

# Funding Basics

Especially for Members

March 3, 2020



Welcome!



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KPERS Executive Director



## Covering Today

### **KPERS Overview**

- Mission
- Who We Are

### **Funding**

- Your Benefit Is Secure
- How We're Doing
- Making Progress
- Proposed Reamortization
- Questions

## KPERS Overview

## KPERS Mission

KPERS is your **fiduciary**.

That means we put your interests first.

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## Who We Are



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# Funding

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## KPERS Funding

Your Benefit Is Secure.

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Your Benefit Is Secure.

## MYTH:

KPERS is like Social Security.  
Contributions from current employees pay benefits of  
current retiree.

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 KPERS

Your Benefit Is Secure.

## FACT:

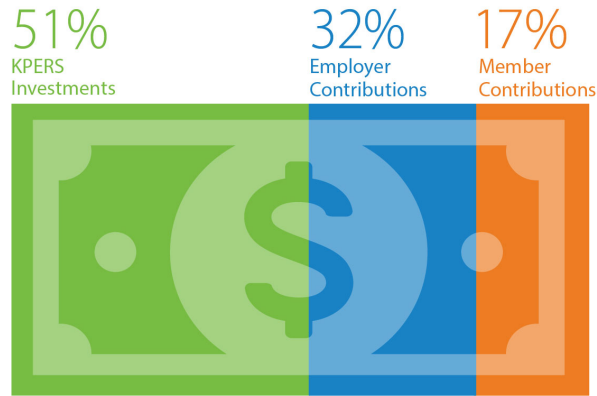
KPERS is **not** like Social Security.  
KPERS benefits are prefunded. Current contributions are  
invested to pay benefits down the road.

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 KPERS

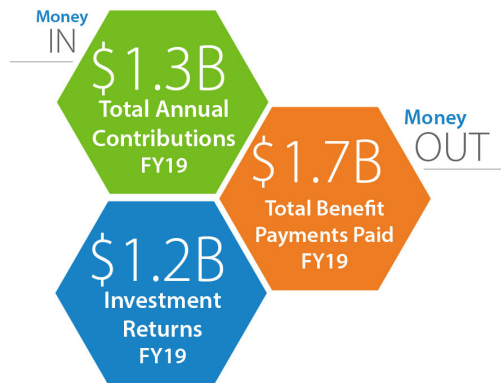
Your Benefit Is Secure.

### KPERS Funding Sources



Your Benefit Is Secure.

### Money In & Money Out



Your Benefit Is Secure.

The KPERS Trust Fund is your money.  
It's not going anywhere.

How We're Doing

How We're Doing



**Trust Fund Assets**  
**\$20.8 Billion**

as of November 30, 2019

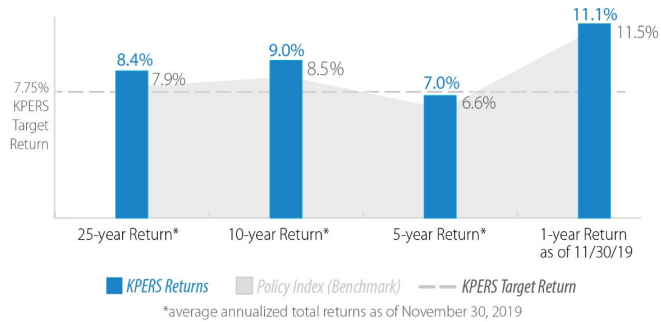
Assets have more than doubled in the last two decades



