Legislature Passes Budget Bill

How It Could Affect KPERS

The budgets for fiscal years 2018 and 2019 were passed June 10, 2017, and sent to the Governor for review and possible action.

The KPERS Breakdown

1. Over FY 2017, FY 2018 and FY 2019, the State will pay KPERS $1.63 billion in State/School employer contributions (full statutory amount), with $258 million of it paid over 20 years.
2. In FY 2016, the State delayed a fourth-quarter payment for State/School employer contributions with a promise to pay it with interest in FY 2018 ($115 million). According to legislation, the payment will not be made now. It will be added to the unfunded actuarial liability to be paid at some future date.

The Effect

- Not paying actuarially required contribution rates or putting them off will cost the State more in the long term.

It could also affect:

- Employer contribution rates
- KPERS funded ratio/unfunded liability

Most Important

It's most important to remember that this **does not affect benefits** for current retirees, or even for those thinking about retiring. KPERS has nearly $18 billion in assets to pay benefits for many years. The funding shortfall is a *long-term* funding issue. However, underfunding continues to add to the unfunded liability and undermines KPERS' long-term strength, especially if there should be a major market downturn.

Consistent and full employer contributions over time will make the most difference in having a sound and sustainable retirement system.

Questions?

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KPERS