

The background of the page is a dark blue architectural blueprint. It features various white lines representing walls, doors, and windows. Several dimensions are written in white, including "5'-4\"", "19'-0\"", "12'-0\"", "9'-10\"", and "19'-0\"". There are also some circled numbers like "5" and "4". A white rectangular box is positioned horizontally across the middle of the page, containing the subtitle. The main title is positioned above this box, and the subtitle is inside it. The entire page is framed by a white dotted line on the left and top edges.

STRATEGIC PLAN

2006 - 2010

Kansas Public Employees Retirement System

OUR BLUEPRINT FOR SUCCESS

PLAN
= 1'-0"

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EXECUTIVE

DIRECTOR'S MESSAGE

I am pleased to present the Kansas Public Employees Retirement System's *Strategic Plan* for fiscal years 2006-2010. This plan reflects our continuing commitment to meet the diverse and ever-changing needs of our members and employers. Everything we do – from responding to member questions to investing \$12 billion – is designed to ensure that our members receive their promised benefits.

The *Strategic Plan* describes the key challenges KPERS is likely to face during the next five years, and identifies the strategies we plan to use to achieve our desired results. The *Plan* provides a blueprint for our success and a written record of a dynamic process.

As reflected in the *Plan*, our most important initiative is to improve the System's financial health by promoting actuarial soundness with a long-term perspective. In addition to funding challenges, our membership demographics and staffing patterns will change significantly with the impending retirements of the Baby Boom generation and overall population aging. We will need to make special efforts to maintain high standards of customer service in the face of significant membership growth. We will use technology and communication tools to enhance our ability to meet the increasing demands of our growing and diverse membership.

Since its inception in 1962, the Retirement System has been instrumental in contributing to the financial well-being of public employees in Kansas. We remain committed to helping our members prepare for financial security during retirement as we work to meet the future needs of both our members and participating employers.



Glenn Deck
Executive Director

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 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

	1962	2006
assets	\$3 million	\$12 billion
members	24,300	250,000
employers	184	1,450

OUR GOALS

Goal #1

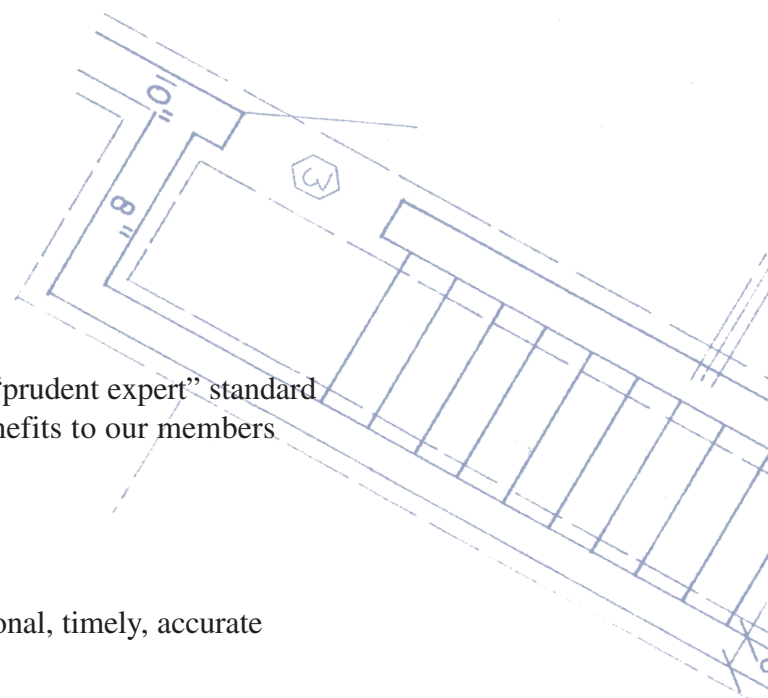
Invest the System's assets according to the "prudent expert" standard of care for the sole purpose of providing benefits to our members and their beneficiaries.

Goal #2

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

Goal #3

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



OUR ENVIRONMENT

Economic Conditions

National • Equity market volatility, higher interest rates, climbing oil prices, national focus on public and private pension funding issues, continued uncertainty about Social Security benefits.

State • School finance and Medicaid funding stressing an already-strained state budget.

Demographic Trends

Baby Boomers • Baby Boomer retirements creating a projected 30 percent increase in KPERS retiree membership.

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

Generational Issues • Increasing diversity in membership and employees, different expectations from employees under age 30.

KPERS • More staff retirements on the horizon.

Expectations for Service and Convenience

Members • Higher levels of individualized service and web-enabled transactions.

Employers • Easy access with electronic information while increasing security.

