

February 28, 2013

The Honorable Ty Masterson, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator Masterson:

SUBJECT: Fiscal Note for SB 205 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 205 is respectfully submitted to your committee.

Under current law, the cash balance plan within KPERS will become effective on January 1, 2015. Under that plan, the interest crediting rate for a member's annuity savings account is currently 5.25 percent. SB 205 would reduce the interest crediting rate to 5.0 percent.

Also under the current plan, members receive retirement benefits based upon a member's account balance, an annuity interest rate of 6.0 percent, and mortality rates adopted by the Kansas Public Employees Retirement System Board of Trustees. SB 205 would reduce the annuity interest rate to 5.0 percent.

According to KPERS, passage of SB 205 would have no immediate fiscal effect. Over the long-term, however, the bill is estimated to produce state and school employer contribution savings totaling \$5.2 billion. For local governments, it is estimated that savings of \$1.8 billion would be attained. Any fiscal effect associated with SB 205 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Faith Loretto, KPERS