	4.58%	4.98%	4.78%
KPERS—Local (d)	4.61	4.01	3.22	3.67	3.52
KP&F (Uniform Participating) (f)	12.39	11.69	9.47	6.86	6.79
Judges	21.97	19.22	16.67	12.66	12.88
TIAA (g)	—	0.60	—	2.27	2.03
Unfunded Actuarial Liability (millions)					
KPERS—State / School	$3,926	$3,584	$2,734	$2,239	$1,506
KPERS—Local	869	824	588	340	185
KP&F	341	313	249	232	59
Judges	17	22	15	17	10
TIAA (e)	—	—	—	—	20
Funding Ratios (h)					
KPERS—State / School	67.21%	68.60 %	74.07%	75.64%	82.46%
KPERS—Local	67.38	67.30	73.69	81.71	89.12
KP&F	80.46	81.10	84.04	84.16	95.53
Judges	85.02	80.10	84.92	82.21	88.94
TIAA	—	—	—	—	48.32

a) Membership information taken from System's actuarial valuation.

b) This is the number of joint annuiants as of December 31st, per the System's records, starting December 31, 2005.

c) Pension obligation bonds net proceeds of $479.1 million were issued in 2004.

d) Investment income for prior years has been adjusted to reflect changes in unrealized appreciation.

Highlights of Operations
Ten-Year Summary

	2001	2000	1999	1998	1997
Membership Composition					
Number of Retirants (a)	54,396	51,639	50,058	47,940	48,572
Number of Survivors (b)	3,112	3,360	3,328	3,228	3,456
New Retirants During the Fiscal Year	3,112	3,360	3,328	3,228	3,456
Active and Inactive Members (a)	179,073	163,755	158,454	157,728	150,962
Participating Employers	1,423	1,415	1,407	1,397	1,371
Financial Results (millions)					
Member Contributions	$204	$193	$185	$174	$171
Employer Contributions (c)	193	185	202	167	156
Retirement / Death Benefits	559	506	473	429	397
Investment Income (d)	(798)	1,315	954	1,247	974
Employer Contribution Rate (e)					
KPERS—State / School	3.98%	4.19%	3.99%	3.79%	3.59%
KPERS—Local (d)	2.77	3.22	2.93	2.78	2.63
KP&F (Uniform Participating) (f)	6.97	7.35	7.36	9.45	9.73
Judges	15.74	14.38	15.67	15.67	16
TIAA (g)	1.21	1.82	1.93	1.66	1.89
Unfunded Actuarial Liability (millions)					
KPERS—State / School	$1,120	$860	$973	$1,142	$933
KPERS—Local	90	36	76	104	131
KP&F	62	307	317	313	288
Judges	10	8	8	8	5
TIAA (e)	23	23	23	24	19
Funding Ratios (h)					
KPERS—State / School	86.23%	88.82%	86.36%	83.03%	84.19%
KPERS—Local	94.29	97.56	94.41	91.47	88.34
KP&F	95.22	79.68	77.28	75.62	74.77
Judges	88.66	90.53	89.42	88.21	91.21
TIAA	41.18	39.72	34.16	28.83	31.26

e) Rates include Group Life and Disability contributions where applicable. Per 2000 and 2001 legislation, employerswere not required to remit the Group Life and Disability portion of the Actual Rate from April 1, 2000, through. December 31, 2001. Per 2002 and 2003 legislation, employers were not required to remit the Group Life and Disabilityportion of the Actual Rate from July 1, 2002, through December 31, 2002, or from April 1, 2003, through June 30, 2004.

f) KPERS Local and KP&F contribution rates are reported on a calendar year basis.

g) Legislation provided for bonds to be issued December 31, 2002, to fully fund the existing unfunded liability for the TIAA group.

h) The funding percentage indicates the actuarial soundness of the System, generally, the greater the percentage, the stronger the System.

