



KEEPING THE
KANSAS
PROMISE



DEFINED-BENEFIT PENSIONS

The best way for Kansas to
provide retirement security to
public employees and their families.



WHAT IS KPERS?

KPERS is the Kansas Public Employees Retirement System. KPERS retirement benefits are the most cost-effective way to allow educators, healthcare workers, corrections officers, police officers, municipal workers, and other public employees a dignified retirement. After a lifetime of hard work and service in their communities, public employees deserve financial security in retirement.

DID YOU KNOW?

KPERS was established in 1961 to provide public employees with a dignified retirement. In 2018, expenditures from state and local pensions supported 18,344 jobs that paid \$900.1 million in wages and salaries.

KPERS currently has 156,253 active members and 105,620 retirees and beneficiaries. The system serves several defined-benefit pension plans for public employees: state, school, local workers, the Kansas Police and Firemen's Retirement System (KP&F), and the Kansas Retirement System for Judges.

On average, KPERS provides a monthly benefit of \$1,292 to retirees - a modest amount that allows retired public employees to support themselves, their families, and their communities.

KPERS FACTS

- **Kansas sees \$3.1 billion in total economic impact stemming from state and local pension plan expenditures.**
- **Cost-of-living adjustments (COLAs) for retirees are not a part of the plan's design. Only the legislature can grant COLAs. The last time one was granted was 1998, which was a 3% adjustment to some retirees.**
- **Each dollar paid out in pension benefits supported \$1.60 in total economic activity in Kansas.**
- **Each dollar "invested" by Kansas taxpayers in these plans supported \$5.20 in total output in the state.**

AMERICANS WANT RETIREMENT SECURITY AND PUBLIC EMPLOYEES WANT PENSIONS

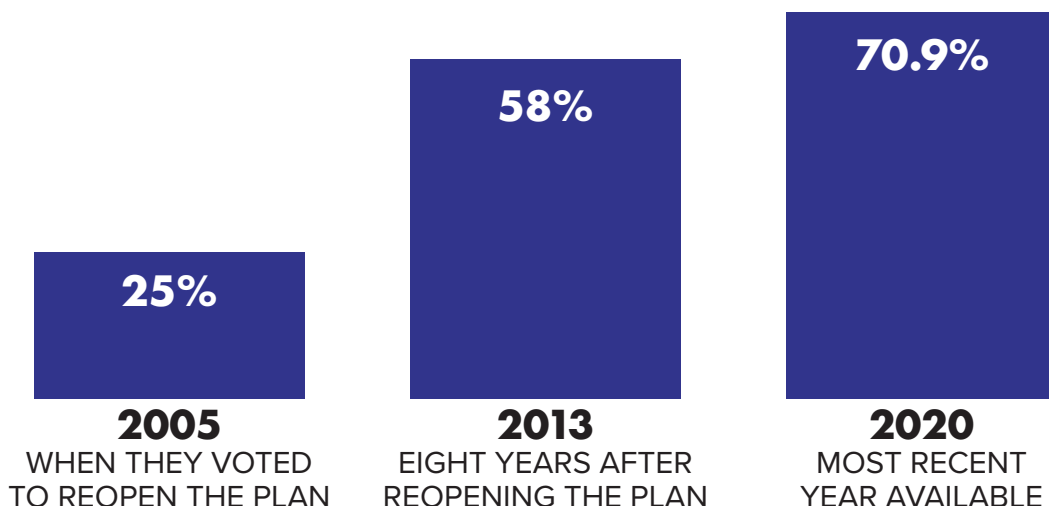
Our communities are healthier when working people have good-paying jobs and a secure retirement. Ninety-four percent of state and local employees say offering a pension is an effective tool for retaining employees. Additionally, 73% of state and local employees say they would be more likely to leave their job if their pensions were cut.*

In Kansas, KPERS provides a dignified retirement to all of our hard-working public employees. In certain states, public employees have a choice between a defined-benefit pension and a 401(k)-style defined-contribution plan. When faced with this choice, public employees overwhelmingly choose pensions.

**More than 75% of public employees chose the pension plan
in seven states that offer this choice.***

CASE STUDY: WEST VIRGINIA

Defined-benefit pensions are the most cost-effective retirement plan for a state to provide. Unfortunately, there is a misperception that switching to a 401(k)-style defined contribution plan is cheaper and can reduce an unfunded liability in a public pension plan. Neither are true, as West Virginia learned the hard way. In 1991, West Virginia, struggling with an unfunded liability, switched its teachers from a defined-benefit pension to a 401(k)-style plan. By 2005, funding for the Teachers Retirement System hit rock bottom with a 25% funding ratio. Additionally, the state found it was spending twice as much to provide a retirement benefit under the 401(k)-style plan. The state reopened the defined-benefit plan in 2005 and committed to a more stringent funding policy and, over the following years, funding levels rebounded. The state is projected to save \$1.2 billion in the first thirty years by reopening the pension plan. Sticking to a good funding policy is the best way to avoid underfunding a plan.



FUNDING DISCIPLINE MATTERS MOST

The states that have experienced the most success with their public pension plans are the ones that consistently fully fund their pension plans each year. No changes to plan design can make up for the losses if the funding is not adequate.

After experiencing severe losses during the Great Recession, public pension funds are recouping their losses and returning to healthy funding levels. According to the National Conference on Public Employee Retirement Systems, **the average funded level in 2020 was 75.1 percent.** In Kansas, KPERS funded status is 70%.

State and local pension funds collectively manage more than \$3.6 trillion in assets and they play an important role in the economies of states and local communities. In 2018, retiree spending of pension benefits generated \$1.3 trillion in total economic output, supporting nearly 7 million jobs across the U.S. This is a significant return on investment for taxpayers.



Keeping the Kansas Promise is a coalition of Kansas organizations seeking to preserve and enhance the Kansas Public Employees Retirement System.

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ProtectPensions.org/states/Kansas

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