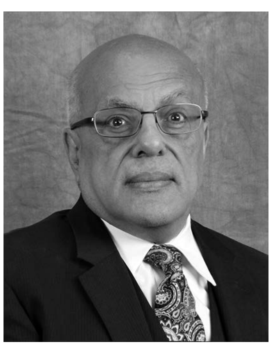
*Vested*INTEREST

KPERS Newsletter for our Retired Members

Inside this issue

Trustee Zakoura Elected Chairperson



KPERS Board of Trustees unanimously elected **James Zakoura**, Overland Park, to serve as chairperson for Fiscal Year 2022.

He has been on the Board since March 2018 with his appointment by Governor Jeff Colyer, M.D. He was reappointed for a second four-year term in January 2021 by Governor Laura Kelly.

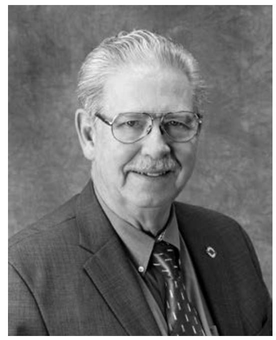
He is a partner in the law firm of Smithyman & Zakoura, and has practiced law for more than 48 years.

To learn more about the KPERS Board of Trustees, visit kpers.org/about/board.html

Announcing the 2021 KPERS Elected Trustees

Your Voice Was Heard

In April, KPERS held an election for School members to select a trustee to represent them on the KPERS Board of Trustees. KPERS trustees serve an important role as a fiduciary by overseeing the System's operations and the investment program. Member-elected positions let KPERS members keep their voice in the Board room.



Ernie Claudel

Ryan Trader

School Trustee

Ernie (Paul E.) Claudel

Ernie (Paul E.) Claudel, Olathe, is the elected school trustee. He was first elected to the KPERS Board in 2013. This is his third term. He is a retired teacher and school administrator.

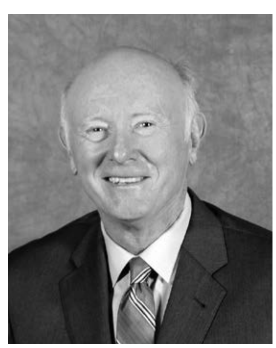
Non-School Trustee

Ryan Trader

Current non-school Trustee Ryan Trader, Olathe, was unopposed for the Non-school position and retains his current seat. Trader was elected by Non-school members in 2017. This is his second term. He is a firefighter/paramedic for the Olathe Fire Department.

The new term for both trustees began July 1, 2021. All trustees serve four-year terms.

Williams Appointed to KPERS Board



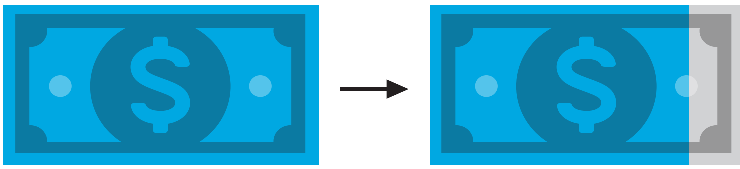
Sam Williams, Wichita, was recently appointed to the KPERS Board of Trustees by the President of the Senate, Ty Masterson. Williams' term began July 1, 2021.

Williams is a retired Chief Financial Officer and Managing Partner for advertising agency Sullivan, Higdon and Sink. He is a CPA and former Kansas Secretary of Revenue.

Economic Impact of KPERS

Total FY 2020 KPERS Retirement Benefits

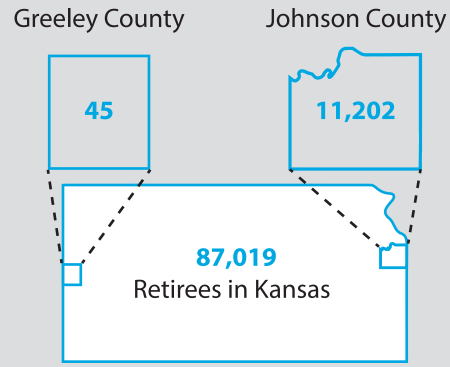
87% of KPERS Benefits Paid to Kansans



$1.8 billion

$1.6 billion

Counties With Most and Least KPERS Retirees



Financial Planning During Retirement

Financial planning doesn't end on the day you retire. In fact, the need for careful financial planning is becoming increasingly important throughout your retirement years.

