

Approved January 20, 1983
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments and Benefits

The meeting was called to order by Rep. Bob Ott at
Chairperson

9:00 a.m./~~p.m.~~ on January 18, 1983 in room 526-S of the Capitol.

All members were present except:

Representative Harold Dyck (Excused)

Committee staff present:

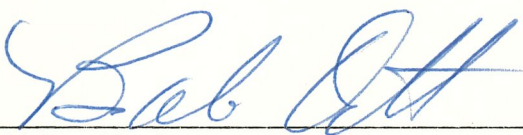
Richard Ryan, Research Department
Louis Chabira, Research Department
Gordon Self, Revisor's Office

Conferees appearing before the committee:

Marshall Crowther, Executive Director, Kansas Public Employees
Retirement System. (See Attachment)

The meeting was called to order by the Chairman, Rep. Bob Ott. He then introduced the committee staff and asked the legislators to introduce themselves. Chairman Ott then briefly reviewed the week's agenda and introduced this meeting's conferee, Marshall Crowther, Executive Director, Kansas Public Employees Retirement System. Mr. Crowther supplied a packet of brochures and information concerning retirement programs to the committee members and staff. Mr. Crowther then gave an overview of the Kansas Public Employees Retirement System, and the history of its development. He outlined the retirement program: the formula, the death and disability benefits, early retirement and mandatory retirement age. Group life insurance and benefits regarding a service-connected death were discussed briefly, as well as how it is handled if an employee leaves the Kansas Public Employees Retirement System plan before retirement age.

The meeting was adjourned at 10:05 a.m.



Bob Ott, Chairman

SHOULD I VEST OR WITHDRAW?



Kansas Public Employees
Retirement System

PUBLIC EMPLOYEES RETIREMENT SYSTEM
400 First National Bank Tower
One Townsite Plaza
Topeka, Kansas 66603

SHOULD I VEST OR WITHDRAW?

When you, as a member of the Kansas Public Employees Retirement System, leave your employer, you should ask yourself several questions before applying to withdraw your contributions because, by withdrawing, you are irrevocably forfeiting all rights and privileges you may have accrued as a member of the Retirement System.

VESTING

What does it mean to be vested under a retirement program? Vesting simply means that you have been credited with a minimum amount of service under a retirement program so that, should you leave employment, the benefits you have accrued are protected. So long as you leave your contributions on deposit they will continue to draw interest and when you reach retirement age you may make application to start drawing a monthly retirement benefit based upon this past period of employment. The service requirement for vesting varies among different retirement systems and under KPERS, with one exception, the minimum service credit required is 10 years.

There are various types of service with which an individual may be credited under the KPERS program and any combination of these different types of credit is used to determine your vested status under the Retirement System. This service might in-

clude prior service, participating service, military service, or service you have purchased such as out-of-state teaching service or forfeited Kansas school retirement service or forfeited KPERS service.

The one exception to the 10-year minimum service requirement pertains to KPERS school members who received service credit under the Kansas School Retirement System prior to September 1, 1965. These individuals have a vested benefit regardless of their total years of credit under the Retirement System; however, they may not retire prior to age 65 unless they have at least 10 years of service credit.

Many employees who have reached the minimum requirements for vesting are interested in how their retirement benefit will be calculated if they should leave employment and then return at a later date to a position which makes them eligible to participate in KPERS again. This depends on whether you return to a covered retirement position within 5 years of your termination.

To illustrate, assume you terminated employment in 1980 with 12 years of service credit under KPERS and you returned to covered employment in 1983. You would simply pick up where you left off and future retirement benefits probably would be based upon salaries you receive in later years of employment. On the other hand, if you had not returned to covered employment until 1988, your original 12 years of service would be vested or "frozen" and any benefits due for service you accrue in the future would be calculated separately.

Of course, you may withdraw your contributions at any time; however, in doing so,

you would be forfeiting your entitlement to future benefits for this service. You could repurchase this service upon again attaining membership in KPERS, but it would probably cost you substantially more than the original amount that was withdrawn, as your salary would no doubt be greater.

WITHDRAWAL

Even if you have not attained vested status, there are other things you should consider before submitting a withdrawal application, as the reason for your termination could have a bearing on the length of time your membership is protected under the KPERS program.

Leave of Absence—The Retirement System recognizes a leave of absence for not to exceed one year. While on a leave of absence you are considered to be in the status of employment and may not make application to withdraw. Should the leave expire or you resign without returning to covered employment, your membership is protected for 5 years and you will continue to receive interest on your contributions. You must resign from your leave before you submit an application to withdraw.

Military Service—If the reason you left employment was to enter the military service, your membership is protected for the period you are in military service so long as your contributions remain on deposit. You will continue to draw interest and if you return to a covered retirement position within one year of your discharge or separation, you could receive up to 5 years of military credit at no additional cost.

Disability—If you left employment because of a health condition or disability, your membership is protected throughout your disability so long as you do not withdraw your contributions. This would apply even if you did not qualify for disability benefits under the KPERS group insurance contract, i.e., alcoholism, self-inflicted disabilities, etc.

Age—If, at the time of your termination, you are at least age 60 (55 for Security Officers), you need not withdraw as you will attain normal retirement age within 5 years of your termination, ages 65 and 60, respectively.

Resignation or Dismissal—Members who simply resign or are dismissed still have their membership protected for 5 years. So long as contributions are not withdrawn, interest will continue to be credited and should the member be employed in a covered position within that 5-year period, retirement coverage would be immediate. If the individual does not return to covered employment and does not withdraw, the retirement statutes provide that their contributions will revert to the employer's reserve at the end of the 5-year protection of membership period.

INTEREST

Interest is credited annually on June 30 based upon accumulated contributions through December 31 of the previous year. If your application is received in the KPERS office on June 29, you would not be entitled to interest even though the application may not be finalized until some time later. The reason for this is that receipt of your appli-

cation in the KPERS office constitutes irrevocable withdrawal and you would have been considered a withdrawn member one day before the interest crediting date.

WITHDRAWAL PROCEDURE

Applications of Withdrawal of Accumulated Contributions (KPERS-13) must be secured from the designated agent of your employer. The agent will certify your last day on the payroll which has a direct bearing on the timeliness in processing your application. KPERS cannot process your application until all of your contributions have been remitted. If your former employer chooses to remit your final contributions in advance of their normal reporting procedures, your application will be expedited, otherwise the processing will not take place until the contributions are received in the KPERS office. This is optional on the part of the employer who is under no obligation to remit these final contributions in advance. Even though you may have submitted your application to our office, the processing will not take place if your final contributions to the System have not been received.

By signing the Application for Withdrawal, you are stating that you are presently not employed in any position covered under KPERS. Your application must be executed and received by KPERS during a period of time that constitutes a "break in service." To illustrate, if you terminated a covered retirement position with one employer at 5 P.M. and started in another covered retirement position the next day, you could not withdraw as there was no break in service. Another example would be that even if you had been off several days, weeks or even

years and simply had not submitted your application, you again could not withdraw after being reemployed as during your period of absence you were still a member of the Retirement System.

All Withdrawal Applications must be notarized. Take extreme caution in not having your application notarized on or before the last day on the payroll which has been certified by your designated agent. Be sure the notary completes the notary certification in detail and affixes a notary seal or stamp.

Improper notarization will require a re-submission of a new application and delay the processing of your withdrawal.

