

# KANSAS PUBLIC EMPLOYEES RETIREMENTS SYSTEM

## LEGISLATIVE SUMMARY

2017 Session

### House Bill 2266 (As Introduced)

<b>Summary</b>	<p>Under each retirement plan administered by KPERS (KPERS, KP&amp;F, and Judges), a \$4,000 death benefit is provided to a member's beneficiary upon the member's death. HB 2266 provides that, if a member has retired from more than one of these plans, the beneficiary may receive a death benefit from each plan (but not more than two).</p>
<b>Sponsor:</b>	House Committee on Financial Institutions and Pensions
<b>Location:</b>	House Committee on Financial Institutions and Pensions
<b>Cost:</b>	<p><b>Administrative Costs:</b> Any costs associated with administering the changes contained in HB 2266 can be funded within existing resources.</p> <p><b>Contribution Costs:</b> The statutory change proposed in HB 2266 was considered during the 2016 legislative session in 2016 HB 2488. KPERS' consulting actuary, Cavanaugh Macdonald, provided an actuarial cost study for 2016 HB 2488. Cavanaugh Macdonald has indicated that the results of that study can be relied upon again this year as a reasonable estimate of the cost of the provisions of HB 2266.</p> <p>For the 2016 HB 2488 cost study, KPERS' consulting actuary analyzed the December 31, 2014 valuation to determine the number of KPERS members retired from multiple KPERS plans and active members who would be eligible for two death benefits. At that time, the total number of members and retirees currently eligible for two death benefits was about 1,500 out of 295,000 members of plans administered by KPERS.</p> <p>Using those totals, the actuary estimated the impact to KPERS' unfunded actuarial liability. Based on the December 31, 2014 valuation, HB 2266 is estimated to increase the unfunded actuarial liability 0.01% for KPERS, increase the unfunded actuarial liability by approximately 0.08% for KP&amp;F, and increase the actuarial liability by approximately 1.25% for Judges. Cavanaugh Macdonald estimated the increase in the unfunded actuarial liability amortization rate would be 0 basis points for KPERS, 1 basis point for KP&amp;F, and 3 basis points for Judges.</p> <p>The actuary also estimated the cost of future members using the same proportion of current members eligible for two death benefits. This results in a net impact to KPERS of less than 0.0005% in the employer normal cost rate. For KP&amp;F it is 0.001%, and for Judges it is 0.008%.</p> <p>Combined with the unfunded actuarial liability change noted above, the approximate total cost in terms of the actuarial required contribution rate would be 0.00% for KPERS, 0.01% for KP&amp;F, and 0.04% for Judges.</p>
<b>Notes:</b>	