

**House Pension and Benefits Committee
Testimony in support of Pension Plan Amendment
March 20, 2013**

***Submitted by: Christopher DeGrassi, Executive Director - National Tax-Sheltered Accounts Association,
Division Chief - American Society of Pension Professionals & Actuaries***

Mr. Chairman and the members of the Committee:

Thank you Chairman Johnson. My name is Chris DeGrassi, and I am honored by this opportunity to represent the National Tax-Sheltered Accounts Association (NTSAA) and American Society of Pension Professionals & Actuaries (ASPPA) as a proponent for the pension plan amendment before this committee.

Together, NTSAA & ASPPA are interdisciplinary organization of retirement plan professionals with more than 10,000 members nationally. Our members include consultants, investment professionals, administrators, actuaries, accountants and attorneys. Our leadership and members are regularly called to provide expert testimony to Congress, Federal Agencies and state legislatures with regard to myriad private and public sector retirement plan issues.

During the last two years, NTSAA & ASPPA have examined hundreds of bills impacting public sector retirement plans. After thorough review of Substitute SB 117, we believe the substitute language before this Committee represents the best practice policy model for a public sector hybrid retirement plan. Following are six key benefits of the proposed amendment I would like to highlight for this Committee.

The proposed amendment:

- Protects vested KPERS beneficiaries and strengthens the KPERS system by addressing the KPERS actuarial unfunded liability (AUL).
- Maintains a cash balance defined benefit program for new state employees providing a guaranteed retirement benefit in addition to social security.
- Empowers new participants to direct their personal employee contributions are invested and gets the state out of the business of guaranteeing investment returns on employee contributions.
- Enables public school employees to maintain their personal retirement assets in a single 403(b) retirement account.
- Creates a culture of saving and encourages the supplemental retirement savings required for Kansas public employees to have a secure retirement.
- Supports the Kansas economy, Kansas jobs and Kansas small businesses, and allows the private sector to continue providing critical financial services to Kansas public employees.

As the committee considers moving this legislation for a vote and passage to the Kansas Senate, we submit that action is both timely and appropriate. Proposed Substitute SB 117 continues the good work accomplished by the 2012 Kansas Assembly, creating a stronger retirement system for all Kansas public employees.

What's more, based upon analysis of the plan design, we submit that the administrative infrastructure for the proposed plan is largely in place and can implemented with nominal cost and burden to both the State government and local Kansas governmental entities.

For all the reasons outlined in this testimony, and many additional benefits of this legislation for Kansas, the National Tax-Sheltered Accounts Association and American Society of Pension Professionals & Actuaries support Substitute SB 117 with the friendly amendments submitted by Security Benefit.

Thank you, Mr. Chairman, and members of the Committee, for this opportunity to testify in support of the proposed pension plan amendment. I am pleased to address any questions from the Committee.