

January 31, 2017

The Honorable Jim Kelly, Chairperson
House Committee on Financial Institutions & Pensions
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Kelly:

SUBJECT: Fiscal Note for HB 2005 by Joint Committee on Pensions, Investments,
and Benefits

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2005 is respectfully submitted to your committee.

HB 2005 would exempt members of the State Board of Regents retirement plan from working after retirement rules.

KPERS reports that the bill would have an actuarial cost to the retirement system. The precise cost is unknown because it is dependent on changes to member retirement behavior that might occur and are difficult to predict. However, based on data provided by the Board of Regents in September, 2016, it is estimated that the cost to the system would be limited. The Board reported that a total of 140 KPERS retirees were working in positions covered by the Regents Mandatory Retirement Plan. Of the total number, 114 were grandfathered and not subject to the working after retirement rules. If HB 2005 provides an incentive for KPERS members to retire younger and at a rate that is different than the actuarial assumptions, there would be an actuarial cost. However, it is not possible to calculate what that cost would be.

KPERS estimates that the bill would require some modifications to information technology systems; however, the costs can be handled within existing resources. Any fiscal effect associated with HB 2005 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Faith Loretto, KPERS