

# KPERS Papers

Kansas Public Employees Retirement System

Serving public employees since 1962

January 2001

## Active Member Issue

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## April 2001 KPERS Board Member Election

This April, KPERS will be gearing up for the Board of Trustees Election in which Retirement System members will elect their fellow members to serve as Trustees on the KPERS Board. The Retirement Act specifies that two members of the Board of Trustees are to be elected from the active and retired memberships of the Retirement System. All active and retired members of KPERS, KP&F, and the Retirement System for Judges are automatically registered to vote in the 2001 Board of Trustees election. The law requires one elected trustee be a school member and the other be a non-school member. "School" members vote to fill one position and "Non-School" members vote to fill the other position.

*Note: According to Kansas statutes, inactive members may neither vote in the election nor serve on the KPERS Board of Trustees. Only active and retired members are eligible to vote or serve on the KPERS Board.*

The Spring, 2001 Trustee election will be conducted as follows:

- Candidate biographies and voting instructions will be made available to eligible voters before the election.
- Voting will begin in April.
- Votes may be cast toll-free by touch-tone phone using the voice response system; or, if a touch-tone phone is unavailable, by calling the Retirement System to request a paper ballot to complete and return by mail.
- Voting will cease April 30, 2001.
- An election committee, appointed by the Retirement System's Executive Secretary, will certify the election results at the end of the election period.
- Election results will be published in the KPERS Papers newsletter, to provide notice to all members of the Retirement System.
- Following the certification of the election results, the newly elected Trustees will begin their service on the Board of the Retirement System beginning on July 1, 2001.

## Candidates

Those who successfully completed petitions to become candidates for the two elected positions and the cities where they reside are:

<b>Non-School Trustee Position</b>	<b>School Trustee Position</b>
Becky Allen-Bouska/Wichita	Kenneth E. Fisher/Lawrence
Bruce Burditt/Auburn	George Goebel/Topeka
Rick Fleming/Topeka	LeRoy Jagers/Russell
Robert M. Halloran/Garden City	Errol Logue/Leavenworth
Keith D. Haxton/Topeka	Marlene A. Merrill/Lawrence
Erica Johnson-Wootson/Wichita	Delores E. Pokorny/LaCrosse
D. Keith Meyers/Lawrence	LeeRoy B. Schuckman/Hays
David P. Mikesic/Kansas City	Loyal A. Vincent/Omaha
Hazel Mordy/Independence	Marjorie Lee Webb/Merriam
Gilbert O. Shapiro/Mission	
Dennis Shell/Kansas City	
Darrell Wilson/Salina	

For more information about Board member candidates, visit our website at [www.kpers.org](http://www.kpers.org).

## Executive Secretary Introduced



**G**lenn Deck is the Executive Secretary of the Kansas Public Employees Retirement System. In this capacity, he serves as the chief executive officer of the Retirement System, reporting to a nine-member Board of Trustees. The Retirement System manages over \$10 billion in assets and serves as

the pension fund for over 232,000 current and retired Kansas public servants.

Prior to his appointment to the Retirement System on November 13, 2000, Glenn served as the City Manager of the City of Oklahoma City for nearly three years. In that capacity he was the chief administrative officer of the City which had a \$700 million budget and 4,500 employees. Previously, he served six years as the Assistant City Manager/Finance Director for Oklahoma City. He also served nearly nine years with the City of Kansas City, Missouri - first as City Auditor and then as Director of Finance. Early in his professional career, Glenn held several positions with the Kansas Legislative Division of Post Audit.

Glenn is a graduate of Phillips University, Enid, Oklahoma with a Bachelor of Arts degree. He received a Master of Public Affairs at the University of Texas at Austin. He is a member of several professional organizations and has been active in youth and community activities. Glenn, his wife Mary, and two sons reside in Lawrence.

## System in Sound Condition

**K**PERS actuarial projections have been in the newspapers lately. The news coverage may have raised concerns about the overall condition of the Retirement System. The KPERS Board of Trustees believes it is important to assure KPERS members and retirees that the Retirement System remains in solid financial and actuarial condition.

Better actuarial procedures have generated revised projections. The projections show that employer contribution rates need to increase, over time, to a level that will be higher than previously expected. Introducing the corrected actuarial data now means recognizing real costs in a more timely fashion. Analysis shows that employer rates would have had to go up in any event, because promised benefits must be funded. In the long run, doing so today rather than tomorrow saves money.

The bottom line is that all benefits are safe, no benefits are jeopardized, and the System is in sound condition for paying benefits now and in the future.

## Trustee Election Privacy Act Notice

**T**he Retirement System's use of social security numbers to maintain member records is authorized by subsection (a)(2)(B) of Section 7 of Pub. L. 93-579 (5U.S.C. § 552a note) and K.A.R. 80-4-1. The Retirement System maintains records of your contributions and service credit using your social security number. If you are an active or retired member of KPERS, KP&F, or the Retirement System for Judges, you are automatically registered to vote in the 2001 Trustee election. Election of two trustees by Retirement System members (one by school members and the other by non-school members) is mandated at K.S.A. 1995 Supp. 74-4905(2), as amended by §5 of 1996 House Bill 2699. Adoption of regulations to govern the trustee elections is authorized at K.S.A. 1995 Supp. 74-4909(12).