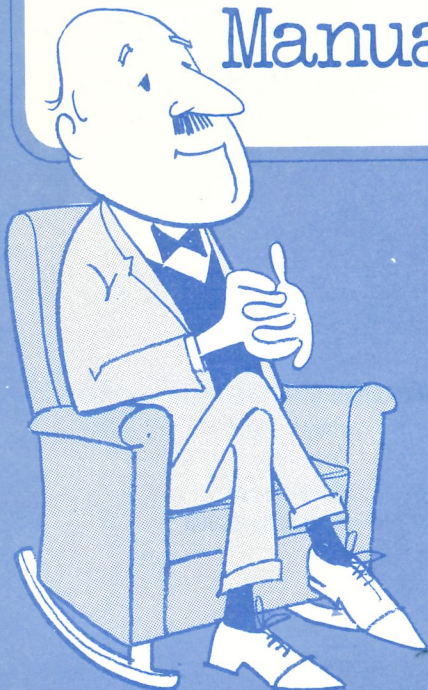
Finally, KPERS does not write the warrant and, assuming your application is in order and all contributions have been received, there is usually a slight delay from the time your application is processed to the day the warrant is mailed.



37-9541
1470-H

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Employee Information Manual



PUBLIC EMPLOYEES RETIREMENT SYSTEM

Jayhawk Towers

8th Floor

700 Jackson

Topeka, Kansas 66603

Dear KPERS Member:

The 1982 Legislature made some momentous changes to the Retirement System and in order to provide you with a brief summary of these changes, I'm including this letter as a part of our revised Employee's Information Manual.

Some of the changes include a ten percent increase in retirement benefits for persons retired prior to July 1, 1981, a lump sum service connected death benefit of \$50,000, and a minimum monthly service connected benefit of \$100.00, special retirement and disability benefits for certain employees of state correctional institutions, revised options, portability among Kansas retirement systems, an increase in the rate for future participating service to 1.4%, changes to the statutory limits on group insurance benefits, etc. To assist you in finding the sections of the manual that have been affected by new legislation, we have placed an asterisk (*) by the paragraph title.

Very truly yours,



Marshall Crowther
Executive Secretary

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Jayhawk Tower
8th Floor
700 Jackson
Topeka, Kansas 66603

TABLE OF CONTENTS

Introduction	2
Beneficiary	2
Designated Agent	2
Management of System	2
Membership	3
Employer and Employee Contributions ..	3
Service Credit	
Prior	4
Participating	4
Military	4
Other	5
Withdrawal of Contributions	5
Vesting	6
Repurchasing Service Credit	6
Death Benefits	7
Group Insurance Benefits	8
Service-Connected Benefits	8
Age and Service Retirement	9
Options	10
Retirement for Correctional Officers	11
Disability for Correctional Officers	12
Annual Statement	13

Revised October 1, 1982

This publication has been prepared to explain the benefits and other provisions of KPERS. In the interest of simplicity, certain generalizations have been made. In specific situations, the text of the law and the rules adopted by the Board of Trustees will control.

If you need further information about KPERS, ask the designated agent for retirement matters in your agency.

INTRODUCTION

There are over 107,000 public employees in Kansas who are members of the Kansas Public Employees Retirement System (KPERs). These members represent over 1,000 state and local agencies and include the state, all counties, all unified school districts, community junior colleges, area vocational technical schools, various cities, and other instrumentalities. With this type of mobility the member is assured greater protection of his or her accrued benefits.

The purpose of KPERs is not only to provide an orderly means whereby employees or elected officials may retire, but to extend life insurance coverage, long-term disability and service-connected death benefits to members and their beneficiaries.

DESIGNATED AGENT

Each employer is required by the Retirement Act to appoint an agent for retirement matters. Your agent has all materials, information, and forms necessary to make application for all benefits. Designated agents are City and County Clerks, School Superintendents or their representatives, as well as other personnel or retirement officers. If you need information about the Retirement System, ask your designated agent.

BENEFICIARY

You may name a sole or joint primary and a sole or joint contingent beneficiary, an estate or a Trust. Members of the Retirement System wishing to name a contingent beneficiary should bear in mind that the Retirement Act provides for the line of descendancy in the event no beneficiary/ies has been named, or the beneficiary/ies is deceased. We recommend that you refer to the Retirement Act K.S.A. 74-4902(7)(33) before naming a contingent beneficiary/ies.

MANAGEMENT OF SYSTEM

A seven-member Board of Trustees administers the System. These Trustees are appointed by the Governor, subject to approval of the State Senate, to four-year terms. The Board appoints an executive secretary who is the managing of-

ficer of the System. The Board retains a qualified actuary to serve as its technical adviser and who is required to provide an annual evaluation of the liabilities and reserves of the System. The Board employs investment managers to invest and re-invest monies in the fund and who operate under what is termed "the prudent man rule" in that they are expected to manage the fund in the same manner they would manage their own affairs. The Board retains an investment counselor to assist them in reviewing the performance of the investment managers. The Attorney General is the System's legal adviser.

* MEMBERSHIP



Membership is mandatory for all employees in covered positions. School employees become members immediately upon employment; however, for nonschool employees, one (1) year of continuous employment is required prior to gaining membership.

Membership in KPERs is now available for employees that have eligibility for benefits under other Kansas governmental retirement systems.

After attaining membership, the individual may purchase this "year of service" if he or she so desires by making a single lump-sum payment, the amount of which is determined by KPERs' actuary.

Elected officials (including members of the legislature) may elect to participate in KPERs. Individuals employed in seasonal or temporary positions are excluded from coverage under KPERs.

CONTRIBUTIONS

The members' contributions are fixed by statute at four percent of gross compensation. Interest is added annually on June 30 based on the member's account balance on the preceding December 31. Each year the members are provided with an annual statement of account which re-

flects the total contributions and interest that has been credited to the member's individual account as of the date of the statement.

The employers' contribution may fluctuate depending on the financial needs of KPERS. (This is to help defray the cost of retirement benefits for those members who eventually retire under KPERS. The employer also pays the cost of the group insurance program.) The employer contributions remain with KPERS at the time an individual member terminates and withdraws.

* SERVICE CREDIT

If you have participated in one or more of the Retirement Systems administered by the KPERS Board of Trustees, the combined service credit can be used to determine eligibility for retirement and disability benefits.

Prior Service—Members who are employed at the time their employer affiliates with KPERS will receive prior service credit for all continuous service with that employer prior to affiliation. The cost of this service is borne by the employer and is included in the employer's contribution rate.

Members may also receive prior service credit for service with other participating employers whether or not continuous, if they were (1) employed on any employer's affiliation date with KPERS, and (2) were employed by a participating employer on March 15, 1961. For school employees to receive this noncontinuous prior service, they must have been with a school employer on January 1, 1971, and March 15, 1970.

Participating Service—Members will receive participating service for any calendar quarter in which they make contributions. In addition, this type of service will be credited to certain disabled members who qualify under the disability provisions of the group insurance contract.

Military Service—Under certain circumstances members may claim periods of military service which may be credited as either prior or participating service. After July 1, 1974, not more than five years of military service may be granted.

Members may purchase participating service credit for military service which is otherwise not creditable under KPERS. This service may not be the basis for a military pension. Such service may be purchased by lump-sum method or within certain time periods by double deduction (8%).

Election to purchase military service by the double deduction method must be made by the member within four years of their membership date. Purchase by lump-sum method may be made at any time prior to retirement.

Other Service—Members may purchase up to ten years of out-of-state teaching service by making a lump-sum payment determined by KPERS' actuary.

* WITHDRAWAL OF CONTRIBUTIONS

Members are eligible to make application to withdraw their contributions plus interest after their last day on their employer's payroll. In doing so, they forfeit any rights or benefits they have accrued prior to the date of withdrawal.

Although the Retirement Act provides for immediate application for withdrawal, KPERS CANNOT refund contributions until said monies have been received from your former employer. The length of time depends upon the reporting method of your employer.