STRATEGIC INITIATIVES

Long-Term Funding

Retirement Benefits

- Continuously monitor funding status of all plans as economic conditions change.
- Proactively evaluate funding status and projections, advocating adjustments to employer contribution rates or future plan design as needed to ensure financial stability.

Death & Disability Program

- Complete benefit modifications, employer rate changes and industry-standard procedures.
- Periodically evaluate progress toward securing short- and long-term financial viability.

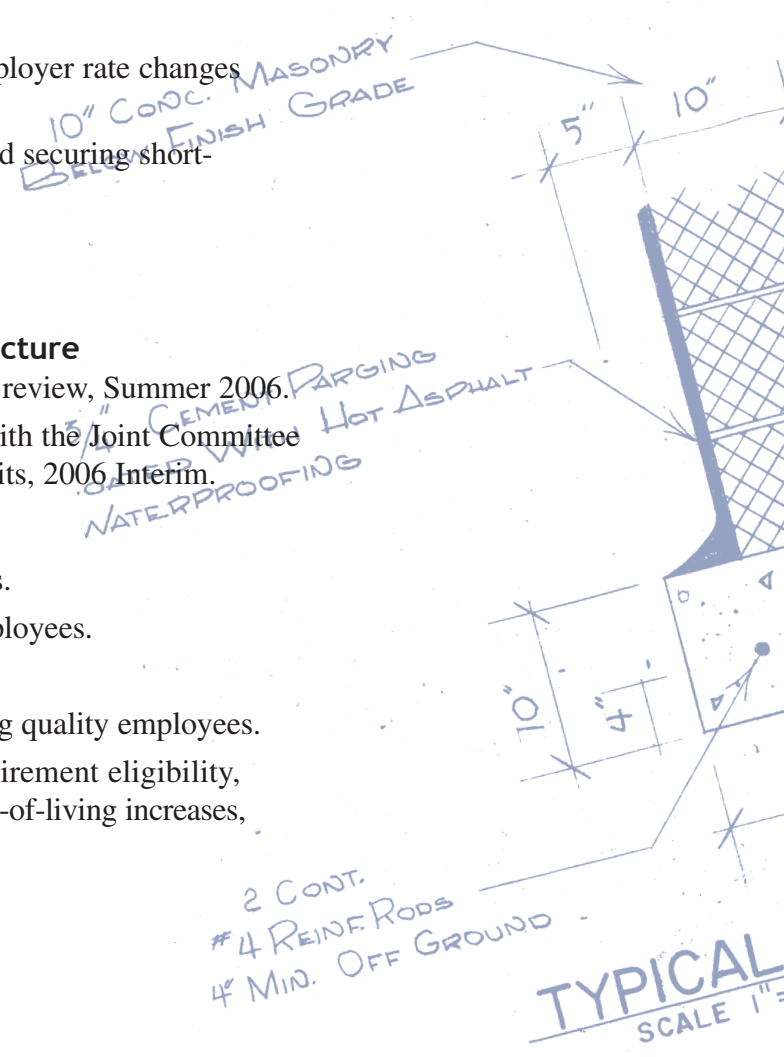
Retirement Plan Design

Analyze Plan Design and Funding Structure

- Staff, actuary and Board of Trustees review, Summer 2006.
- Legislative consideration to begin with the Joint Committee on Pensions, Investments and Benefits, 2006 Interim.

Critical Factors to Consider

- Consensus on plan design objectives.
- Affordability for employers and employees.
- Retirement income adequacy.
- Incentives for attracting and retaining quality employees.
- Benefit features such as vesting, retirement eligibility, final average salary calculations, cost-of-living increases, retirement options, etc.



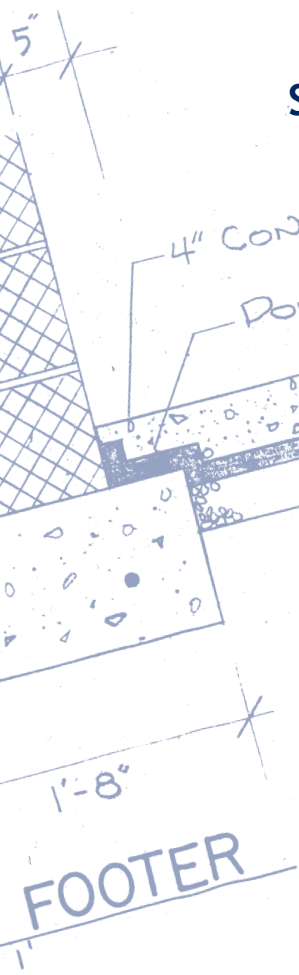
STRATEGIC INITIATIVES

Investment Management

- Proactively monitor risk and performance.
- Evaluate strategies to contain volatility prior to reaching the required actuarial contribution rate level.
- Emphasize efficient application of risk capital.
- Evaluate the alternative investment strategy and components, and develop new strategies when beneficial.
- Conduct a comprehensive asset/liability study in 2007.

