

KPERS Re-Amortization:

- The decision of whether to reamortize is a common discussion for pension systems.
- Reamortization helps make employer contributions more manageable in the future.
- It will strengthen the state's ability to honor its commitment to state employees and retirees by reducing the potential for skipped, delayed or reduced payments to the pension system during times of fiscal difficulty.

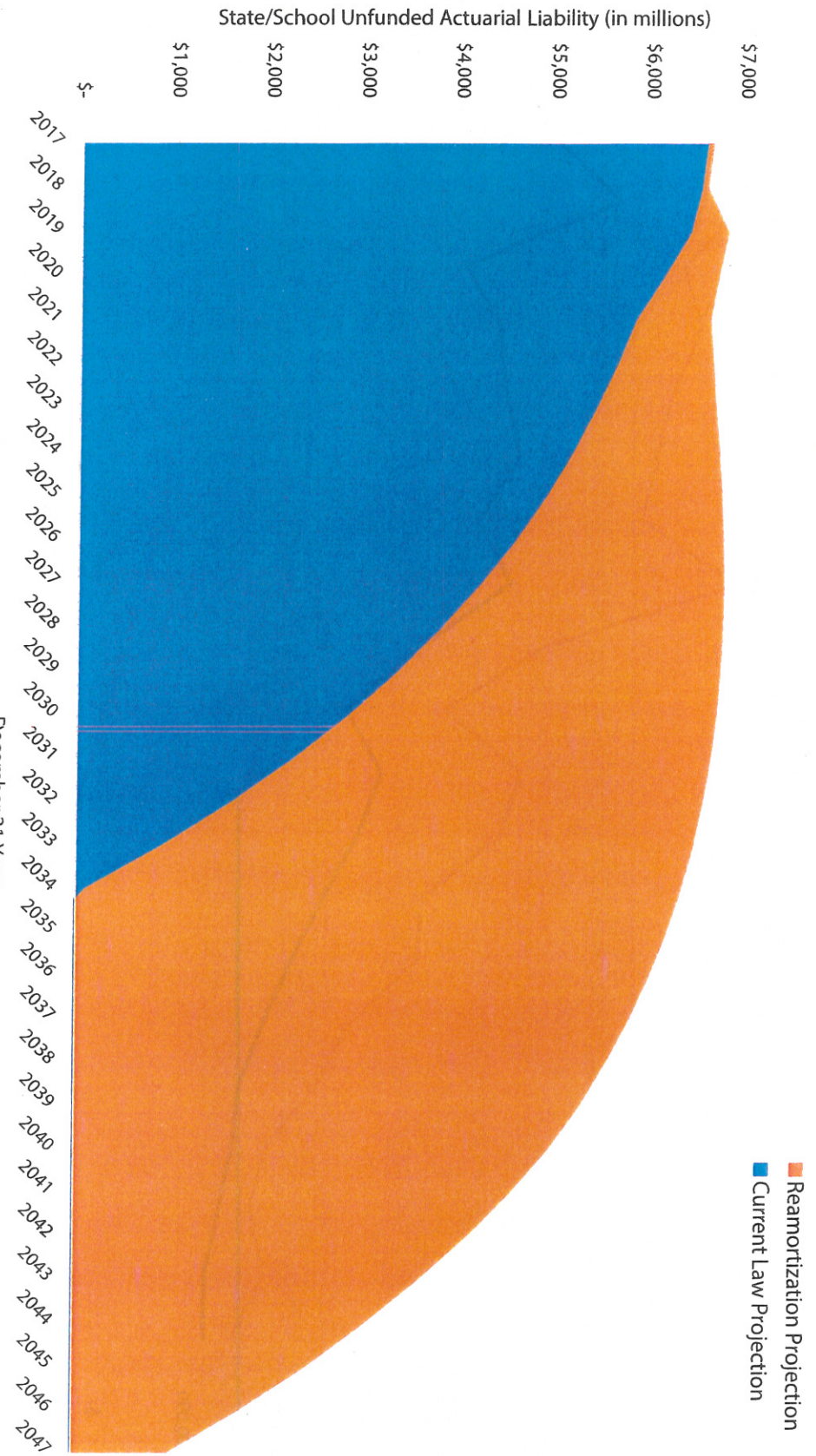
Over the past two years we have seen:

- Reduced payments of \$64.1 million for FY 2017. Through a separate "layering" repayment mechanism, the cost of that one delay will be \$128 million.
 - Reduced payments of \$115.0 million for FY 2018. This was added to the unfunded actuarial liability.
 - Reduced payments of \$194.0 million for FY 2019. Through a separate "layering" repayment mechanism, the cost of that one delay will be \$388 million.
- There will be NO cuts and NO impact on benefits.

- Estimated FY 2020 SGF savings \$160.0 million. And \$176.4 million AF
- Simplifies state finances by folding all past delayed layering payments into the reamortization
- The KPERS Board of Trustees is not supportive. It is focused on KPERS only and not the whole picture....(K-12, Roads & Bridges, healthcare needs, etc.)
- The current amortization was set in 1993 on a 40 year closed amortization.
- Current estimated KPERS pmt. FY 2020 is \$662.6 million SGF (pre-amortization)
- Current estimated KPERS pmt. FY 2021 is \$687.8 million SGF (pre-amortization)
- Payments continue to increase - KPERS est. for 2031 is \$922.6 million SGF
- We have not met our Actuarial KPERS requirement since before 12/31/2000.
- KPERS payment delays, payment reamortization/layering, and/or unpaid commitments has occurred 15 times in the last 9 years.
- There will be NO cuts and NO impact on benefits.