One of the top reasons is simply that people are living longer and healthier lives. The average life expectancy of Americans at birth has risen 30 years in the last century. If you retired at age 55 and are in good health, you might reasonably expect to spend 25 to 30 years in retirement. Your retirement savings will have to last for that same period of time. A structured financial plan is important to maintain the lifestyle you want amid rising health care costs, inflation and other challenges.

Tackling Health Care Costs

The rising cost of health care, including medical care, prescription drugs, health insurance and long-term care, is possibly the single most important issue for retirees today. These costs are rising at a much faster rate than inflation. For your financial security, you need to consider whether to set aside savings for future costs or to purchase insurance policies that provide the coverage you need.

Taking the Bite Out of Inflation

Although you have the peace of mind knowing that your KPERS benefit is guaranteed for the rest of your life, increases in everyday living costs can erode your purchasing power over time. To offset inflation, your retirement income must increase, too. Keep in mind, KPERS does not have a permanent cost-of-living adjustment (COLA). Only the Legislature can grant ad hoc increases. This additional income must come from your personal savings and investments.

Making Your Savings Last

Financial advisors say that investing too conservatively during retirement is one of the most common pitfalls. In an ultraconservative portfolio, inflation can eat away at your nest egg over time. Most financial planners suggest a diversified, well-balanced portfolio that includes stable investments as well as stocks. This approach generally provides growth and inflation protection while keeping risk at a manageable level.

Time for Action

Remember, even though you're retired, your financial planning days are not over. And, while a very conservative portfolio might feel safer, it may not have the staying power you need. Take time to review your financial plan or get started on a new one. For help with your financial planning or to locate a certified financial planner, visit the Certified Financial Planner Board of Standards at cfp.net.

What You Need to Know About Power of Attorney

Health concerns and a loss of mental clarity are an unfortunate reality of aging.

A power-of-attorney document is a legal tool that many retirees use to make important financial decisions if they are unable to.

For KPERS purposes, a power of attorney is a legal document granting an individual the ability to make decisions for the retiree, joint annuitant, a minor or beneficiary.

If the person with your power of attorney will be handling your KPERS business, here are a few things you need to know.

- Someone with your power of attorney can make address changes, bank changes, or discuss KPERS business on your behalf.
- A power of attorney **does not** have the authority to change or designate a beneficiary. A member's signature is always required on a beneficiary form.
- If you have given someone your power of attorney, please make sure KPERS has a certified copy of the document. Without it, KPERS cannot conduct or discuss your retirement business, even with your family members.