Service

- Use technology to meet higher service demands while encouraging self-service.
- Continually monitor business processes to ensure efficient, effective methods for delivering services.
- Use focus groups, satisfaction surveys and benefit administration benchmarking studies 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.
- Implement more frequent contribution reporting and reconciliation using existing payroll information.



STRATEGIC INITIATIVES

Communication & Education

- Develop strategic, comprehensive communication plans for target member and employer groups.
- Plan direct communication with active members and education programs targeted by life/career stage.
- Coordinate information about retirement resources (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.
- Provide additional training, course offerings, staff support and technology resources for employers.

Technology

- Provide the technology infrastructure needed to pay benefits and administer the Retirement System.
- Develop technological tools to improve service, communication and education.
- Implement Phases II and III of KPERs Integrated Technology System (KITS).
- Establish a foundation for future technology initiatives.
- Support web-based transactions, user-friendly tools and self-service options while protecting information security and privacy.

STRATEGIC INITIATIVES

Risk Management

- Emphasize fiduciary responsibility and statutory compliance.
- Provide security levels needed to ensure protection of systems, data and member privacy.
- Evaluate effective and efficient use of resources emphasizing best practices.
- Refine internal audit program.
- Update disaster recovery plan.

Staffing

Succession & Retention Planning

- Develop formal succession and retention plans.
- Recruit, develop and retain a quality workforce.
- Revise staffing classifications to reflect required knowledge and skills.
- Capture institutional knowledge.

Performance & Training

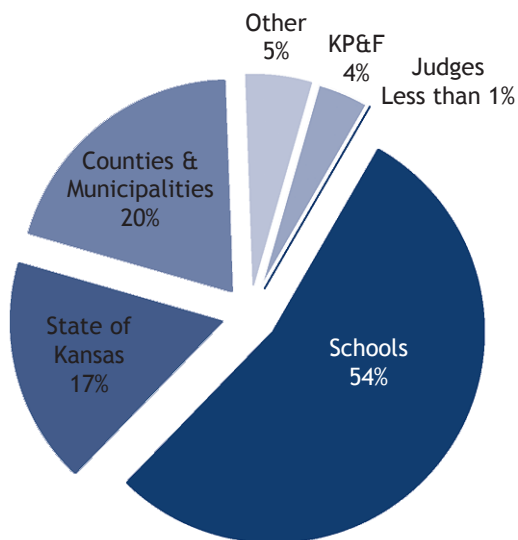
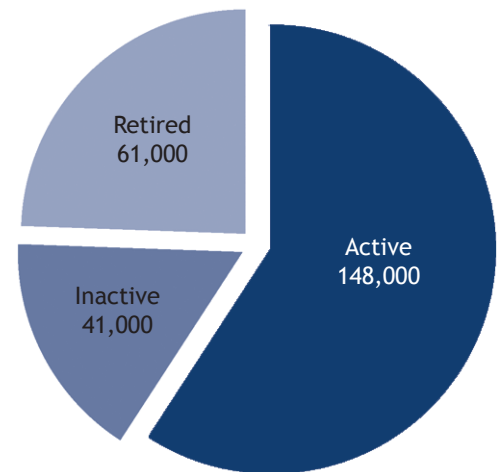
- Emphasize professional development and job enrichment opportunities.
- Increase technology education for all staff members.
- Enhance KPERS employee recognition program.
- Identify need for additional resources such as KPERS Intranet.
- Encourage participation in organizational change.

OUR MEMBERS AND EMPLOYERS

Membership

Our membership includes people from all walks of life in a variety of jobs. Today, our membership totals just over 250,000 members. That is approximately 1 in every 12 Kansans.

- Our largest participating employer is the State of Kansas.
- More than half of our active members are employed by school districts.
- The estimated annual economic impact of the Retirement System on the state is more than \$845 million.



