

KANSAS PUBLIC EMPLOYEES RETIREMENTS SYSTEM

LEGISLATIVE SUMMARY

2017 Session

Senate Bill 227 (As Introduced)

Summary SB 227, as introduced, would provide an ad hoc cost of living adjustment (COLA) for retirees who have been retired for at least 5 years as of July 1, 2017. The COLA is structured to provide the following increases:

Years Since Retirement	Amount of ad hoc COLA*
0 - 5 years	No Adjustment
5 - 10 years	1.0% increase
10 - 15 years	2.0% increase
15 or more years	3.0% increase

*Increases in the monthly benefit due to the cost of living adjustment cannot exceed \$150 per month.

Sponsor: Senate Committee on Ways and Means

Location: Senate Committee on Financial Institutions and Insurance

Cost: KPERS' consulting actuary completed a cost study on SB 227 and projected the increase to the unfunded actuarial liability that would occur if SB 227 was passed as introduced. The projected increase to the unfunded actuarial liability totals \$164.2 million for all KPERS retirement plans.

SB 227 does not specify the length of the amortization period to fund the cost of living adjustment. For the cost study, the actuary assumed the increase in the unfunded actuarial liability would be amortized over 15 years for the cost analysis.

Under a 15-year amortization period, SB 227, as introduced, is projected to cost \$15.31 million in FY 2018 (\$11.71 million from all funds in State contributions) and \$15.77 million in FY 2019 (\$12.06 million from all funds in State contributions).

Notes: SB 227, as introduced, is identical to HB 2323, as introduced.