

Disaster Preparedness Helped KPERS Forge Ahead During COVID-19

You never know when disaster will happen. With that in mind, KPERS developed a “continuity of operations plan” to provide support for mission-critical functions when it does, like paying benefits on time.

We developed our plan for events that might affect us, like a tornado, flooding in our building, a long-term power outage or even a horrible flu season. We couldn’t have predicted a global pandemic, but our disaster recovery plan helped us navigate it.

What’s in the Plan

Our plan outlines essential functions and actions, like who does what and when. It even has a plan for where we’ll conduct business if our main office isn’t available, depending on the circumstances.

We have a backup site, with the equipment and resources we need to carry on essential functions. In addition, we have a secure disaster recovery site with copies of all of our IT systems and data. We conduct disaster recovery tests twice a year just to be sure all is in working order.

Our Plan Is Working

Having a plan for “just in case” paid off. After a two-week shutdown for almost all employees in March, we followed our continuity plan, along with the Governor’s recommendations for phased reopening.

From March 1 through June 30, we processed about 1,900 new retirees. During that time, we also paid monthly retirement benefits totaling around \$575.7 million (averaging \$144 million each month) to more than 107,000 retirees.

We know how important your benefits are. Rest assured that KPERS will continue to pay benefits and provide essential services throughout the COVID-19 pandemic. It’s why we are here.

Vested **INTEREST**

KPERS Newsletter for our Retired Members

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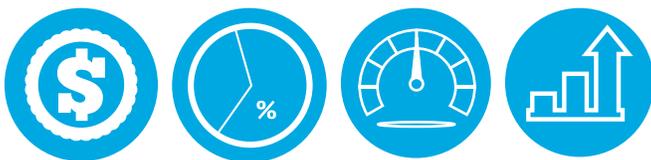
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Especially for Members



NEW! Learn about our funding at
kpers.org/funding.html

Get Involved With KPERS' Board of Trustees

KPERS board members serve an important role overseeing Retirement System operations and safeguarding the System's assets. Retired and active members can run for an elected board position and get involved.

Active and retired members will elect two board members in April 2021. "School" and "non-school" members each elect their own board member. To get on the ballot next spring,

you'll need to collect 100 member signatures on a KPERS candidate petition by November 30, 2020.

For More Info

To learn more about becoming a candidate, visit kpers.org or call our InfoLine at 1-888-275-5737.

Also visit kpers.org to sign up for email updates about candidates, voting and election winners.



Two Conversations You Should Have With Your Family



None of us live forever, unfortunately. It's not something you probably want to think about, and it can be even more difficult to actually start a discussion with your family.

But it's important. Having everything

in order will help your survivors make important decisions should anything happen to you. Here are two important conversation starters.

Survivor Benefits and Funeral Arrangements

When you retired, you chose a benefit payment option. If that option included ongoing monthly benefits after your death, your loved ones will need to contact KPERS to apply for them. If you have other benefits payable on your death, such as life insurance you continued at retirement, make sure the recipient has the information he or she needs.

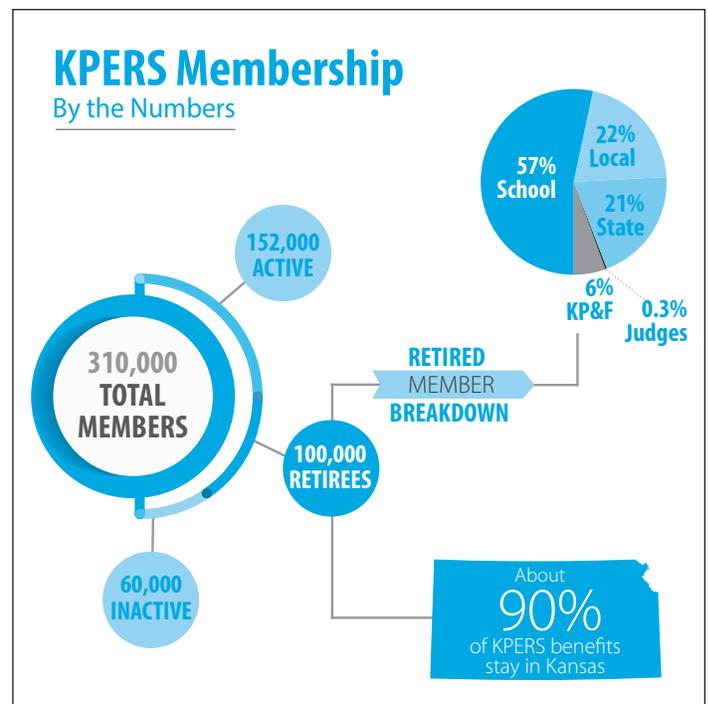
Remember, all KPERS retirees also have a \$4,000 death benefit. If you choose, you can designate a funeral establishment to receive the benefit directly for funeral expenses. The funeral establishment will be responsible for the taxes instead of your beneficiary.

