



Terry Forsyth, Testimony
HB 2217
House Financial Institutions and Pensions Committee
Wednesday, March 13, 2019

Mr. Chairman and members of the committee thank you for the opportunity to appear before you regarding HB 2217. I am Terry Forsyth and I am representing the Kansas National Education Association. We are in opposition to HB 2217 which would enact the Kansas thrift savings plan act. We are opposed in general to defined contribution retirement programs and we view this bill as a 401-K style retirement plan for public employees.

Theoretically, defined contribution plans should provide good returns, however actual reality paints a completely different picture. Defined contribution plans do not guarantee any sort of benefit at retirement. With a defined contribution plan, ALL the risk of funding the system is shifted to the employees. Published recommendations indicate that a defined contribution plan participant earning \$50,000 per year must save approximately 15% of annual pay over a thirty-year period to meet their retirement goals. Those with lower incomes would need to save up to 27% of annual earnings (depending on salary) to have a secure retirement.

Given the real-world environment in Kansas our public employees are living in today where meaningful general salary increases have been virtually non-existent over the past decade, it is easy to draw the conclusion that there is almost no plausible scenario in which any DC theory-based retirement plan will pan out.

During the last few years there have been many debates regarding KPERS and defined contribution plan, but one fact was made very clear: a defined contribution plan will cost Kansas taxpayers billions more in their hard-earned money, put our hardworking public employees and their families at risk, all while benefiting only special interests. Proposals like HB 2217 would only put Kansas on a path that would be bad for taxpayers and retirees alike.

We appreciate the opportunity to express our opposition to HB 2217. The legislature has put the funding of KPERS in a positive direction. There is no need to change that direction nor is there any need to complicate the funding of KPERS.