

KANSAS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

January 31, 2012

Senator Jeff King, Vice Chairman
Senate Select Committee on KPERS
300 SW 10th Ave, Room 237-E
Topeka KS 66612

Dear Senator King:

At the joint meeting of the Senate Select Committee on KPERS and the House Pensions and Benefits Committee on January 24, 2012, the Committees were provided with a copy of a letter dated January 23 from KPERS' consulting actuary, Cavanaugh Macdonald Consulting, LLC. The letter contained a cost study of the recommendations of the KPERS Study Commission, including an "Addendum to Exhibit A1, HB 2194 vs Study Commission Plan – State/School Group" and an "Addendum to Exhibit A2, HB 2194 vs Study Commission Plan – Local Group."

These two addenda provided the present value, as of July 1, 2011, of the total employer contributions under HB 2194 and Study Commission Plan and the difference between them. Subsequent to the meeting, you requested an updated version of these two addenda that would show the present value for each year included in the cost study. The addenda have been revised as requested and are attached to this letter.

Please let me know if you need additional information regarding the present value analysis.

Sincerely,



Elizabeth B.A. Miller, CFA
Acting Executive Director

Attachments

Addendum to Exhibit A1



HB 2194 vs Study Commission Plan
State/School Group

(1) Fiscal Year	(2) Total Payroll	(3) Employer Contribution Rate		(5) (6) (7) Employer Contribution Amount (\$M)			(8) Present Value of Difference
		HB 2194	SC Plan	HB 2194	SC Plan	Difference	
2012	\$ 4,465.19	8.77%	8.77%	\$ 391.60	\$ 391.60	\$ -	\$ -
2013	4,609.30	9.37%	9.37%	431.89	431.89	-	-
2014	4,742.86	10.27%	13.44%	487.09	637.46	150.37	124.05
2015	4,889.77	11.27%	13.61%	551.08	665.71	114.63	87.56
2016	5,048.36	12.37%	14.82%	624.48	748.18	123.70	87.49
2017	5,217.25	13.57%	14.79%	707.98	771.52	63.54	41.61
2018	5,396.09	14.46%	14.65%	780.44	790.34	9.90	6.00
2019	5,585.80	14.67%	14.74%	819.50	823.56	4.06	2.28
2020	5,786.83	14.80%	14.79%	856.63	856.13	(0.49)	(0.26)
2021	5,999.32	14.85%	14.84%	890.84	890.20	(0.64)	(0.31)
2022	6,223.41	14.84%	14.89%	923.50	926.50	3.00	1.34
2023	6,458.61	14.81%	14.92%	956.42	963.37	6.95	2.87
2024	6,704.71	14.76%	14.93%	989.41	1,001.19	11.78	4.50
2025	6,962.16	14.70%	14.93%	1,023.12	1,039.68	16.56	5.86
2026	7,231.45	14.62%	14.93%	1,057.31	1,079.54	22.23	7.28
2027	7,512.93	14.54%	14.91%	1,092.03	1,119.90	27.87	8.45
2028	7,806.93	14.45%	14.88%	1,127.87	1,161.97	34.10	9.58
2029	8,113.92	14.34%	14.83%	1,163.67	1,203.48	39.81	10.35
2030	8,433.95	14.21%	14.77%	1,198.79	1,245.30	46.51	11.20
2031	8,767.29	14.08%	14.67%	1,234.26	1,285.93	51.66	11.52
2032	9,114.66	13.90%	14.53%	1,266.68	1,324.29	57.60	11.89
2033	9,476.23	5.43%	6.70%	514.43	635.32	120.89	23.11
2034	9,852.28	3.95%	5.38%	389.15	529.85	140.69	24.90
2035	10,243.64	2.42%	4.00%	248.31	409.87	161.55	26.48
2036	10,650.79	1.38%	3.07%	147.01	327.41	180.40	27.38
2037	11,073.56	0.90%	2.68%	100.20	296.41	196.21	27.57
2038	11,513.15	0.58%	2.43%	67.01	279.86	212.86	27.69
2039	11,970.93	0.41%	2.32%	49.01	277.90	228.89	27.57
2040	12,448.09	0.33%	2.28%	40.91	284.40	243.49	27.16
2041	12,947.04	0.29%	2.30%	37.12	297.30	260.18	26.87
2042	13,469.39	0.29%	2.33%	38.50	313.37	274.87	26.28
2043	14,014.53	0.29%	2.38%	41.34	332.99	291.65	25.82
2044	14,581.39	0.31%	2.43%	45.83	354.78	308.95	25.33
2045	15,170.09	0.34%	2.48%	50.94	375.94	325.00	24.67
2046	15,780.74	0.37%	2.54%	58.01	400.70	342.69	24.09
2047	16,410.26	0.40%	2.58%	65.64	423.35	357.71	23.28
2048	17,057.88	0.42%	2.64%	72.21	449.90	377.69	22.76
2049	17,727.69	0.46%	2.67%	80.91	474.08	393.17	21.94
2050	18,423.67	0.48%	2.73%	88.50	502.67	414.17	21.40
2051	19,147.45	0.52%	2.76%	98.70	528.98	430.28	20.58
2052	19,899.69	0.54%	2.81%	107.47	558.23	450.76	19.97
2053	20,682.16	0.56%	2.85%	116.60	588.83	472.22	19.37
2054	21,496.61	0.59%	2.89%	126.16	620.88	494.72	18.79
2055	22,344.49	0.61%	2.92%	136.30	652.33	516.03	18.14
2056	23,227.14	0.63%	2.95%	146.94	685.08	538.14	17.52
2057	24,145.92	0.65%	2.97%	158.06	717.13	559.07	16.85
2058	25,102.38	0.68%	2.99%	169.68	750.59	580.91	16.21
2059	26,098.07	0.69%	3.02%	179.31	788.21	608.90	15.74
2060	27,134.62	0.71%	3.04%	192.09	824.95	632.86	15.14
			Total	\$ 22,140.94	\$ 33,039.06	\$ 10,898.12	\$ 1,065.89
			Present Value at 8% as of July 1, 2011	\$ 8,317.52	\$ 9,383.42	\$ 1,065.89	

UAL is reamortized to an open 10 year period in 2030 to limit the impact of the contribution lag.
All assumptions are assumed to be met each year in the future.