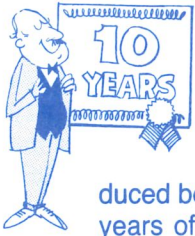
Before you make application, you should understand that withdrawing from this System means you will forfeit all service credit: should you return to employment at some future date and be beyond the age of 59, membership in KPERS will not be available.

Before you make application, refer to the paragraph on vesting.

If you are currently receiving a disability benefit or will be eligible to receive one in the near future, once your application is received in this office, you are no longer eligible for the disability benefits.

New procedures have been established to speed the return of contributions.

* VESTING



Members who terminate after ten years or more of credited service may leave their contributions on deposit and receive monthly retirement benefits at age 65 or reduced benefits as early as age 60. These years of credit may be any combination of service credit as outlined on pages four and five.

Certain school employees and legislators have been granted vested status under KPERS by virtue of rights they had accrued under other retirement programs. However, many of these members have less than ten years of credited service and, therefore, are prohibited from retiring before age 65 unless they accrue additional service credit.

Although a member has vested rights under KPERS, contributions may be withdrawn; but in doing so, the member forfeits his or her rights under KPERS.

For nonvested members, membership is protected for five years from date of termination. If a member does not withdraw and returns to covered employment within the five-year protection period, he/she immediately begins contributing to KPERS and accruing additional service credit.

Please note, if you are *not* vested and if an application to withdraw has not been submitted to this office within five years following your termination, your contributions will be transferred to the Retirement Benefit Accumulation Reserve, and such amount shall no longer be due and payable.

You may count service credit in other KPERS administered systems in arriving at the service required to meet the vesting privilege.

* REPURCHASING SERVICE CREDIT

An employee who was previously a member of KPERS and has withdrawn may, upon again becoming a member, repurchase the forfeited service credit. This may be done in one of two ways.

1. The member may elect to have contributions deducted at the rate of eight percent for the period of participating service being repurchased.

If an employee had prior service credit (prior service is credit granted to an employee for service before the entry date of the employee) that was forfeited, said service will be recredited in the following manner. When four quarters of participating service are repurchased at the rate of eight percent, the member will be recredited at the rate of three years of prior service for these four quarters, but in no event can credit be given for more than the total years of prior service previously forfeited.

2. The member may choose to repurchase forfeited service by making a lump-sum payment. The amount is determined by KPERS' actuary.

Any school employee may elect to repurchase any forfeited service under the Kansas School Retirement System. Such election must be made after attaining membership, and payment must be made in a lump-sum which is determined by KPERS' actuary.

For the elected official who is a member of the System and has previously had an elective office and did not elect membership in the System, the Retirement Act has a provision to purchase this service credit.

There are other types of service that may be purchased and it is suggested you request the KPERS brochure "Purchase and Repurchase of Service Credit".

* DEATH BENEFITS

At the time of death before retirement, the member's contributions plus interest are returned to the member's beneficiary. If, however, at the time of death the member met the age and service requirements to retire and the spouse is the only named beneficiary, the spouse may elect monthly benefits under Option A in lieu of the contributions in a lump-sum.

Once you have retired, the Retirement System also provides a death benefit of \$750.00. This benefit is offset by any benefits payable by Primary Social Security, or local police and firemen's retirement plans.

Calculation of Estimated Retirement Benefit

Credited Prior Service Benefit (school and non-school)

	JOHN JONES	YOURSELF
1. Final Average Salary (Average of high 5 years)	\$ 11,950.00	\$
2. Multiply by .01	X .01	X .01
3. Total	\$ 119.50	\$
4. Multiply total by years of credited prior service	X 10	X
5. Total Annual credited Prior Service Benefit	<u>\$ 1,195.00</u>	<u>\$</u>

Non-Credited Prior Service Benefit (School Only)

6. Final Average Salary	\$ 11,950.00	\$
7. Multiply by .0075	X .0075	X .0075
8. Total	\$ 89.63	\$
9. Multiply by years of non-credited prior service (Service <i>not</i> credited under KSRS)	X 3	X
10. Total Annual Non-credited Prior Service Benefit	<u>\$ 268.89</u>	<u>\$</u>

Participating Service Benefit

11. Final Average Salary	\$ 11,950.00	\$
12. Multiply by .0125	X .0125	X .0125
13. Total	\$ 149.38	\$
14. Multiply total by years of participating service prior to July 1, 1982	X 15	X
15. Total Annual Participating Service Benefit prior to July 1, 1982	<u>\$ 2,240.70</u>	<u>\$</u>
16. Final Average Salary	\$ 11,950.00	\$
17. Multiply by .014	X .014	X .014
18. Total	\$ 167.30	\$
19. Multiply total by years of participating service after July 1, 1982	X 2	X
20. Total Annual Participating Service Benefit for service after July 1, 1982	<u>\$ 334.60</u>	<u>\$</u>
21. Total Annual Benefit (5 + 10 + 15 + 20)	\$ 4,039.19	\$
22. Divide by 12	÷ 12	÷ 12
23. Maximum monthly benefit at age 65	<u>\$ 336.60</u>	<u>\$</u>

GROUP INSURANCE BENEFITS



Group life and long-term disability insurance is provided to all active

members under age 70. The entire cost of the insurance program is paid by the employers. The life insurance provides an insured death benefit which is currently 100% of the members annual rate of compensation.

Upon termination of employment or attainment of age 70, a member may convert the life insurance to an individual policy. This conversion must be made within 31 days of terminating employment, attaining age 70, or retirement, and does not require proof of insurability.

Insured disability benefits provide a monthly benefit based on 55%* of the member's annual rate of compensation. Insured disability benefits are subject to reduction for benefits received from primary social security, one-half worker's compensation, or any other employer-provided disability benefit. NOTE: Certain correctional institutions are not covered by group disability insurance, but are covered by a statutory provision that are explained on page 12. Qualifying members age 60 and over whose disability occurs after April 4, 1980, will receive benefits until the earlier of: (1) Recovery from the disability; (2) Retirement or attainment of age 70. (Maximum five-year benefit period.) To qualify for disability benefit, a member must be totally disabled for 180 continuous days. In no event will the insured disability benefit be less than \$50. Members who qualify for insured disability benefits received continued life insurance coverage and participating service credit for the period of disability. Withdrawal of one's contributions from KPERS forfeits their entitlements to disability benefits under this insured program.

After January 1, 1983.

* SERVICE-CONNECTED BENEFITS

If a member dies as the result of an accident

arising out of the performance of the members duties; accidental death benefits are payable to the member's spouse, children under 18, or dependent parents. Benefits are a \$50,000 lump sum payment and a monthly amount based on 50% of the member's final average salary subject to reduction for any benefits received under worker's compensation and are in addition to the insured death benefit and the return of contributions plus interest. There is a minimum benefit of \$100 dollars a month.

* AGE AND SERVICE RETIREMENT



Normal retirement for members is at age 65 and there is no minimum service requirement.

Compulsory retirement is at age 70, except for elected officials and state employees. Other nonschool members may be extended beyond age 70; however, they receive no further service credit nor make additional contributions. School members cannot be extended beyond the school year in which they attain age 70.

Members may retire with reduced benefits as early as age 60 if they have at least ten years of credited service. A reduction factor of .6%** for each month under the age of 65 will be used.

Non-school members may retire on the first of any calendar month upon proper notification. School members under the continuing contract law may now retire July 1. All other school employees not subject to the continuing contract law may retire on the first of any month throughout the year.

Benefits are based on credited service and certain salaries. Prior and participating service benefits are based on the final average salary. The final average salary is the average of the highest five years of participating service. If the member has less than five years of service after January 1, 1967, this salary is the average of the

highest five out of the last ten years of participating service. If you have less than five years of service, your salary will be annualized.