Talking to your family about your wishes can give you a sense of control over your destiny. It can also relieve them of some tough decisions later. Give them peace of mind knowing they are carrying out your wishes. If you have a plan now, be sure to tell them.

Your Will and Other Key Documents

Write out a will so your wishes are clearly defined. You may want to work with an attorney to make sure your will complies with state and federal law. The executor you name in your will should have a copy or know where you keep it.

Your survivors may need to find your will and other important legal and financial papers to settle your affairs. Consider using a document locator, a tool that lets you to record the locations of all your important documents. KPERS has a document locator at kpers.org/publications.html, but you can find others by searching online.



Investment Expertise, Fiduciary Responsibility

Just like more than 107,000 other retirees and survivors, you get a benefit from KPERS every month. In fact, during Fiscal Year 2019, the Retirement System paid more than \$1.7 billion in retirement benefits. Funding for these benefits originates from three sources: contributions from employers, your contributions while you were working, and investment returns. Investment returns over time have provided the largest source of income (about 51%) for paying benefits.

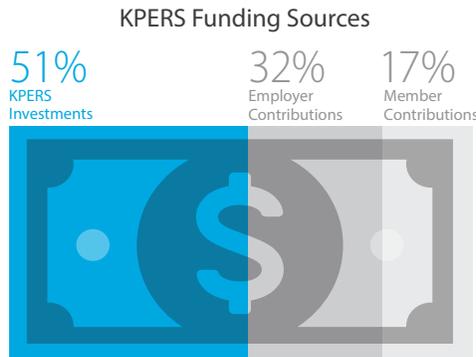
Managing With Expertise and Experience

Managing KPERS' diversified portfolio requires significant investment expertise and experience. KPERS' Board of Trustees has developed a 3-way partnership to create the investment gains needed to pay benefits, also ensuring that we honor our fiduciary commitment to members:

1. KPERS internal investment professionals
2. Three investment consultants
3. External investment managers

KPERS has a staff of nine investment professionals who provide oversight and management of assets and the external investment managers retained by the System. KPERS'

investment officers are supported by a team of investment analysts who provide research and assistance in managing the portfolio. KPERS' investment team is managed by the chief investment officer.



KPERS' team has over 100 years of combined investment management experience. Three of the five officers and one investment analyst have earned Chartered Financial Analyst (CFA) designations. Other officers and analysts are working to earn their designations. The CFA designation is globally recognized as the standard to measure investment professionals.

What Guides Our Investing

We invest KPERS' diversified assets according to the "prudent expert standard of care" for the sole purpose of providing benefits. KPERS' disciplined investment strategy is designed to withstand short-term market volatility and economic downturns, as well as to benefit from strong market and economic environments.

It's important to remember that your benefits are safe, even in times of economic uncertainty. You can learn more about our investment approach at kpers.org/about/investments.html.

