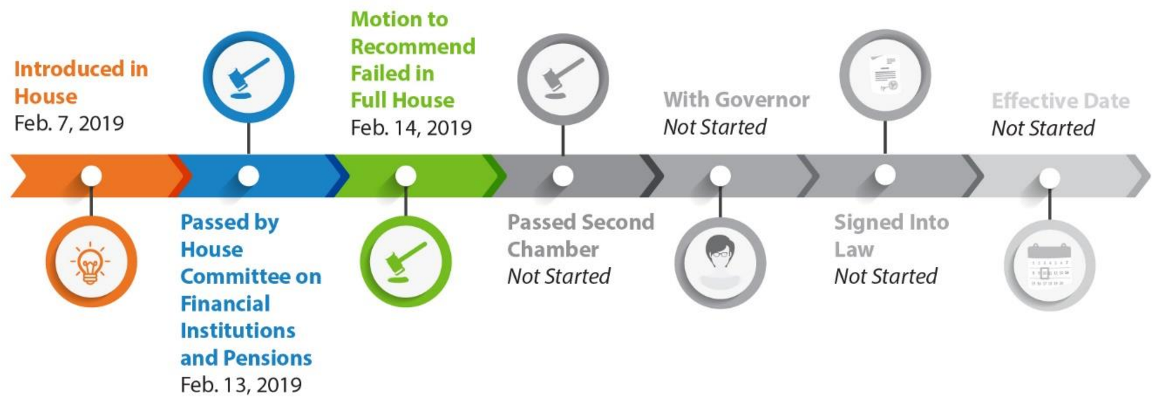
March 6, 2019

2019 Legislative Session | KPERS Bill Recap

House Bill 2197: Reamortizing KPERS Unfunded Actuarial Liability

Where It's At



Quick Look

HB 2197 establishes a new 30-year amortization schedule (funding plan) for the KPERS State/School group unfunded actuarial liability.

Hearings

February 13-Bill hearing in House Financial Institutions and Pensions Committee
February 13-Bill passed without recommendation by House Committee
February 14-Full House debate; motion to recommend failed

The Fine Print

KPERS has an unfunded actuarial liability, which means KPERS' assets do not equal the current value of future benefit payments. Having an unfunded actuarial liability is not uncommon or bad, as long as there is a plan to fund it over a reasonable amount of time.

The current funding plan, called an amortization schedule, was set in 1993 as a 40-year amortization. This funding plan has similarities to a home mortgage. There are 15 years remaining on that original funding plan. At this point, contributions are paying mostly the principal of the unfunded actuarial liability.

HB 2197 reamortizes the unfunded actuarial liability, stretching the funding plan out to a new 30-year period.

Reamortizing is projected to lower required employer contributions in the short term. However, reamortizing is projected to cost $7.4 billion more in employer contributions over 30 years when compared to the existing funding plan.

Employee contributions do not change.

HB 2197 does not change retiree benefits.

The reamortization plan in HB 2197 only applies to the KPERS State/School group. KPERS Local, KP&F and Judges remain on the current funding plan.