Principal Participating Employers (a)

For the Fiscal Year Ended June 30, 2006

Participating Government	Covered Active Employees	Rank	Percentage of Total System
State of Kansas	27,701	1	18.58%
USD 259, Wichita	6,546	2	4.39%
USD 233, Olathe	4,155	3	2.79%
USD 512, Shawnee Mission	3,968	4	2.66%
USD 500, Kansas City	3,436	5	2.30%
USD 229, Blue Valley	2,770	6	1.86%
USD 501, Topeka Public Schools	2,544	7	1.71%
Johnson County	2,533	8	1.70%
Sedgwick County	1,844	9	1.24%
USD 497, Lawrence	1,736	10	1.16%
All Other*	91,840		61.61%
Total (1,474 employers)	149,073		100.00%

*In 2006, “All Other” consisted of:

Type	Number	Covered Active Employees
School districts	296	48,913
Cities and Counties	538	28,419
Post-Secondary Education (b)	43	10,890
Other	587	3,618
	1,464	91,840

a) Information from prior years is not available.

b) Not including State Board of Regents Institutions.

Source: Data provided by KPERS Information Resources and Member Services divisions.

Monthly Retiree Benefit Amounts
As of December 2005

Benefit Amount	Number of Retirees
Over $4,000	412
$3,500-$3,999	364
$3,000-$3,499	821
$2,500-$2,999	1,793
$2,000-$2,499	3,997
$1,500-$1,999	7,173
$1,000-$1,499	9,313
$900-$999	2,306
$800-$899	2,608
$700-$799	2,974
$600-$699	3,407
$500-$599	3,922
$400-$499	4,499
$300-$399	5,347
$200-$299	5,645
$100-$199	5,414
$ - $ 99	3,767

Benefit and Refund Deductions from Net Assets by Type (a)
For the Fiscal Year Ended June 30, 2006

Type of Benefit	Amount
Age and service benefits:	
Retirees	$763,960,585
Survivors	42,018,147
Death in service benefits	8,810,923
Insurance premiums and Disabiltiy benefits	54,957,957
Total Benefits	**$869,747,612**

Type of Refund	Amount
Death	$6,197,596
Separation	40,628,580
Total Refunds	**$46,826,176**

a) Information from prior years is not available.

Source: Data provided by KPERS Information Resources and Member Services divisions.

Schedule of Retired Members and Survivors by Type of Benefit

As of December 31, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Type Selected								
		1,3,5	2,4	6,8	7,9	1	2	3	4	5,8	6,7	9	0	Other
$-99	3,767	3,360	389	8	10	3,045	254	285	52	34	11	21	64	1
$100-199	5,414	3,426	1,909	61	18	3,943	633	541	89	80	53	22	53	0
$200-299	5,645	3,084	2,488	60	13	4,071	634	601	100	118	51	22	48	0
$300-399	5,347	3,000	2,269	53	25	3,747	587	653	93	142	42	28	54	1
$400-499	4,499	2,608	1,821	51	19	3,173	508	553	67	115	30	12	41	0
$500-599	3,922	2,415	1,460	34	13	2,716	443	506	50	130	11	28	38	0
$600-699	3,407	2,131	1,228	31	17	2,338	379	473	53	108	14	13	29	0
$700-799	2,974	1,905	1,017	35	17	2,011	359	385	48	124	9	13	25	0
$800-899	2,608	1,765	775	54	14	1,707	349	355	36	117	14	10	20	0
$900-999	2,306	1,698	541	49	18	1,449	346	325	36	112	10	9	19	0
$1,000-1,499	9,313	7,916	1,090	213	94	5,615	1,475	1,352	106	606	71	33	54	1
$1,500-1,999	7,173	6,773	173	138	89	4,261	1,196	933	57	616	52	22	36	0
$2,000-2,499	3,997	3,864	45	54	34	2,369	746	406	30	400	14	22	10	0
$2,500-2,999	1,793	1,736	29	13	15	971	366	179	20	240	6	4	7	0
$3,000-3499	821	791	20	3	7	390	192	100	6	125	2	3	3	0
$3,500-3,999	364	361	2	1	0	158	80	41	4	80	0	0	1	0
$4,000 or More	412	401	10	1	0	155	105	55	4	91	0	1	1	0
Totals	63,762	47,234	15,266	859	403	42,119	8,652	7,743	851	3,238	390	263	503	3

