

# STRATEGIC PLAN

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FOR FISCAL YEARS 2011-2015



# OUR HISTORY

The Retirement System was established in 1962 to provide retirement benefits for public servants employed by the State of Kansas and select local governments. Today, we are an umbrella organization administering three statewide retirement plans that provide not only retirement, but death and disability benefits for those spending their careers in Kansas public service.

- Kansas Public Employees Retirement System
- Kansas Police and Firemen’s Retirement System
- Kansas Retirement System for Judges

	<b>1962</b>	<b>2009</b>
<b>assets</b>	\$3 million	\$10 billion
<b>members</b>	24,300	268,000
<b>employers</b>	184	1,490

# OUR MEMBERS AND EMPLOYERS

## Participating Employers

KPERS is the foundation of retirement income for many Kansans in public service. Over 1,490 employers now participate in order to ensure that their employees enjoy a guaranteed retirement benefit. Participating employers include:

- The State of Kansas.
- All Kansas school districts.
- All counties and most municipalities and townships.
- Other employers such as libraries, hospitals, community colleges and conservation districts.

## Membership

Our membership includes people from all walks of life in a variety of jobs. Today, our membership totals just over 268,000 members. That is approximately 1 in every 11 Kansans.

- Our largest participating employer is the State of Kansas.
- More than half of our active members are employed by school districts.
- The estimated economic impact of the Retirement System on the state is more than \$1 billion annually.

# OUR MISSION

The Kansas Public Employees Retirement System, in its fiduciary capacity, exists to deliver retirement, disability and survivor benefits to its members and their beneficiaries.

# OUR CORE VALUES

**Service** • Strive to provide excellent service that is timely, accurate, thorough and accessible.

**Integrity** • Conduct business in an honest, ethical and fair environment while adhering to the highest standards of professional and ethical conduct.

**Respect** • Acknowledge and value contributions of individual employees and encourage mutual respect, civility, diversity, and personal development.

**Accountability** • Take ownership and responsibility for our actions and their results.

**Innovation** • Seek creative solutions to long-range situations and everyday issues. Embrace change and consider new ideas.

**Teamwork** • Work together to achieve common goals. Share risks and rewards while valuing openness and flexibility.

# OUR GOALS

## Goal #1

**Work** with stakeholders to ensure the System is financially sound and that all promised benefits are properly funded.

## Goal #2

**Invest** the System's assets according to the "prudent expert" standard of care for the sole purpose of providing benefits to our members and their beneficiaries.

## Goal #3

**Serve** members and employers in a professional, timely, accurate and cost-effective way.

## Goal #4

**Communicate** effectively with our members, employers, public officials and other stakeholders.

# OUR ENVIRONMENT

## Economic Conditions

**National** • Uneven or tepid equity market recovery from unprecedented market declines; continued deleveraging of debt; inflation resurgence and rising commodity and oil prices over the mid-term; rising economic power in Asia and South America; national focus on public and private pension funding and plan design issues, including defined contribution plan options; and continued uncertainty about Social Security benefits.

**State** • Major state revenue shortfalls are likely to be compounded by school and Medicaid funding demands and expiration of federal stimulus funds. Increases in KPERS employer contribution rates will be very difficult in this budgetary environment.

## Demographic Trends

**Active Membership** • Active membership is likely to be flat to modestly declining. Long-term funding status may increase anxiety regarding security of benefits and impact of any benefit or contribution changes. Limited compensation growth and rising health care costs contribute to members' financial concerns.

**Baby Boomers** • Baby Boomers will reach retirement eligibility in large numbers, although their retirement plans may be moderated due to economic downturn.

**Life Expectancy** • Members are living longer and collecting benefits for more years after retirement.

**Generational Issues** • Diversity in membership and employers is increasing, with different expectations from employees under age 30.

**KPERS** • More staff retirements are on the horizon.

## Expectations for Service and Convenience

**Members** • Higher levels of individualized service, targeted communications, on-demand information in concise packages, and web-enabled transactions.

**Employers** • On-demand assistance and help options, further development of easily accessed electronic information while maintaining high levels of security. Concerns regarding rising employer contribution rates in the midst of widespread government funding difficulties.

# STRATEGIC INITIATIVES

## Long-Term Funding and Retirement Plan Design

### Sustainable Funding

- Complete comprehensive review and analysis of KPERS' long-term funding and presentation of funding solution options to Governor and Legislature.
- Continue evaluating funding status and projections, analyzing adjustments to employer contribution rates or future plan design as needed to ensure financial stability.
- Continuously monitor funding status of all plans as economic conditions change.

### Plan Design

Complete review and analysis of plan design options consistent with funding solution options.

#### Critical Factors to Consider

Whether or not funding solution options –

- Are consistent with legal limitations and actuarial standards.
- Provide a cooperative, comprehensive solution that is sustainable.
- Establish shared responsibility among stakeholders for the funding solution.
- Provide more stability in employer rates.
- Support retirement benefit adequacy.

## Death & Disability Program

- Monitor short and long-term financial viability.
- As needed, evaluate scope and design of plan in light of funding status.
- Evaluate program administration in light of funding status and industry best practice standards.

## Investment Management

- Proactively monitor and manage our investment managers and portfolios.
- Continue to evaluate new strategies and assets for potential new investment, particularly those in the growing areas of the world.
- Monitor our asset allocation and investment mix in light of cash flow needs.
- Conduct a comprehensive asset/liability study in light of profound changes that have taken place in the investment markets and our long-term funding picture.

## Service

- Use technology to meet higher service demands while encouraging self-service.
- Continually monitor business processes to ensure efficient, effective methods for delivering services.
- Evaluate options for interagency sharing of data with employers to improve accuracy and productivity and to minimize duplication of reporting.
- Use tools such as focus groups and satisfaction surveys to improve service and meet member and employer needs.
- Encourage web-based transactions and redirect resources to transactions requiring one-on-one assistance.
- Continue improving annual statements and updating member beneficiary records.

## **Communication & Education**

- Develop strategic, comprehensive communication plans for target member and employer groups.
- Continue developing direct communication with active members and education programs targeted by life/career stage.
- Continue integrating information about retirement income components (KPERs, Social Security benefits, personal savings options).
- Improve and expand electronic communication and education.
- Focus outreach efforts to reinforce stakeholder understanding and to strengthen partnerships with individual employers and employer groups.
- Continue development of training, course offerings, staff support and technology resources for employers.

## **Technology**

- Maintain and, as needed, update the technology system used to pay benefits and administer the Retirement System.
- Develop technological tools to improve service, communication and education.
- Support web-based transactions, user-friendly tools and self-service options while protecting information security and privacy.
- Use Information Technology strategic plan to prioritize initiatives.

## **Risk Management**

- Emphasize fiduciary responsibility and statutory compliance.
- Maintain security levels needed to ensure protection of systems, data and member privacy.
- Evaluate effective and efficient use of resources, emphasizing best practices.
- Maintain a viable and tested disaster recovery plan.

## **Staffing**

- Recruit, develop and retain a quality workforce.
- Evaluate compensation and incentive plan structure.
- Facilitate competency development and encourage participation in organizational change through implementation of new performance management process.
- Emphasize professional development and job enrichment opportunities.
- Develop succession plans.
- Capture institutional knowledge through Intranet or knowledge management software.
- Continue developing KPERs employee recognition program.