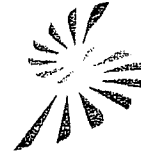


**SECURITY BENEFIT CORPORATION
KEY ISSUES WITH KPERS PROPOSALS**



**SECURITY
BENEFIT®**

State Run Defined Contribution Plan:

- Security Benefit opposes a State run and administered defined contribution plan:
 - It would constitute a State monopoly
 - It shifts all risks to the employees but gives them no choices
 - It would effectively destroy current supplemental savings plans, both at state and local level

Private Market Defined Contribution Plan:

- Established as a 403(b) plan for schools
 - Teachers currently invest in and are familiar with 403(b) plans
 - Teachers will have greater savings opportunities with a 403 (b) plan
 - Higher limits
 - Income protection
 - Voluntary contribution option available
- Require multiple investment providers selected at both the state and local school districts, e.g. 3- 6 state selected and an equal number selected at the local district
- Require both a low fee, low service option and an independent financial advisor option
- Provide that investment options must include asset management, asset protection and income guarantees
- Provide that statewide 403(b) program marketing materials must not favor specific investment providers
- Use an independent third party administrator/record keeper (“TPA”) with requirements that TPA fees must not be more onerous for additional investment options/providers selected by the school districts than for the investment providers selected for the statewide 403(b) program

Cash Balance Plan Proposal:

A cash balance plan should include the following requirements:

- All electronic and written account statements provided to the members, or accessible to the members through electronic account access, shall include:
 - The anticipated monthly benefit from the account based on a retirement age of 65; and
 - The anticipated percentage of income replacement provided by the plan based upon a retirement age of 65.
 - The hypothetical/notional account balance;
- All electronic and written account statements provided to the members, or accessible to the members through electronic account access, shall clearly state that additional personal savings in programs like a 403 (b) plan or a 457 plan will likely be necessary to insure adequate retirement savings and to address cost of living increases.
- KPERS shall develop and make available to all members an electronic benefits estimate calculator for the cash balance plan.