Participating Employers

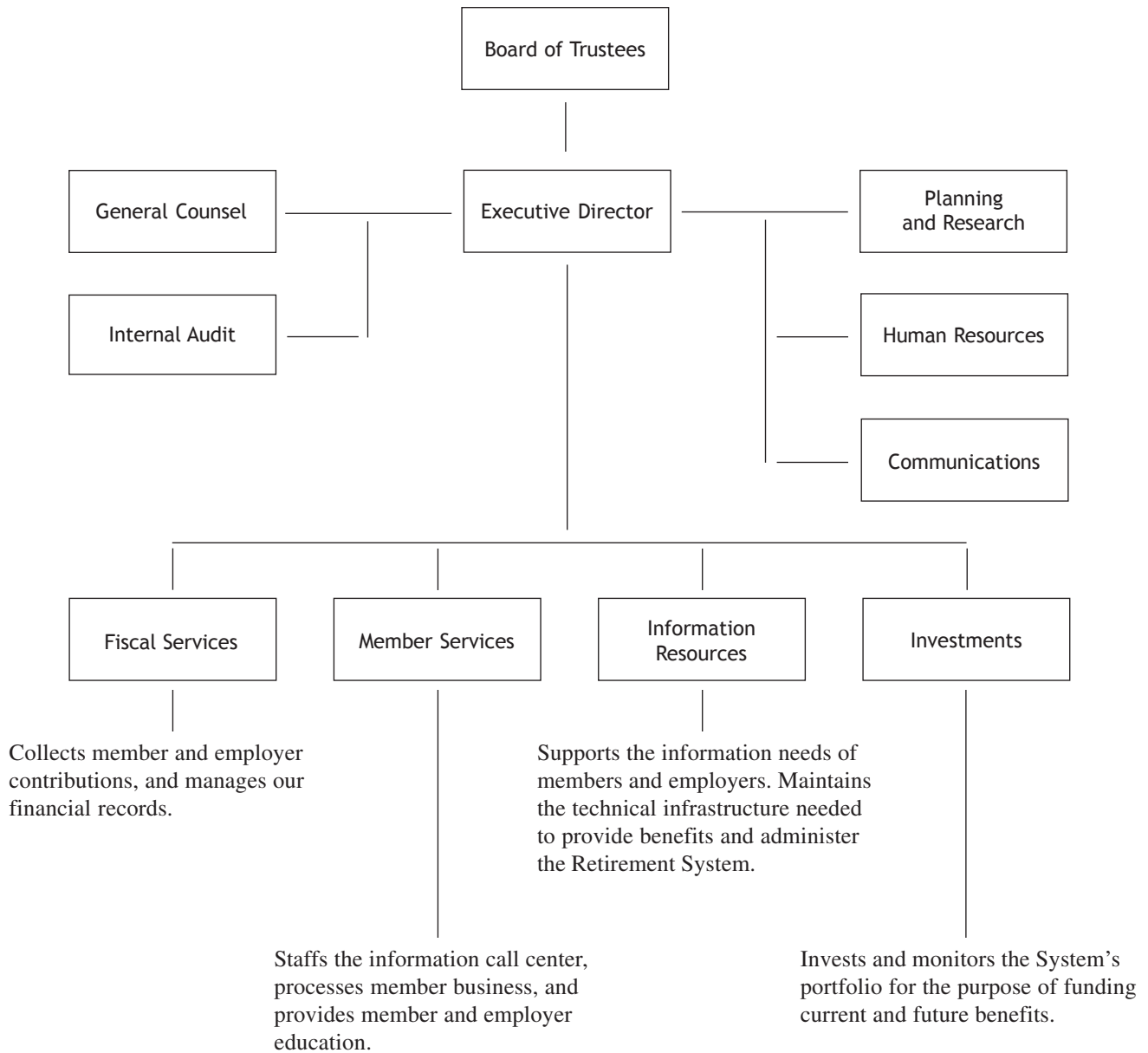
KPERS is the foundation of retirement income for many Kansans in public service. Over 1,450 employers now participate in order to ensure that their employees enjoy a guaranteed retirement benefit. Participating employers include:

- 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.

OUR BOARD OF TRUSTEES

Duane Anstine	Hutchinson Retired teacher Elected by school members
Jody Boeding	Kansas City Assistant Counsel for the Unified Government of Wyandotte County/Kansas City, Kansas Elected by non-school members
Jarold W. Boettcher	Beloit President and CEO of Boettcher Enterprises, Inc. and Boettcher Supply, Inc. Appointed by the Governor
Michael Braude	Mission Woods Retired President and CEO of the Kansas City Board of Trade Appointed by the Governor
Bruce Burditt	Auburn District Manager of Modern Woodmen of America Appointed by the Speaker of the House
Lynn Jenkins	Topeka Kansas State Treasurer Statutory member
Lon Pishny	Garden City Pishny Financial Services Appointed by the President of the Senate
Rachel Lipman Reiber	Olathe Vice President of Regulatory and Governmental Affairs for Everest Appointed by the Governor
Doug Wolff	Topeka Vice President of Product Development for Security Benefit Group Appointed by the Governor

OUR ORGANIZATION



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