** During the period July 1, 1981 through June 30, 1987, the reduction factor is reduced to .3%.

**Examples
For Members age 65 or Over**

Monthly Benefit for
Each Year of Service

Salary	Prior Service	Participating	Participating
		Service .0125 Rate	Service .0140 Rate
\$ 1,000	\$.83	\$ 1.04	\$ 1.16
2,000	1.67	2.08	2.33
3,000	2.50	3.13	3.50
4,000	3.33	4.17	4.66
5,000	4.17	5.21	5.83
6,000	5.00	6.25	7.00
7,000	5.83	7.29	8.16
8,000	6.67	8.33	9.33
9,000	7.50	9.38	10.50
10,000	8.33	10.42	11.66

See the center fold for further details on calculating a benefit.

*** OPTIONS**

If you elect to receive the maximum monthly benefit without option, you will receive the maximum benefit payable based on your service and salary. In the event you die before receiving benefits equal to your accumulated contributions in KPERS any remaining balance that has not been paid out in benefits will be paid to your beneficiary. There will be no further benefit payments.

In lieu of the maximum benefit, a member may provide survivor benefits by selecting one of three available options. The member's monthly benefit is reduced for life with benefits continuing to the joint annuitant or beneficiary after the member's death. A new feature has been added to Options A and B. If you select an option and your joint annuitant precedes you in death, then the option is cancelled and the benefit is in-

creased to the maximum monthly benefit. The options available are:

Option A—A reduced monthly benefit to the member for life with one-half continuing to the joint annuitant after the death of the member. The reduction is based on the age of the member and the joint annuitant. The reduction factor is 87% minus (-) .6% for each year the joint annuitant is younger than the retirant and plus (+) .6% for each year the joint annuitant is older than the retirant.

Option B—A reduced monthly benefit to the member for life with the same amount continuing to the joint annuitant after the death of the member. The reduction factor is 75% minus (-) .9% for each year the joint annuitant is younger than the retirant and plus (+) .9% for each year the joint annuitant is older than the retirant.

Option C—A reduced monthly benefit to the member for life, and if the member dies within ten years of the retirement date, the same monthly amount will continue to the beneficiary for the balance of the ten-year period. Under this option, the reduction factor is 94%.

Option A (if the joint annuitant is not the member's spouse or dependent), B, and C must be elected at least one year prior to the effective date of retirement. Otherwise, the member will be required to submit proof of good health. For additional information about options, you should request the brochure, "So You Think You Want An Option".

*** RETIREMENT FOR CORRECTIONAL OFFICERS**

If you are an employee of the State of Kansas with an agency in the Department of Corrections, you may be covered by the special provisions.

Group A—Certain security officers are provided retirement benefits as follows—Normal Retirement, age 55; Early Retirement, age 50.

You must be employed as a Security Officer for three years immediately preceding your

retirement date. In addition, you must have at least ten years of credited service to take advantage of the early retirement provisions.

Group B—Certain personnel involved in power plant operations, food service, maintenance and industries are provided retirement benefits as follows—Normal Retirement, age 60; Early Retirement, age 55.

As with Group A you must be employed as Security Officer for the three years immediately preceding your retirement date and you must have at least ten years of credited service in order to be eligible for early retirement.

Group C—Personnel with inmate contact as designated by the Department of Corrections.

If you are a member of this group, you will have the special disability coverage explained below, however, your retirement benefits will be identical to all other KPERS employees.

The Retirement Act provides certain disability benefits for Correctional Employees. Correctional Employees mean any member of the system who is a Security Officer or other employee of the Department of Corrections and who is in a position for which the duties and responsibilities involve regular contact with inmates as certified by the Secretary of Corrections.

*** DISABILITY BENEFITS FOR CORRECTIONAL OFFICERS**

Total and Permanent Disability (Service-connected): A member who becomes totally and permanently disabled due to service-connected causes as defined in the Retirement Act may receive an annual retirement benefit equal to 50% of final average salary (average of high three years) plus an additional 10% for each unmarried child under age 18. The total disability may not, however, exceed 75%. Under the Retirement Act "service-connected" includes any death or disability resulting from a heart disease or disease of the lung or respiratory tract, pro-

vided the member has at least five years of credited service.

Disability benefits are reduced by the amount of any disability benefits received from Social Security or Worker's Compensation. The minimum benefit payable is \$50.00 per month.

Total and Permanent Disability (not service-connected): If a member who has five or more years of credited service becomes totally and permanently disabled from causes not service-connected and the disability continues for a period of 180 days, an annual benefit of 2% of final average salary multiplied by the number of years of credited service will be payable, accruing from the last day on the payroll. This benefit is not to exceed 50% of final average salary.

As with the service-connected disability benefit, this benefit is subject to reduction for Social Security benefits and Worker's Compensation benefits. The minimum monthly benefit is \$50.00 per month.

ANNUAL STATEMENTS

Each year in May or June, the Retirement System will provide you with an annual statement of your account. This statement will advise you of your contributions on deposit, interest credited if applicable and an estimate of your retirement benefits at various ages, insurance coverage, and your named beneficiary. Annual statements are distributed by the Retirement System to your designated agent.

KANSAS POLICE & FIREMEN'S RETIREMENT SYSTEM



**EMPLOYEES
INFORMATION
MANUAL**

JAN. 1, 1983

TABLE OF CONTENTS

	<u>Page</u>
Introduction	1
Management of System	1
Designated Agent.	2
Eligible Employers	2
Eligible Employees.	2
Employee Contributions.	3
Membership in Other Retirement Systems	3
Employer Contributions.	3
Prior Service Credit.	3
Participating Service Credit.	5
Purchase of Service See Termination of Employment	13
Computation of Total Credited Service	5
Retirement for Age and Service.	5
Final Average Salary	6
Normal Retirement Benefit	6
Early Retirement.	7
"Vested Benefit" Member	7
Transfer Members.	8
Special Members	9
Regular Members See Employee Contributions.	3
Total and Permanent Disability Benefit	
Service-Connected	10
Not Service-Connected	10
Death Benefit	
Service-Connected	11
Not Service-Connected	11
After Retirement.	12
Retirement Options.	12
Beneficiaries	13
Termination of Employment	13
Withdrawal of Contributions	14
Exemption of Benefits and Contributions from Taxes and Claims	15
Employment after Retirement	15

MARSHALL CROWTHER
 Executive Secretary
 Jayhawk Tower
 700 Jackson, 8th Floor
 Topeka, Kansas 66603

INTRODUCTION

This manual has been prepared to explain the benefits and other provisions of the system. In the interest of simplicity, certain generalizations have been made. In specific situations, the law and the rules and regulations adopted by the Board of Trustees will control.

This manual gives a summary of the most important features of the system.

You are urged to read this manual and to keep it for future reference. If you have any questions about the retirement system, consult the Designated Agent of your employer and if he is unable to answer your questions, have him direct them to the retirement system.

MANAGEMENT OF THE SYSTEM

A seven-member Board of Trustees administers the system. These trustees are appointed by the Governor and confirmed by the State Senate, to four-year terms. The board appoints an executive secretary who is the managing officer of the system. The board retains a qualified actuary to serve as its technical advisor and who is required to provide an annual valuation of the liabilities and reserves of the system. The board employs investment managers to invest and reinvest moneys in the fund and who operate under what is termed "the prudent man rule" in that they are expected to manage the fund in the same manner they would manage their own affairs.

DESIGNATED AGENT

Each participating employer in the Kansas Police and Firemen's Retirement System is required by law to appoint a designated agent for retirement matters. The designated agent is provided with all retirement system forms and manuals. All retirement communications for the employer are directed through your designated agent. In some instances there are statutory time requirements for reporting information and the designated agent is aware of these time requirements.