30-Year Reamortization Projection

Reamortizing the Legacy Unfunded Actuarial Liability as of 12/31/2016, eliminate payment of FY 17/FY19 delayed contributions, and eliminate \$56 million contingent payment in FY 2019. Projected State/School Unfunded Actuarial Liability

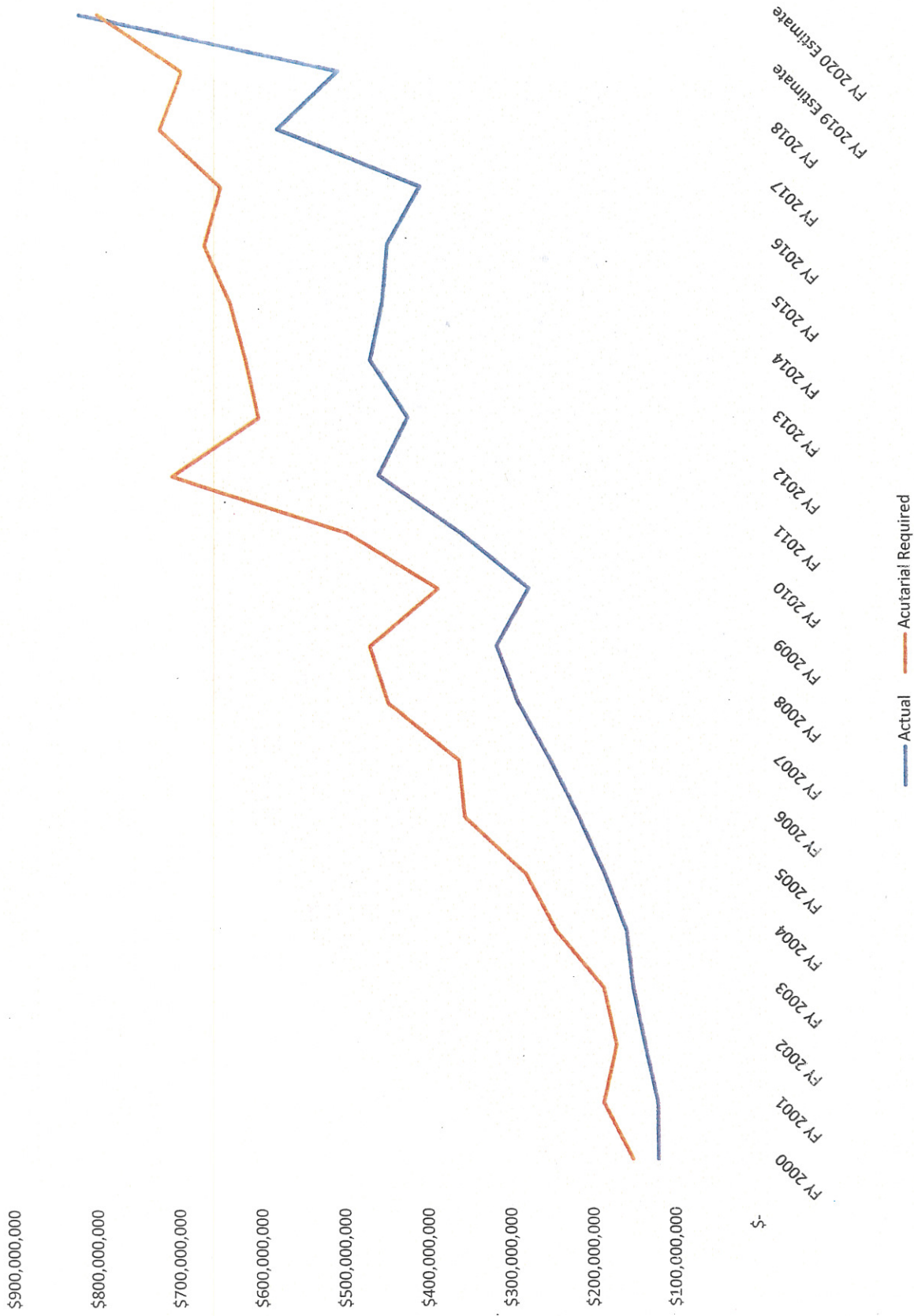


The reamortization projection is based on a 30-year amortization (FY 2020-FY 2050) of the legacy unfunded actuarial liability that existed on 12/31/2016. Changes to the unfunded actuarial liability due to actual experience since 12/31/2015 are given an annual 20-year amortization "layer" based on the amortization method approved by the KPERS Board of Trustees as part of the most recent Triennial Experience Study.

1/28/2019



KPERS State/School Group Employer Contributions: Actual & Actuarial Required



All amounts based on Division of the Budget data as reported in The Governor's Budget Report for each fiscal year.