Addendum to Exhibit A2



HB 2194 vs Study Commission Plan
Local Group

(1) Fiscal Year	(2) Total Payroll	(3) Employer Contribution Rate		(5) (6) (7) Employer Contribution Amount (\$M)			(8) Present Value of Difference
		HB 2194	SC Plan	HB 2194	SC Plan	Difference	
2012	\$ 1,678.75	7.34%	7.34%	\$ 123.22	\$ 123.22	\$ -	\$ -
2013	1,726.92	7.94%	7.94%	137.12	137.12	-	-
2014	1,777.74	8.65%	8.91%	153.84	158.39	4.55	3.75
2015	1,834.05	9.12%	9.47%	167.26	173.71	6.45	4.92
2016	1,893.42	9.00%	9.45%	170.45	178.89	8.44	5.97
2017	1,955.65	9.00%	9.53%	176.01	186.32	10.32	6.76
2018	2,020.46	9.00%	9.60%	181.84	193.92	12.08	7.33
2019	2,087.94	8.99%	9.67%	187.74	201.89	14.15	7.95
2020	2,158.09	8.98%	9.72%	193.71	209.84	16.12	8.38
2021	2,231.91	8.98%	9.80%	200.50	218.70	18.20	8.76
2022	2,309.17	8.98%	9.87%	207.43	227.86	20.43	9.11
2023	2,389.76	8.98%	9.93%	214.53	237.32	22.79	9.40
2024	2,474.65	8.97%	9.99%	222.08	247.11	25.02	9.56
2025	2,563.71	8.98%	10.04%	230.12	257.51	27.39	9.69
2026	2,656.71	8.97%	10.10%	238.33	268.22	29.89	9.79
2027	2,753.93	8.97%	10.14%	247.00	279.24	32.24	9.78
2028	2,856.33	8.96%	10.16%	255.91	290.34	34.43	9.67
2029	2,963.32	8.94%	10.19%	265.02	302.01	37.00	9.62
2030	3,075.51	8.93%	10.20%	274.64	313.69	39.05	9.40
2031	3,192.38	8.91%	10.18%	284.39	324.92	40.52	9.03
2032	3,313.68	3.65%	5.05%	120.93	167.23	46.30	9.56
2033	3,440.20	2.75%	4.20%	94.68	144.35	49.67	9.50
2034	3,571.81	1.82%	3.32%	64.89	118.44	53.54	9.48
2035	3,709.17	1.49%	3.04%	55.37	112.61	57.24	9.38
2036	3,851.93	1.27%	2.85%	48.93	109.62	60.69	9.21
2037	4,001.21	1.14%	2.77%	45.58	110.65	65.07	9.14
2038	4,157.18	1.06%	2.71%	44.04	112.86	68.82	8.95
2039	4,319.48	0.99%	2.68%	42.82	115.91	73.10	8.81
2040	4,488.52	0.94%	2.67%	42.38	119.90	77.52	8.65
2041	4,663.81	0.90%	2.66%	41.91	123.99	82.08	8.48
2042	4,846.82	0.86%	2.65%	41.89	128.67	86.78	8.30
2043	5,037.31	0.83%	2.65%	41.88	133.48	91.60	8.11
2044	5,235.49	0.81%	2.65%	42.38	138.90	96.52	7.91
2045	5,442.03	0.79%	2.66%	42.93	145.01	102.08	7.75
2046	5,656.91	0.77%	2.67%	43.52	151.28	107.76	7.57
2047	5,879.63	0.76%	2.68%	44.74	157.70	112.96	7.35
2048	6,110.89	0.74%	2.70%	45.44	164.88	119.44	7.20
2049	6,351.53	0.74%	2.70%	46.85	171.65	124.80	6.96
2050	6,602.17	0.73%	2.72%	48.39	179.27	130.87	6.76
2051	6,862.33	0.73%	2.74%	50.05	187.79	137.74	6.59
2052	7,132.79	0.74%	2.75%	52.53	195.90	143.37	6.35
2053	7,414.16	0.73%	2.77%	54.48	205.03	150.55	6.17
2054	7,707.23	0.73%	2.77%	56.57	213.73	157.17	5.97
2055	8,012.19	0.74%	2.79%	59.61	223.55	163.94	5.76
2056	8,329.45	0.74%	2.81%	62.01	233.76	171.76	5.59
2057	8,659.60	0.76%	2.81%	65.41	243.53	178.12	5.37
2058	9,003.17	0.76%	2.83%	68.14	254.59	186.45	5.20
2059	9,360.70	0.76%	2.84%	71.02	266.11	195.09	5.04
2060	9,732.77	0.76%	2.85%	74.05	277.16	203.11	4.86
			Total	\$ 5,744.57	\$ 9,437.77	\$ 3,693.20	\$ 364.86
			Present Value at 8% as of July 1, 2011	\$ 2,061.12	\$ 2,425.98	\$ 364.86	

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All assumptions are assumed to be met each year in the future.