ELIGIBLE EMPLOYERS

The Kansas Highway Patrol and Kansas Bureau of Investigation or any county, city, township, or other political subdivision of the state employing one or more employees as policemen or firemen is eligible to affiliate with the system. Upon affiliating, the employers are referred to as participating employers. The date the employer becomes a participating employer is known as the "employer's entry date". The employer's entry date is on January 1 of the year following the employer's application for affiliation and acceptance by the Board of Trustees.

ELIGIBLE EMPLOYEES

Each employee of a participating employer is eligible for coverage if the position the employee holds has been designated by the governing body as a policeman or fireman, is not seasonal or temporary and requires 1,000 hours of work per year.

Employees membership is compulsory for all eligible employees, except for

elected sheriffs and members of local police or fire pension systems who may choose to become or not to become a member.

MEMBERSHIP IN OTHER RETIREMENT SYSTEMS

If you are retired and receiving a benefit from the Kansas Police and Fire Retirement System or other local retirement system and you accept a position that is covered by the KPERS retirement system, you will be required to become a member of KPERS if employed after July 1, 1982, and meet the qualification.

If you were employed in a KPERS position PRIOR to July 1, 1982, retirement law provides you with an election of KPERS coverage.

EMPLOYEE CONTRIBUTIONS

Each regular member shall contribute to the retirement system 7% of salary, wages and fees (not including travel reimbursement). Members who have 35 years of credited service, or more, and those who have attained age 60, with 20 or more years of credited service, contribute 2%.

EMPLOYER CONTRIBUTIONS

For the first year, employer's contributions are set by law at 16% of gross compensation on which members contribute. Thereafter, employer contributions are made at an actuarially determined rate for each employer each year. Employer contributions remain with the system at the time an individual member terminates or withdraws.

PRIOR SERVICE CREDIT

Employees who become members on the employer's entry date will receive full prior service credit for all service as a policeman or fireman with that employer and all service as a policeman or fireman with any other participating employer in the Kansas Police and Firemen's Retirement System.

Members who receive prior service credit for service as a policeman or fireman may also receive 12 months credit for 24 months of continuous service other than as a policeman or fireman with a participating employer in the Kansas Police and Firemen's Retirement System which is immediately followed by the same employer. This does not mean one month credit for two months of service. For example, a member with 23 months of continuous service followed by service as a policeman or fireman would receive no credit. It should also be noted that this service must be continuous and broken periods of service cannot be added together to total 24 months.

Members may receive full credit for military service if the member left employment and entered military service within 30 days and returned within 12 months of discharge to a participating employer. All periods of prior service must be documented by proof required by the Board of Trustees.

Special statutory provision has been made for members of countywide law enforcement agencies and paid members of township fire departments annexed by cities whereby service prior to becoming a member of the Kansas Police and Firemen's Retirement System is recognized for benefits and now is included in the computation of benefits.

PARTICIPATING SERVICE CREDIT

Members will receive participating service credit for any calendar quarter in which they make contributions. (Credit may also be given for periods of military service without contributions). Even though contributions are made, no credit will be given for any service beyond the quarter in which the member attains age 60, unless it is for the purpose of attaining the minimum amount of credited service required for retirement (20 years).

COMPUTATION OF TOTAL CREDITED SERVICE

1. Calculate total prior service credit in years and months.
2. Calculate total participating service credit in years and quarters (1 quarter equals 3 months).
3. Add (1) and (2). After calculating the full number of years, a remainder of six months or more will be considered an additional year of credited service; a remainder of less than six months will be disregarded.

RETIREMENT FOR AGE AND SERVICE

Normal retirement is at age 55 with a minimum of 20 years of credited service. Members with 20 or more years of credited service may retire between age 50 and 55 but their benefits will be reduced for early retirement. Retirement is mandatory for highway patrolmen at age 60 and for KBI agents at age 65; however, upon attainment of these ages the 20 year service requirement is not applicable.

If you have service credit with KPERS, it may be used to count towards

the 20 year requirement; however, the service will not be included in the computation of the monthly benefit.

No member is permitted to retire for age and service and receive retirement benefits before contributing for 12 months.

Monthly benefits for age and service retirement cannot exceed 70% of final average salary.

FINAL AVERAGE SALARY

The final average salary is the highest three of the last five years of participating service credit for retirement averaged.

If the member has less than three years of participating service credit, the final average salary is the average annual compensation paid to the member during the full period of participating service. If a member has less than one calendar year of participating service the final average salary will be computed by multiplying by 12 the member's highest monthly compensation received while a contributing member of the retirement system.

NORMAL RETIREMENT BENEFIT

The benefit a member receives is determined by total years of credited service and final average salary. The normal retirement benefit amount is determined as follows:

1. Multiply the final average salary by 2%.
2. Multiply the result computed in (1) by the total number of years of credited service. Since the benefit cannot exceed 70% of final average

salary there is a limit of 35 years which can be used.

3. This is the annual retirement benefit amount. To determine the amount of the monthly retirement payment divide by 12.

EARLY RETIREMENT

A member who has attained age 50 and has a minimum of 20 years of credited service may elect to retire with a reduced benefit amount. The reduced benefit amount is the actuarial equivalent of the normal retirement benefit.

<u>For Retirement At</u>	<u>Reduce Normal Benefit By</u>
Age 54	4.8%
Age 53	9.6%
Age 52	14.4%
Age 51	19.2%
Age 50	24.0%

The figures are only illustrative of how the reduced retirement benefit is calculated. The actual reduced retirement benefit amount will be computed according to the age of the retirant in years and months at the time of retirement and the rate of reduction is .4% for each month under age 55.

"VESTED BENEFIT" MEMBER

Members who terminate after 20 or more years of credited service and have 12 months participating service may leave their contributions on deposit, will be granted vested benefits and receive monthly retirement benefits at age 55 or reduced benefits as early as age 50.

Please note that "vested benefit" members may withdraw their accumulated contributions any time prior to retirement or attainment of age 55, but by doing so, will no longer be members and will not be eligible for any future benefits.

KP&F members who are also KPERS members may count the KPERS service credit towards meeting the 20 year vesting requirement.

TRANSFER MEMBERS

All of the following are considered transfer members:

1. Members who formerly belonged to local police or fire pension system and elected membership in the Kansas Police and Firemen's Retirement System at the time the employer affiliated;
2. Members of the Kansas Highway Patrol and Kansas Bureau of Investigation who belonged to the respective pension systems and elected membership in the Kansas Police and Firemen's Retirement System at the time of the Kansas Highway Patrol and Kansas Bureau of Investigation affiliation;
3. Members of a city police department or county sheriff's department who were transferred to a countywide law enforcement agency at the time of its establishment.

Transfer members have special provisions regarding some rights under the retirement act.

Transfer members with at least 25 years of credited service may retire after attaining age 50 but prior to age 55 without a reduction in benefits for early retirement.

The spouse (who was the spouse for a period of not less than one year at the time of retirement) of a transfer member who dies after retirement will receive an amount equal to one-half of the member's final average salary in a lump sum and monthly benefits equal to 75% of the member's monthly retirement benefit until death or remarriage. If there is no eligible spouse these benefits would be payable to any children of the member under age 18. If transfer members select an option these benefits are not payable.

Transfer members who become special members of KP&F, terminate and withdraw their contributions are eligible for refunds from the local plan in accordance with the law governing the local plan (members of the Kansas Bureau of Investigation and Kansas Highway Patrol and cities whose police and fire retirement plans are affiliated with the Kansas Police and Firemen's Retirement System for administration will receive monies contributed to the former plans at the same time they receive their contributions for the Kansas Police and Firemen's Retirement System.)

