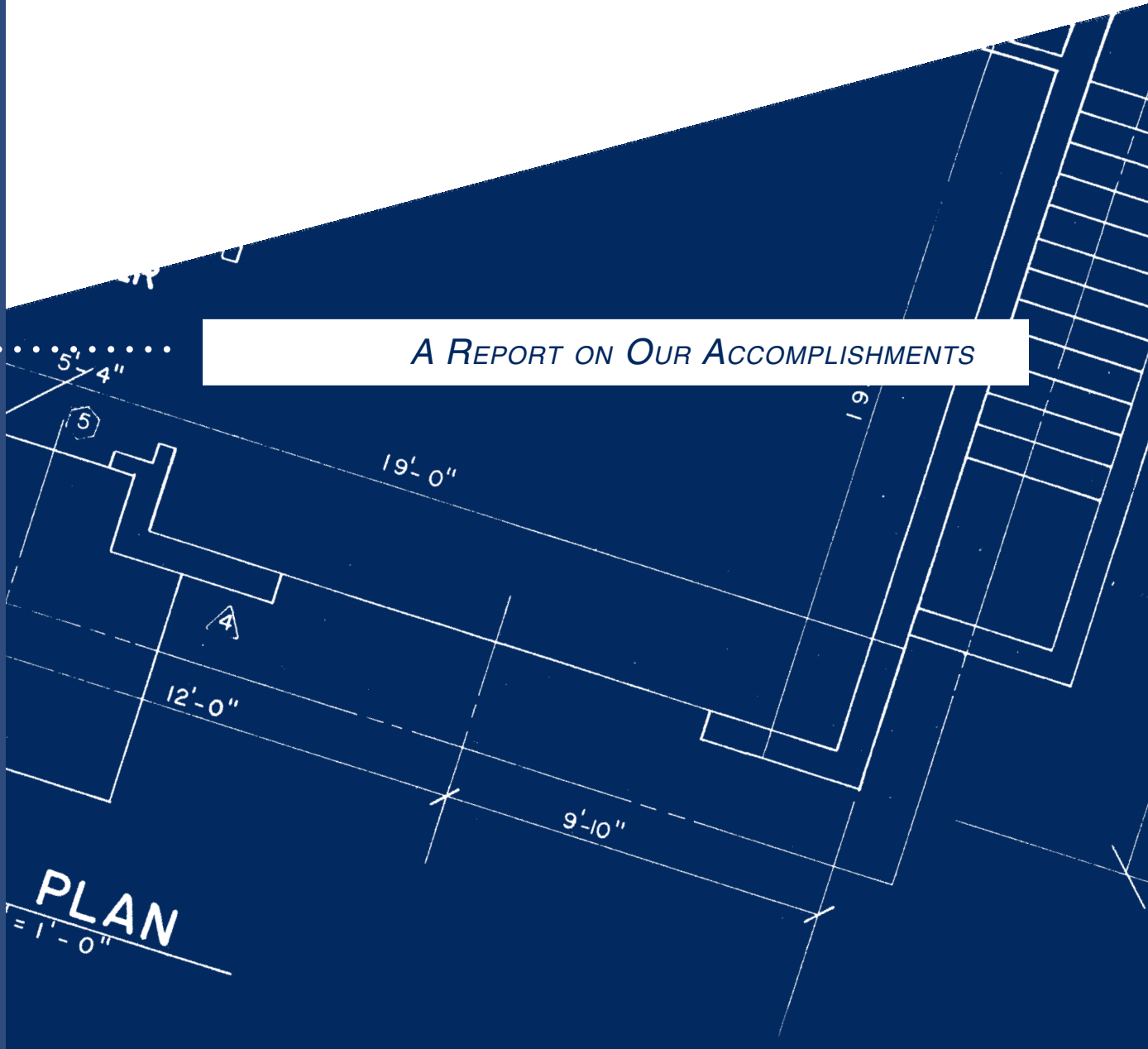


# STRATEGIC PROGRESS

Kansas Public Employees Retirement System  
FY 2004 – FY 2006

*A REPORT ON OUR ACCOMPLISHMENTS*



# OUR MISSION

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



# SUCCESS BY DESIGN

Progress usually doesn't just happen on its own. It is the result of deliberate planning and action. Successes are designed and built inch by inch, foot by foot.