Your social security number is your voter registration number for the trustee election process. The Retirement System must use your social security number to verify that you are an eligible voter and to enter your vote for a trustee. Use of your social security number in this process is mandatory. The Retirement System will make no public disclosure of your social security number.

Be sure to check the next issue of the KPERS Papers newsletter for trustee election results.

## Check Out Our Web Site

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Many of you may have noticed that the KPERs web site ([www.kpers.org](http://www.kpers.org)) has a new look. Although the new site displays much of the same information as before, a few new features have been added:



- \* More graphics and a new color scheme give the page a fresh appearance.
- \* The site theme is consistent throughout and pages are clean and uncluttered, making navigation easier.
- \* A "What's New" section informs viewers of current news and information.
- \* Each page contains a link to the site map.
- \* Frequently asked questions and a glossary of terms have been added.

KPERs plans to continue improvement of our web site by keeping information current and accurate, adding more forms and publications as they become available and concentrating on suggestions and comments from those of you who frequent the page. Future improvements include interactive web accessibility development after February 2002.

Should you have any comments or suggestions about the KPERs web site, please feel free to e-mail Tracy Rafferty at [TRafferty@kpers.org](mailto:TRafferty@kpers.org).

## Annual Statement Notice

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About this time each year, the Retirement System receives inquiries about the *Annual Statement of Member Account*. Though the year 2000 has ended, much work remains before each member's account is updated and the Annual Statements are prepared for distribution.

Employer and employee contributions are received from over 1,400 participating employers each month, but individual accounts are updated only once a year, after the end of the employer's reporting period.

In December each year, KPERs sends annual report forms to participating employers, to be completed and returned to the KPERs office by February 1. Once the

completed reports are received, staff begins the task of updating approximately 150,000 member records.

The majority of member records are updated by the end of April. At that time, accurate Annual Statements for the year ended the previous December 31 can be printed and mailed to Designated Agents, who are responsible for distributing them to their employee members. KPERs anticipates that all members will receive their Annual Statements by the end of May.

## Kansans Vote "Yes"

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In November 2000, Kansas citizens had the opportunity to vote for a constitutional amendment which would allow the Retirement System to own shares of bank stocks as part of its investment portfolio.

The amendment passed by an overwhelming number of votes. A grand total of 905,038 votes were cast with 556,715 (62%) voting in favor of the amendment.

The Retirement System is now requesting that a bill be introduced and passed early in the 2001 legislative session which would allow necessary changes to similar language in current retirement law.

For more detailed information on the amendment that was passed, refer to the October 2000 issue of the KPERs Papers currently posted on our web site.

## PLSO Update

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Information about the new "Partial Lump Sum Option" (PLSO) benefit will soon be distributed to Designated Agents throughout the state. In the year 2000, the Kansas Legislature approved the establishment of a new partial lump-sum option program for KPERs members. The option is scheduled to become available in July of this year. Through this new program, retiring members may select a partial lump-sum distribution which results in a reduced monthly benefit.

More information about this option will be posted on the KPERs web site after March 2001 and in the next issue of the KPERs Papers.

## Bull or Bear Market?

As extraordinary as the run-up in prices in the stock market was in the past several years, the decline has been equally newsworthy. All the major stock market averages ended calendar year 2000 squarely in the red, with the broad based averages losing between five and ten percent and the technology-laden NASDAQ average dropping nearly 40 percent. So, how does this impact your current or future benefits as a KPERS member? The answer is, it does not.

KPERS is a defined benefit plan. As the name implies, your benefits are defined, within the state statutes. The appreciation or depreciation within the KPERS investment account does not impact that formula or the resulting benefits. This is in contrast to a defined contribution plan, such as the state 457 deferred compensation plan, or a tax-sheltered annuity (403b) plan. Within these plans, each individual has a separate account, and the account value is a function of the market value of the underlying investments. When the market is experiencing appreciation, such as last year, this excess return accrues to the benefit of the account holder. When the market is in a period of decline, such as the current environment, the value of the account declines as well, at least to the extent that the account holds variable assets.

Like most things, defined benefit and defined contribution plans are never all things to all people, or in this case, all things in all markets. A strong retirement plan is generally held to contain elements of a guaranteed safety net (such as Social Security), an employer sponsored defined benefit plan (such as KPERS), and personal voluntary savings accounts (such as IRAs or defined contribution accounts). In this fashion, retirement benefits are never dependent on any single source and are not predicated on any unrealistic expectations regarding future investment returns or the timing of those returns.

Obviously, KPERS members and the taxpayers of Kansas benefit from increases in the value of the KPERS fund to the extent that excess earnings create greater financial health and flexibility to meet future obligations. For this reason, the fund is managed for long-term total return. During interim periods of negative returns, however, it is good to remember that the benefit structure within KPERS is fixed, and as such, will continue to play a positive role in an overall balanced retirement plan.

**Mission Statement of the Retirement System:** The Kansas Public Employees Retirement System is a plan of retirement, disability, and survivor benefits provided by law for Kansas public servants and their beneficiaries.

The Board of Trustees and the Staff of the Retirement System strive at all times to safeguard the System's assets by adhering to the highest standards of fiduciary and professional care, complying strictly and fairly with the law, and conducting business in a courteous, timely and effective manner.

**KPERS Board of Trustees:**

	Jarold Boettcher, Chair	Patrick Smith, Vice-Chair	
	Bruce Burditt	Vern Chesbro	Frank Gaines
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