SPECIAL MEMBERS

Active members in local police and/or fire pension plans who affiliate with the Kansas Police and Firemen's Retirement System and who make an individual election not to become a regular member of the Kansas Police and Firemen's Retirement System become special members. Retired members and their beneficiaries and inactive members of local plans who affiliate with the Kansas Police and Firemen's Retirement System become special members.

"Special Members" retain all rights and privileges of the local plan as it existed on the day before affiliation.

TOTAL AND PERMANENT DISABILITY BENEFIT (SERVICE-CONNECTED)

A member who becomes totally and permanently disabled due to service-connected causes as defined in the retirement act may receive an annual retirement benefit equal to 50% of final average salary, plus an additional 10% for each unmarried child under age 18. The total disability benefit may not, however, exceed 75%. Under the retirement act, "service-connected" includes any death or disability resulting from a heart disease or disease of the lung or respiratory tract provided the member has at least five years of credited service.

In the event a regular member receiving a service-connected disability benefit dies within two years following the disability, benefits are payable to the spouse and children. (See Death Benefit.) If the death occurs after two years and the proximate cause of such death is the service-connected disability cause, then benefits are payable.

TOTAL AND PERMANENT DISABILITY BENEFIT (NOT SERVICE-CONNECTED)

If a member who has five or more years of credited service becomes totally and permanently disabled from causes not service-connected and the disability continues for a period of 180 days, an annual benefit of 2% of final average salary multiplied by the number of years of credited service

will be payable, accruing from the last day on the payroll.

This benefit is not to exceed 50% of final average salary.

Members with less than five years of credited service are only entitled to the return of accumulated contributions.

DEATH BENEFIT (SERVICE-CONNECTED)

The surviving spouse of a member who dies from service-connected causes prior to retirement will be entitled to an annual benefit of 50% of the member's final average salary plus an additional 10% for each unmarried child under age 18. The total benefit cannot exceed 75%.

The spouse's benefit shall continue until death or remarriage, the children's benefit shall continue until they reach 18 or their earlier death or marriage. If there is no spouse or unmarried children under age 18, the beneficiary will receive the member's accumulated contributions.

DEATH BENEFIT (NOT SERVICE-CONNECTED)

If a member who has five years or more of credited service dies from causes not service-connected, the surviving spouse will receive immediately a lump sum benefit of one-half of the member's final average salary. When the spouse attains age 50 an annual benefit of 2% of the member's final average salary multiplied by the number of years of credited service accrued to date of death will be payable. This benefit continues until the spouse's death or remarriage. If the spouse has

not yet attained the age of 50 but if there are unmarried children of the member under the age of 18 who are in the care of the surviving spouse, the annual benefit will become payable until the youngest child reaches age 18 or until their earlier death or marriage. The benefits then cease until the spouse reaches age 50. If there is no eligible spouse or if after the spouse's death or remarriage there remains unmarried children of the member under age 18, the spouse's annual benefit will be paid in equal shares to the children until they reach age 18 or until their earlier death or marriage. This benefit is subject to a maximum of 50% of final average salary.

If the member has less than five years of credited service or if the member has no spouse or unmarried children under age 18, the member's beneficiary will receive the member's accumulated contributions.

Once you have retired, the retirement system also provides a death benefit of \$750.00. This benefit is offset by any benefits payable by Primary Social Security, or local police and firemen's retirement plans.

RETIREMENT OPTIONS

In lieu of the normal or early retirement benefit a member may provide survivor benefits by selecting one of three available options in which the member's monthly benefit is reduced for life with benefits continuing to the joint annuitant or beneficiary after the member's death. The available options are:

Option A - A reduced monthly benefit to the member for life with one-half con-

tinuing to the joint annuitant after the death of the member. The reduction is based on the age of the member and the joint annuitant. The reduction factor is 89% minus (-) .4% for each year the joint annuitant is younger than the retirant and plus (+) .4% for each year the joint annuitant is older than the retirant.

Option B - A reduced monthly benefit to the member for life with the same amount continuing to the joint annuitant after the death of the member. The reduction factor is 80% minus (-) .7% for each year the joint annuitant is younger than the retirant and plus (+) .7% for each year the joint annuitant is older than the retirant.

Option C - A reduced monthly benefit to the member for life, and if the member dies within ten years of the retirement date, the same monthly amount will continue to the beneficiary for the balance of the ten-year period. Under this option, the reduction factor is 97%.

BENEFICIARY

Regular members of KP&F may name a Sole or Joint Primary and a Sole or Joint Contingent beneficiary. A trust or Estate may also be named.

Special members may name beneficiary/beneficiaries as provided for by their local plan.

TERMINATION OF EMPLOYMENT

If a member with less than 20 years of credited service resigns or otherwise terminates employment and does not return to covered employment with a

participating employer within two years after the last day on the payroll, membership ceases.

Former members who later return to employment covered by the system, may "buy back" their former service credits. This can be done either by paying to the retirement system within 31 days of re-employment the total of their contributions plus interest at a rate specified by the Board of Trustees, or if done subsequent to 31 days after re-employment by paying to the retirement system an amount equal to 1.75% of current annual salary for each quarter of previously forfeited participating service repurchased.

WITHDRAWAL OF CONTRIBUTIONS

Regular members are eligible to make application to withdraw their contributions plus interest after their last day on their employer's payroll. Interest will first be credited on June 30, 1983. In doing so, they forfeit any rights or benefits they have accrued prior to the date of withdrawal.

Although the retirement act provides for immediate *application* for withdrawal, KP&F *CANNOT* refund contributions until said monies have been received from your former employer. The length of time involved depends upon the reporting method of your employer.

Special members are eligible to make application to withdraw their contributions on the same basis as regular members; however, the refund of contributions will be made in accordance with the local plans. Therefore all contributions made by the member must be remitted by the employer.

EXEMPTION OF BENEFITS AND CONTRIBUTIONS FROM TAXES AND CLAIMS

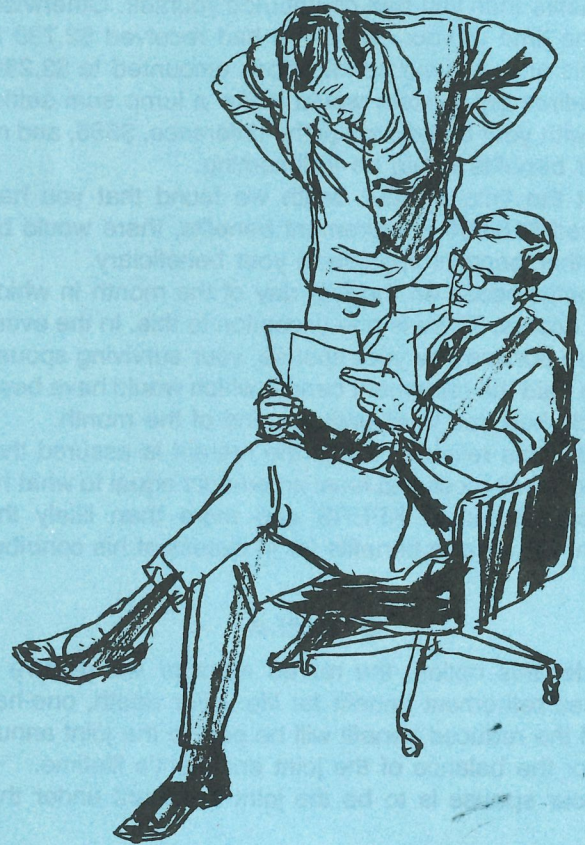
All benefits received are exempt from Kansas Income Tax as well as any local taxes in the state of Kansas. Neither benefits nor accumulated contributions are subject to legal process. They may not be assigned or used as collateral.