Retirement Type

1, 3, 5 = Normal

2,4 = Early

6,8 = Service-connected death and disability

7,9 = Non-service connected death and disability

Option Type Selected

1 = Maximum, no survivor benefit

2 = Joint & 1/2 to survivor

3 = Joint & same to survivor

4 = Life w/ ten years certain

5, 8 = Joint & 3/4 to survivor

6,7 = Widowed, children, survivor

9 = Life w/five years certain

0 = Life w/15 years certain

Source: Data provided by KPERS Information Resources and Member Services divisions.

Average Monthly Benefit by Years of Service

New Retirees by Calendar Year

Years of Service Credit	2001	2002	2003	2004	2005
Less than 5	189	191	196	238	170
Average Benefit	$123.00	$178.38	$111.97	$155.64	$90.24
Average Years	2.47	2.33	2.27	2.24	2.45
5-9.9	221	201	218	226	256
Average Benefit	$222.53	$197.94	$230.30	$262.46	$206.62
Average Years	7.08	7.16	6.88	6.79	7.02
10-14.99	521	557	556	589	563
Average Benefit	$379.37	$451.20	$429.97	$408.74	$419.72
Average Years	11.87	12.04	11.86	11.76	11.87
15-19.99	502	496	515	558	616
Average Benefit	$608.25	$684.88	$669.08	$730.09	$704.33
Average Years	16.96	16.93	16.89	16.86	16.99
20-24.99	435	454	432	498	517
Average Benefit	$935.92	$952.70	$1,011.30	$1,013.59	$1,063.56
Average Years	21.90	22.04	21.87	21.93	21.92
25-29.99	557	523	543	655	716
Average Benefit	$1,478.75	$1,466.67	$1,515.03	$1,513.76	$1,562.33
Average Years	27.18	27.05	27.14	26.95	27.05
30-34.99	671	703	667	735	853
Average Benefit	$1,842.36	$1,918.15	$2,026.35	$1,965.64	$2,064.90
Average Years	32.01	31.89	31.84	31.67	31.83
35-39.99	233	211	233	300	283
Average Benefit	$2,038.41	$2,137.57	$2,278.46	$2,391.34	$2,322.88
Average Years	36.44	36.69	36.66	36.37	36.70
40-44.99	75	68	66	61	70
Average Benefit	$2,296.74	$2,221.94	$2,511.66	$2,298.83	$2,674.97
Average Years	41.65	41.38	41.44	41.66	41.33
45-49.99	9	14	17	10	7
Average Benefit	$2,103.47	$2,346.95	$2,129.79	$2,341.43	$1,966.49
Average Years	45.67	46.21	46.24	46.80	46.43
50 and Over	—	7	4	9	1
Average Benefit	$—	$2,805.10	$3,325.39	$2,328.75	$4,496.15
Average Years	—	54.43	55.60	53.00	50.00
Total Number of Retirees	**3,413**	**3,425**	**3,447**	**3,879**	**4,052**
Average Benefit	**$1,086.60**	**$1,129.21**	**$1,164.22**	**$1,182.66**	**$1,243.14**
Average Years	**21.95**	**21.94**	**21.74**	**21.82**	**22.42**

Source: Data provided by KPERS Information Resources and Member Services divisions.

Acknowledgement Section

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

6

Safeguarding
the financial future
of our members

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Actuary	Milliman USA, Omaha, Nebraska
Investment Consultants	Pension Consulting Alliance, Inc., Encino, California, Ennis Knupp, Chicago Illinois
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Life Insurance	Minnesota Life Insurance Company, St. Paul, Minnesota
Long-Term Disability	Self Insured, Administered by Disability Consulting Group LLC, Portland, Maine

Comprehensive Annual Financial Report

Kansas Public Employees Retirement System
A component unit of the State of Kansas

Fiscal Year Ended June 30, 2006

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