Five Reasons to Consider a POA

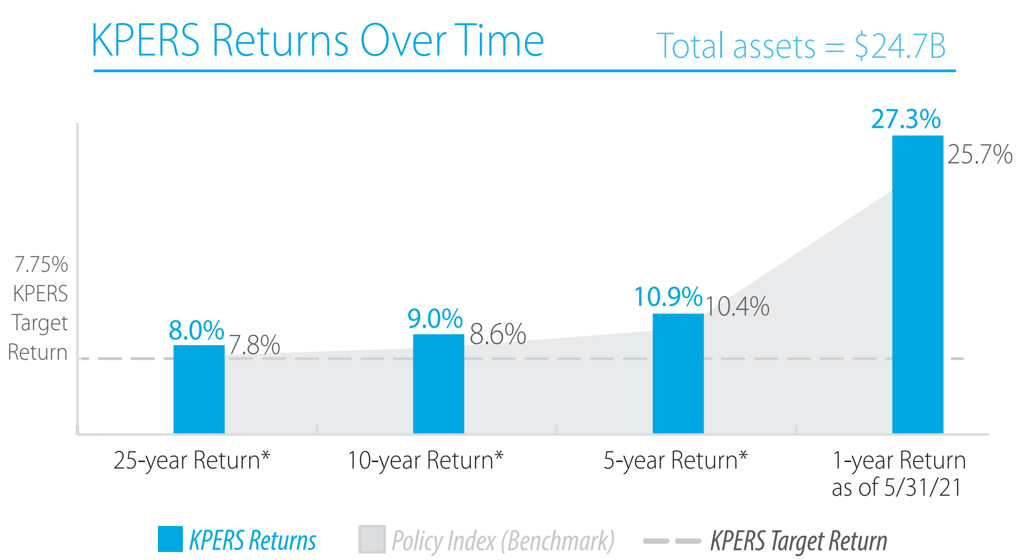
1. **You are overwhelmed by your finances.** It may be time to ask for help. Overdue bills, overdrawn accounts and fraud attempts are all signs you might need help.
2. **You are diagnosed with Alzheimer's disease or dementia.** Consider setting up a power of attorney (POA) before you experience significant cognitive decline. It may be more difficult to establish later.
3. **You travel often or have a seasonal home.** It may be helpful to have someone at home to handle banking and bills when you're away.
4. **You have an upcoming surgery.** Complications can happen with any surgery, and it's important to know your wishes will be upheld in case of emergency.
5. **Your family is prone to disagreements.** It's not uncommon for loved ones to disagree about an elder's care, especially when it comes to finances and end-of-life decisions. A POA clearly designates who is responsible for upholding your wishes, and can prevent sibling arguments.

Money Matters – Investment Snapshot

Our actuarial projections currently assume an average, long-term investment return of 7.75%. In some years, returns will be below that rate, and in others, returns will exceed it. While investment returns each year are important, healthy returns over time are essential for proper funding.

KPERS' 25-year investment return average is 8.0%*, exceeding the 7.75% target.

*average annualized total returns



*average annualized total returns as of May 31, 2021

Questions?

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NEXT BENEFIT PAYMENT DATES

August 31, 2021

September 30, 2021

October 29, 2021

November 30, 2021

December 30, 2021

Our Mission: In our fiduciary capacity, we exist to deliver retirement, disability and survivor benefits to our members and their beneficiaries.

The fiduciary standard is our driving force. That means we put the interest of our members first. It is the highest standard of care and accountability. A fiduciary relationship is highlighted by good faith, loyalty and trust.

Letter From Alan Conroy, Executive Director

KPERS has received its latest actuarial valuation and the news is good. The valuation is an annual snapshot of our financial health, and it helps us get a better look at our funding picture over time. I am pleased to share a few highlights with you.

KPERS had an investment return of 11.1% for calendar year 2020. The Trust Fund has benefited from tremendous investment returns the last two years. However, that does not happen every year. Our primary focus is to maintain healthy returns over the long-term. KPERS' 25-year return average is 8.0%, exceeding the 7.75% target.

Investment returns fund almost half of your benefit. Along with full and consistent employer contributions over time, both are critical to sound funding.

The next two pieces of good news go hand-in-hand. The unfunded actuarial liability decreased by $500 million to $8.5 billion. It is the difference between assets and the cost of future benefits. While that is a high number by any measure, we are headed in the right direction. And KPERS' overall funded ratio (assets/liabilities) increased from 70% to 73%.

For pension systems like KPERS, a funded ratio of 80% and rising is good, on the way to the goal of 100%. We continue to make progress on our path to full funding and are projected to reach 100% in 2033.

During this year's legislative session, we had additional help along our path. The Legislature and Governor Kelly approved up to $500 million in pension funding bonds to help pay down the "School" group's unfunded liability. KPERS should see a positive effect on funding in next year's valuation.

How do pension bonds work? The State of Kansas sells bonds to investors. Proceeds from the sale are deposited into KPERS' Trust Fund and invested. The State pays back investors, with interest, over time. KPERS' investments are expected to earn more than the State pays in interest on the bonds. This saves the State money on future contributions.

For questions, please feel free to contact me at 785-296-1017 or aconroy@kpers.org.