How We're Doing

**Investments 25-yr Return**  
**8.4%**  
 TARGET 7.75%


KPERS Returns Over Time Total assets = \$20.84B






Making Progress

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Making Progress

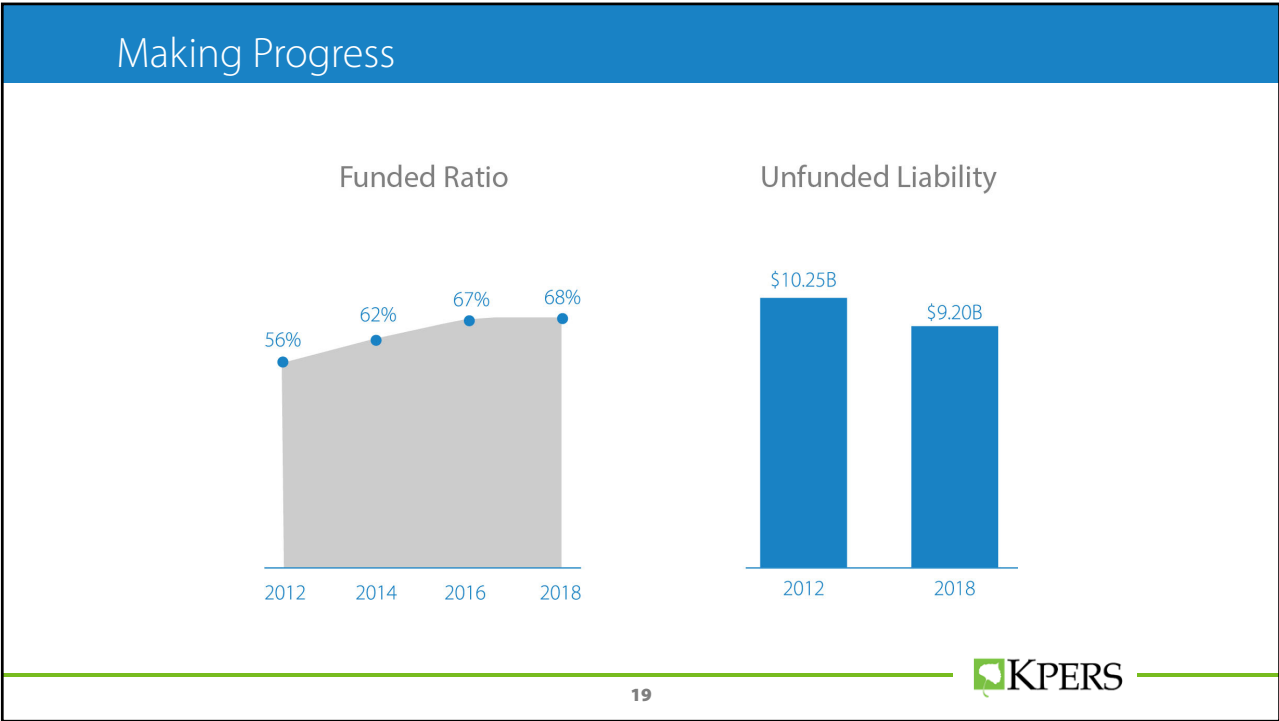


**Assets to Liabilities**

**68.4%** Funded Ratio

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## Proposed Reamortization

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## Proposed Reamortization

- Reamortizes KPERS' legacy State/School unfunded liability
- New 25-year plan ending in 2043 (instead of current 2033 date)
- Does not include KPERS Local, KP&F or Judges

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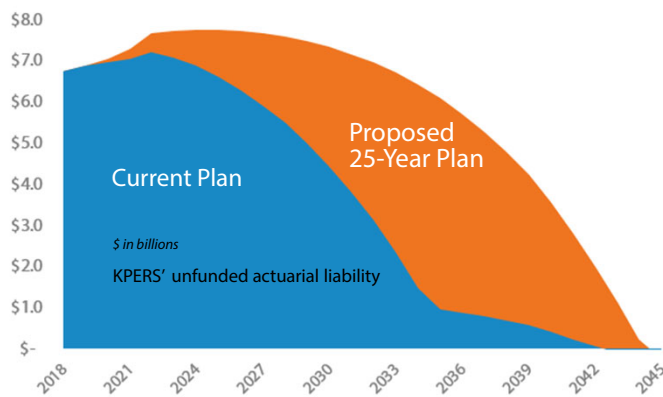


## Proposed Reamortization

- Like refinancing home mortgage
- Lower payments in short term
- Higher long-term cost
- KPERS more vulnerable to adverse market conditions

## Proposed Reamortization

Reamortizing the Legacy Unfunded Liability



## Proposed Reamortization

- KPERS' Board reviews actuarial assumptions every 3 years (including reamortization)
- Completed in January 2020
- Decided to maintain current schedule
- Will review again in 3 years

## Proposed Reamortization

Having a sound funding plan is critical.

Your Benefit Will Be Here

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Your Benefit Will Be Here

When you're ready to retire,  
your benefit will be here.

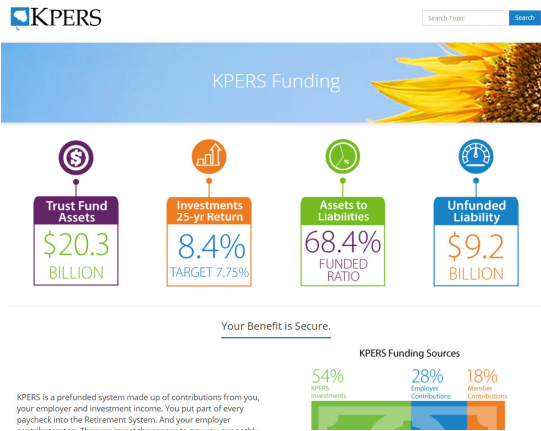
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Questions?

# Questions

For more information, visit [kpers.org/funding](http://kpers.org/funding).



Thank You!

**Contact Us**

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