KPERS strategic plan has provided a blueprint for us to follow, helping us build a better Retirement System.

Over the last three fiscal years, KPERS staff has worked hard to shore up the system's financial health, provide better, faster service, and begin creating a technology infrastructure to support our vision for the future.

This highlight of our accomplishments reflects how we have managed challenges and capitalized on opportunities, while focusing on our most important charge — providing benefits for those who spend their careers in Kansas public service.

## 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.

# STRATEGIC

# ACCOMPLISHMENTS

## Long-Term Funding

### Retirement Benefits

- Made significant progress toward improving the System's financial health.
- Worked with the Legislature to increase employer contribution rates and issue \$500 million in pension obligation bonds.
- Enacted needed actuarial changes.

### Death and Disability Benefits

- Hired a new life insurance provider with improved coverage, a 25 percent reduction in premiums and electronic enrollment.
- Adjusted disability plan benefits to bring them in line with industry standards and make them more economical.
- Transitioned to a new disability administrator with an increased focus on rehabilitation.
- Worked with the Legislature to increase employer contribution rates.

### Retirement Plan Design

- Initiated a comprehensive analysis of funding and plan design issues.
- Developed plan design options for new members.
- Outlined a project timeline for future efforts.

# STRATEGIC

# ACCOMPLISHMENTS

## Investment Management

- Increased total assets by \$3 billion over the last three fiscal years.
- Reached a ten-year return average of 9.1 percent, exceeding our 8 percent actuarial target.
- Internally managed various portfolios generating a fee savings in excess of \$4.4 million over the last three years.
- Established a new global allocation asset class.
- Implemented an active currency program.
- Added a portable alpha program.
- Completed positive structural changes based on a comprehensive triennial asset-liability analysis.

## Service

- Distributed nearly 2.2 million retirement payments totaling over \$2 billion in the last three years, with 99.9 percent of payments sent on time.
- Increased the customer service call center answer rate from 83 percent to 99 percent over the last four years. 97 percent of current calls are handled by the initial staff member answering the call.
- Cut withdrawal processing time in half and returned approximately \$45 million in inactive member contributions and interest in the last year.
- Conducted various satisfaction surveys and incorporated suggestions from members and employers when appropriate. All survey scores have measured in the mid to high 90 percent range.
- Increased confidentiality of member annual statements.
- Coordinated lump-sum service purchases totaling \$28.5 million over the last three years.

# STRATEGIC ACCOMPLISHMENTS

## Communication and Education

- Launched a new KPERS web site with greatly expanded content and doubled web site hits.
- Conducted over 800 statewide member and employer presentations, seminars and workshops during the last three years with a field services staff of four.
- Created the “electronic communication group” for employers who prefer to receive their member communication materials electronically instead of paper.
- Began teaching workshops especially for new and inexperienced designated agents.
- Implemented a correspondence project to edit hundreds of KPERS form letters in conjunction with our new information system.
- Held employer focus groups to gather perceptions and opinions for upcoming projects.
- Published KPERS’ first popular annual report for members and stakeholders.

## Technology

- Digitally imaged over 200,000 member records and continue to image all incoming documents. Records are organized and easily accessible when employers and members call.
- Implemented the first two project phases for a new information system, on time and on budget. Currently working on the next two phases.
- Developed web-based contribution reporting for employers with 25+ employees.
- Completed various hardware installations to improve our technology infrastructure, increase security and improve our ability to provide service.

# STRATEGIC ACCOMPLISHMENTS

## Fiduciary Responsibility and Risk Management

- Received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for 11 consecutive years.
- Maintained the lowest cost per member over the last three years for pension administration when compared to our peers. A 2006 study shows it costs KPERS approximately \$35 per member to provide service, while our peers average \$70 per member. At the same time, KPERS continues to match the median score for customer service.
- Completed a custodial bank RFP process, cutting bank and securities lending expenses by nearly \$1 million.
- Completed a comprehensive business contingency/disaster recovery plan for all System operations.
- Established an internal audit program to improve internal controls and performance.

## Staffing

- Began developing user manuals for succession planning.
- Reorganized Member Services into a team concept and cross-trained for more efficient use of human resources.
- Invested in staff with learning opportunities.
  - Personal development
  - Pension administration
  - IT training and classes

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