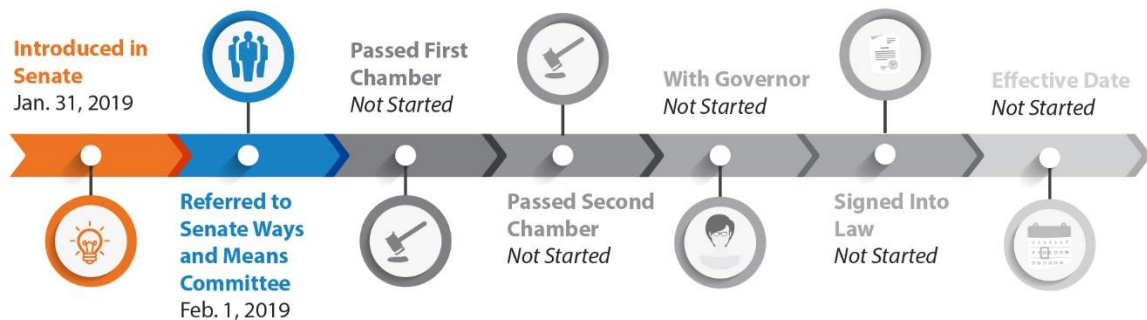


2019 Legislative Session | KPERS Bill Recap

Senate Bill 73: Reamortizing KPERS Unfunded Actuarial Liability

Where It's At



Quick Look

SB 73 establishes a new 30-year amortization schedule (funding plan) for the KPERS State/School group unfunded actuarial liability.

Hearings

No hearings have been scheduled.

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.

SB 73 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.

SB 73 does not change retiree benefits.

The reamortization plan in SB 73 only applies to the KPERS State/School group. KPERS Local, KP&F and Judges remain on the current funding plan.

February 4, 2019