EMPLOYMENT AFTER RETIREMENT

Retired members may not be employed for more than 30 days in a calendar year by the same department of the employer from which they retired. Retirees may be employed by any other public or private employer without effecting their benefits.

Participation in KPERS may be available for you. See "Membership In Other Retirement Systems" for details.

SO YOU THINK YOU WANT AN OPTION



KANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM

Rev 7-80

PUBLIC EMPLOYEES RETIREMENT SYSTEM

400 First National Bank Tower

One Townsite Plaza

Topeka, Kansas 66603

The amount of money you will receive under any particular retirement plan is based upon your service credit and certain average salaries earned while employed by a participating employer. You could theoretically have two different retirement benefits when you elect to retire under KPERS. One might be for any service you had prior to the time your employer entered KPERS (prior service) and the second would be based on service you accumulated after your employer came into KPERS (participating service).

MAXIMUM

Assume you are retiring September 1, 1981 and we have calculated your benefit to be \$210 under the Maximum Monthly Benefit plan. Further assume that during the period you were a contributing member of KPERS, your contributions plus interest amounted to \$3,286. Under this plan you would receive \$210 per month for the rest of your life. At the time of your death the Retirement System would determine whether you had received more in benefits than you had contributed yourself. Otherwise, if at the time of your death you had received \$2,730 in benefits and, as your contributions amounted to \$3,286, the Retirement System would make a lump sum settlement with your beneficiary of the difference, \$556, and no further benefits would be forthcoming.

If at the time of your death we found that you had received \$18,900 in retirement benefits, there would be no further benefits payable to your beneficiary.

Benefits cease on the first day of the month in which death occurs. There is one exception to this. In the event you are survived by your spouse, your surviving spouse will be paid the retirement benefit which would have been payable had you lived until the end of the month.

Under this retirement plan the retiree is assured that someone will receive at least an amount equal to what he had contributed to KPERS and more than likely the retiree will receive benefits far in excess of his contributions.

OPTION A

Under this option, the retired member will receive a reduced retirement benefit for life. After death, one-half (1/2) of the reduced benefit will be paid to the joint annuitant for the balance of the joint annuitant's lifetime.

If your spouse is to be the joint annuitant under this

option, you may select this option with no proof of good health required. If, however, you choose someone other than your spouse AND make this option selection within one year of your retirement date you will be required to submit proof of good health for yourself at your expense. This proof of good health can be avoided by simply making the option selection prior to one year of your retirement date.

If you have selected this option and you or your joint annuitant dies before your retirement date the option is automatically voided. If your joint annuitant dies after your retirement date you will continue to receive the reduced benefit for the remainder of your lifetime.

If you have previously selected this option and wish to change to another retirement plan or change your joint annuitant, you may make the change at any time prior to one year of retirement without showing proof of good health. However, if you change within one year of retirement you must submit proof of good health for your joint annuitant. Under no circumstance may you change retirement plans or joint annuitants after your retirement date.

When you retire under Option A your benefit will be reduced from what you would have received under the Maximum Monthly Benefit. The reason for the reduction is that the Retirement System will now be paying two people over their lifetime rather than one. The reduction is based on the age of the member and the joint annuitant. The reduction factor is 88% minus (-) .6% for each year the joint annuitant is younger than the retiree and plus (+) .6% for each year the joint annuitant is older than the retiree. Even though the benefit is reduced, theoretically the Retirement System will pay out the same amount to the member and the joint annuitant under this option as it would have to pay the member alone under the maximum monthly benefit.

OPTION B

Under this option, the retired member will receive a reduced monthly benefit for life. After death the same benefit will be paid to the joint annuitant for the balance of the joint annuitant's lifetime.

Regardless of whom you select as a joint annuitant, if you make this option selection within one year of your retirement date, you will be required to submit proof of good health for yourself at your own expense. This proof

of good health can be avoided by simply making the option selection prior to one year of your retirement date.

If you have selected this option and you or your joint annuitant dies before your retirement date the option is automatically voided. If your joint annuitant dies after your retirement date you will continue to receive the reduced benefit for the remainder of your lifetime.

If you previously have selected this option and wish to change to another retirement plan or change your joint annuitant, you may make the change at any time prior to one year of retirement without showing proof of good health. However, if you change within one year of retirement, you must submit proof of good health for your joint annuitant. Under no circumstances may you change retirement plans or joint annuitants after your retirement date.

Like under Option A, when you retire under Option B, your benefit will be reduced from what you would have received under the maximum monthly benefit. The reduction, however, is greater than the reduction under Option A due to the fact that the joint annuitant will receive the same amount as the member rather than only one-half (1/2). The reduction factor is 77% minus (-) .9% for each year the joint annuitant is younger than the retiree and plus (+) .9% for each year the joint annuitant is older than the retiree.

OPTION C

Under this option you will receive a reduced monthly benefit for life. However, if you should die within 10 years of your retirement date, the same amount would be paid to your beneficiary for the balance of the 10-year period.

Regardless of whom you select as a beneficiary, if this option selection is made within one year of the retirement

date, proof of good health will be required on you at your expense. Again, this proof of good health can be avoided by simply making the option selection prior to one year of your retirement date.

What happens if you have selected this option and you or your beneficiary dies before your retirement date? If you die before retirement the option is automatically voided. If your beneficiary dies before retirement, you may either (1) name a new beneficiary under this option; (2) file a different option selection form; or (3) void this option by advising the retirement system in writing. If your beneficiary dies after your retirement date, you simply select another beneficiary.

As this benefit is based solely on the member's age at the time of retirement, the beneficiary may be changed at any time before or after retirement. However, if the member previously has selected this option and wishes to change to another retirement plan within one year of the retirement date, proof of good health will be required on the member, depending on the type of retirement plan to which the member is changing.

You may make a change to another retirement plan any time prior to one year of retirement without showing proof of good health. Under no circumstance can you change to another retirement plan after your retirement date.

When you retire under Option C, your benefit will be reduced from what you would have received under the maximum monthly benefit. The reduction is based on the age of the member only and is less than the reduction under Options A and B due to the fact that benefits are payable only to the beneficiary during the first ten years after the retirement date and not over the beneficiary's lifetime. Under this option the reduction factor is 94%.

SUMMARY OF ALL OPTIONS (Member, age 66, Beneficiary, age 62)

	Maximum	Option A (88%) (-) 2.4% = 85.6%	Option B (77%) (-) 3.6% = 73.4%	Option C 94%
23 yrs. Service Member	\$210.00	\$179.76	\$154.14	\$197.40
Beneficiary	*	89.88	154.14	197.40 **

* Beneficiary receives excess of contributions over benefits paid at death, if any.

