

MINUTES

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

June 21, 2006

The meeting was called to order by Chairperson Michael Braude at 10:00 a.m., in the Retirement System Boardroom, Topeka, Kansas.

Board members present: Michael Braude, Chairperson
 Jody Boeding, Vice Chairperson
 Duane Anstine
 Lynn Jenkins
 Doug Wolff

Retirement Plan Design Review

The Chairperson recognized Glenn Deck, Executive Director who made a presentation entitled "Retirement Plan Design Review". Mr. Deck was assisted by the System's actuary Pat Beckham of Milliman, Inc. This presentation was the third in a series of presentations to the Board on the Retirement Plan Design Review Project. It focused on plan design policy questions and issues for future members. The key topics were: retirement eligibility, income replacement ratios and income sources, maintaining purchasing power of benefits, and features of various plan design alternatives. Mr. Deck and Ms. Beckham responded to questions by Board members throughout the presentation. The Chairperson asked Board members to comment on the policy issues and alternatives at the conclusion of the presentation. The general consensus of these comments and Board discussion was as follows:

- Normal retirement eligibility should be increased and early retirement subsidies reduced.
- The retirement planning framework of a 40 year working life and 30 year career should be used.
- The income replacement ratio target ranges discussed are acceptable.
- Retirement income should come from the 3-legged stool of Social Security, KPERS benefits and personal savings.
- There was a preference for providing an automatic COLA in any recommended alternative.
- There were concerns about the defined contribution components of the hybrid alternative and the lower multiplier in the core defined benefit alternative.
- There was interest in learning more about the cash balance alternative along with the modified current plan alternative.

Mr. Deck stated that staff would use this direction and feedback to develop the next presentation on the project at the July 21st Board meeting.