Money Matters – Investment Snapshot

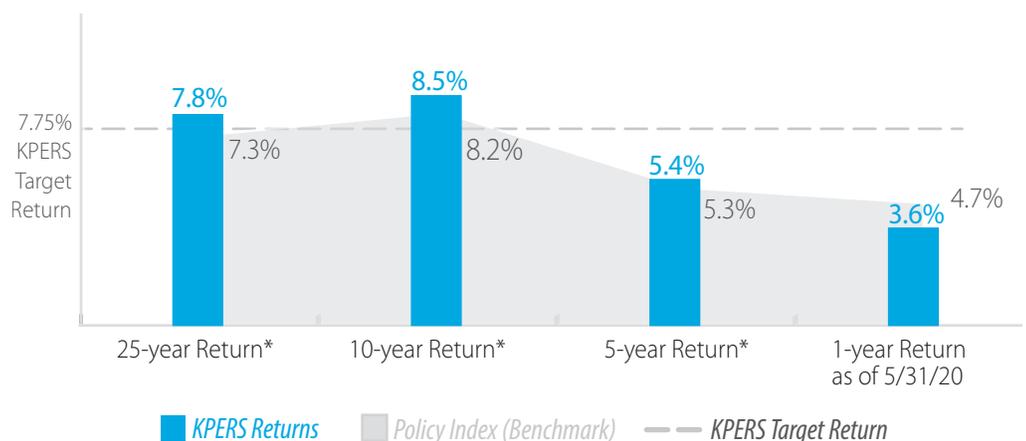
Our actuarial projections currently assume an average, long-term investment return of 7.75%. In some years, returns will be below that rate, and in others, returns will exceed it. While investment returns each year are important, healthy returns over time are essential for proper funding.

KPERS' 25-year investment return average is 7.8%*, exceeding the 7.75% target.

*average annualized total returns

KPERS Returns Over Time

Total assets = \$19.9B



*average annualized total returns as of May 31, 2020

Questions?



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2020 BENEFIT PAYMENT DATES

January 31	July 31
February 28	August 31
March 31	September 30
April 30	October 30
May 29	November 30
June 30	December 31

Our Mission: In our fiduciary capacity, we exist to deliver retirement, disability and survivor benefits to our members and their beneficiaries.

The fiduciary standard is our driving force. That means we put the interest of our members first. It is the highest standard of care and accountability. A fiduciary relationship is highlighted by good faith, loyalty and trust.

Board of Trustees:

Kelly Arnold, <i>Chairman</i>	Emily Hill	Brad Stratton
Suresh Ramamurthi, <i>Vice-Chairman</i>	Ron Johnson	Ryan Trader
Ernie Claudel	Jake LaTurner	James Zakoura

Letter From the Executive Director



Today I would like to talk to you about KPERs' big funding picture. In July, we received the latest actuarial valuation. This is a snapshot of KPERs' financial

health as of December 31, 2019. It helps us measure our funding picture over time. In some ways, an actuarial valuation can be thought of as a year-end inventory. Here are three important highlights.

- KPERs' overall funded ratio increased from 68.4% to 70%.
- The unfunded actuarial liability decreased \$200 million to \$9 billion.
- Net investment return of 17.1% on the market value of assets for calendar year 2019.

The Retirement System is now 70% funded – up nearly 14% since 2012. This marks the first time since the early 2000s. It is certainly something to celebrate! For pension systems like KPERs, 80% and rising is good, with the goal of 100%. We are making progress. But it will take sustained employer contributions at the full actuarially-required rate, along with long-term investment returns to take us the rest of the way.

Another piece in the inventory is called the unfunded actuarial liability. It is the difference between the KPERs Trust Fund assets and the cost of projected future benefits. Currently at \$9 billion, it is mainly resulting from KPERs receiving less than the required employer contributions for more than 25 years, along

with enduring two recessions. It will take time and the right amount of employer contributions to continue improving the System's funded status.

In the meantime, rest assured your retiree benefits are safe and will continue to be paid on time, even as we navigate the ongoing COVID-19 pandemic. As your fiduciary, we will continue working with employers and State leaders to advocate for sound funding into the future.

As always, we welcome your comments and questions. Please feel free to contact me anytime at 785-296-1017 or aconroy@kpers.org.

Alan D. Conroy