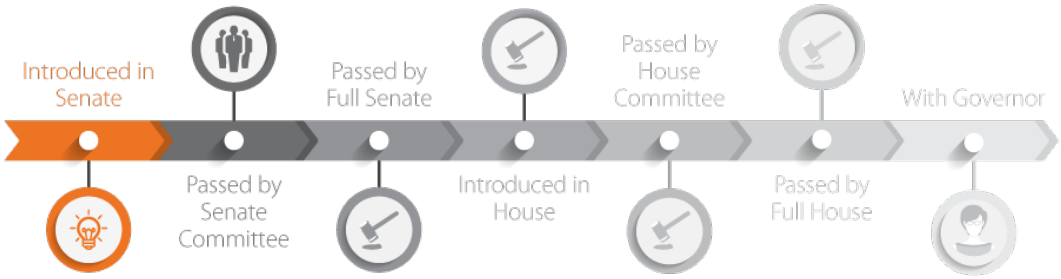
2021 Legislative Session | KPERS Bill Recap

Senate Bill 266: Reamortizating KPERS State/School UAL

Where It's At



Quick Look

SB 266 would extend the existing amortization period for the State/School legacy unfunded actuarial liability by 10 years and eliminate the remaining payments on delayed contributions from FY 2017 and FY 2019.

Hearings

No hearings scheduled

The Fine Print

KPERS has an unfunded actuarial liability, which means KPERS' assets are less than the estimated future benefit payments. Having an unfunded actuarial liability is not uncommon or bad, as long as there is a plan to fund it over a reasonable amount of time.

The unfunded liability is amortized, much like a home mortgage. The current funding plan was set in 1993 as a 40-year amortization schedule, with about 13 years remaining on the original funding plan. At this point, contributions are paying mostly the principal of the unfunded liability.

SB 266 reamortizes the legacy unfunded actuarial liability for a 24-year period ending 2043, which is 10 years later than the existing amortization schedule. Reamortizing is projected to lower required employer contributions in the short term, but will cost $4.6 billion more in employer contributions over 30 years, compared to the existing plan.

Member contributions do not change. Retiree benefits do not change.

The reamortization plan in SB 266 only applies to the KPERS State/School group. KPERS Local, KP&F and Judges remain on the current funding plan.

In both FY 2017 and FY 2019, the State delayed the KPERS State/School employer contributions, but established a payment plan to pay those contributions over 22 years. The State has made annual scheduled payments for the past four years. SB 266 would stop the remaining 18 years of payments and add the remaining balance to the legacy unfunded actuarial liability.

KPERS