** Paid only in event of death within first 10 years of retirement.

KPERS OPTIONS

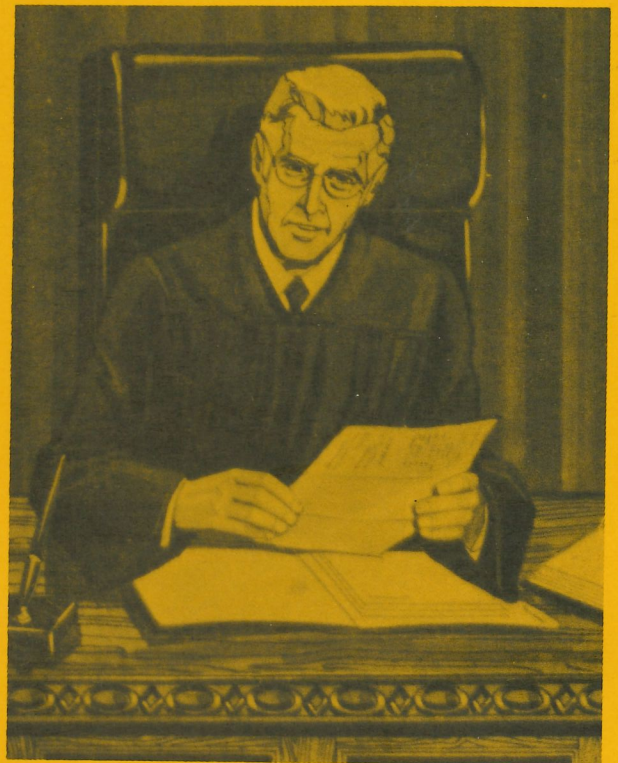
	OPTION A Joint Annuitant ½ to Survivor	OPTION B Joint and Survivor	OPTION C Life, with 10 years certain	
MAXIMUM MONTHLY BENEFIT				
GENERAL DESCRIPTION	<p>You will receive maximum monthly benefit possible, based upon years of credited service and certain average salaries.</p> <p>This benefit is paid to you for life.</p>	<p>You will receive a reduced benefit for life.</p> <p>After death, one-half of benefit will be paid to joint annuitant for the balance of the joint annuitant's lifetime.</p>	<p>You will receive a reduced benefit during your lifetime.</p> <p>If you die within 10 years of your retirement date, the same amount will be paid to your beneficiary for the balance of the 10-year period.</p>	
FORMS REQUIRED	<ol style="list-style-type: none"> Retirement Application, (KPERS-15). 3-month notice, (KPERS-33 or KPERS-34 if 65-70.) Option Election (KPERS-4) and Box on KPERS-15. (Cf. re. KPERS-19). 	<ol style="list-style-type: none"> Retirement Application (KPERS-15) 3-month notice, (KPERS-33 or KPERS-34 if 65-70). Option Election (KPERS-4) and Box on KPERS-15. (Cf. re. KPERS-19). 	<ol style="list-style-type: none"> Retirement Application (KPERS-15). 3-month notice, (KPERS-33 or KPERS-34 if 65-70). Option Election (KPERS-4) and Box on KPERS-15 (Cf. re. KPERS-19) 	
DOCUMENTS REQUIRED (Originals or Certified copies ONLY)	<ol style="list-style-type: none"> For you only: <ol style="list-style-type: none"> Proof of date of birth Proof of any name change 	<ol style="list-style-type: none"> For you: <ol style="list-style-type: none"> Proof of date of birth Proof of any name change For your joint annuitant: <ol style="list-style-type: none"> Proof of date of birth Proof of any name change 	<ol style="list-style-type: none"> For you only: <ol style="list-style-type: none"> Proof of date of birth Proof of any name change. 	
TIME TO ELECT	<p>At the time the member makes application to retire.</p> <p>(No requirement for showing proof of good health of the member or beneficiary). Death Benefit—Any portion of the member's contributions that he does not receive in retirement benefits is paid to his beneficiary upon his death.</p>	<ol style="list-style-type: none"> If spouse is Joint Annuitant: <ol style="list-style-type: none"> You may select Option A at any time prior to retirement date. If spouse is NOT joint annuitant: <ol style="list-style-type: none"> If Option A is selected within one year of retirement date, then you will be required to submit proof of good health (KPERS-19). If Option A is selected prior to one year before retirement date, then no proof of good health is required. 	<ol style="list-style-type: none"> If Option B is selected within one year of retirement date, then you will be required to submit proof of good health (KPERS-19). If Option B is selected prior to one year before retirement date, then no proof of good health is required. 	<ol style="list-style-type: none"> If Option C is selected within one year of retirement date, you will be required to submit proof of good health (KPERS-19). If Option C is selected prior to one year before retirement date, then no proof of good health is required.
CHANGING OPTION JOINT ANNUITANT OR BENEFICIARY BEFORE RETIREMENT AFTER RETIREMENT	<p>See Option desired</p> <p>May change beneficiary only.</p>	<p>Joint Annuitant will be required to submit proof of good health (KPERS-19A)</p> <p>No changes allowed</p>	<p>Joint Annuitant will be required to submit proof of good health (KPERS-19A)</p> <p>No changes allowed</p>	<p>See Option desired</p> <p>May change beneficiaries</p>

Effective July 1, 1982, the following changes apply;

1. For those individuals who retire on or after 7-1-82 and who elect to retire under Option A or Option B, their retirement benefit will be increased to the amount payable prior to reduction for option in the event their joint annuitant precedes them in death. This increase will be effective the first day of the month following the death of the joint annuitant.
2. The option reduction factor for Option A is $87\% \pm .6\%$ for each year the joint annuitant is older or younger than the member. The option reduction factor for Option B is $75\% \pm .9\%$ for each year the joint annuitant is older or younger than the member.

NOTE: All other provisions relating to the Options remain the same including the provisions for Option C.

KANSAS JUDGES RETIREMENT SYSTEM



MEMBERS INFORMATION MANUAL

October 1, 1982

MARSHALL CROWTHER
Executive Secretary
Jayhawk Tower
700 Jackson, 8th Floor
Topeka, Kansas 66603

Dear Judicial Member:

The 1982 Legislature made momentous changes to the Judicial Retirement System and in order to provide you with a brief summary of these changes, I'm including this letter as part of this Information Manual.

Some of the changes include a ten percent increase in retirement benefit for persons retired before July 1, 1981 and removal of employment restrictions after retirement. Members will now have interest credited to their account. New beneficiary designation is now available, member's that terminate with more than ten years of service may withdraw. The retirement options were updated and you can now purchase optional group insurance.

To assist you in finding the sections of this manual that have been affected by new legislation, we have placed an asterisk (*) by the paragraph title.

Very truly yours



Marshall Crowther
Executive Secretary

JUDGES

TABLE OF CONTENTS

	<u>Page</u>
MEMBERSHIP.	2
CONTRIBUTIONS	2
RETIREMENT BENEFITS	3
DISABILITY BENEFITS	4
DEATH BENEFITS.	5
HOW RETIREMENT BENEFITS ARE PAID	
Regular Monthly Payments . . .	5
Optional Forms of Paymnet. . .	5-6
HOW THE RETIREMENT PLAN WORKS	
Administration of the Plan . .	6
How to Apply for Retirement	
Benefits	7
Provisions of the State	
Statutes	7
OPTIONAL GROUP INSURANCE.	8
EMPLOYMENT AFTER RETIREMENT . . .	8
PURCHASE OF SERVICE	7
BENEFICIARY DESIGNATION	8
BENEFIT CALCULATIONS.	9

MEMBERSHIP

All justices of the Supreme Court, Court of Appeals and all judges and associate judges of the district courts of the State of Kansas automatically participate in the retirement plan upon their appointment. Consequently, retirement credits and contributions begin to accumulate immediately.

Persons who were justices or judges on July 1, 1953, when the retirement plan became effective, received credit for their service as a justice or judge prior to that date, and were also automatically included in the plan at that time.

Supreme Court commissioners were considered justices of the Supreme Court for the purpose of inclusion under the Judges Retirement System. Any reference herein to justice is also applicable to Supreme Court Commissioners.

*CONTRIBUTIONS

Contributions to the retirement fund are jointly provided by the State and by the justices and judges.

Your contributions of 6% of your monthly compensation as a justice or judge are automatically deducted from your compensation. Interest is added annually on June 30 based on the member's account balance on the preceding December 31. The State of Kansas pays whatever costs are necessary in addition to your contributions to pay for your benefits.

Upon attainment of age 65 and completion of 20 years of service, the contribution rate drops to 2%.

You do not contribute after you retire.

RETIREMENT BENEFITS

Normal retirement is age 65. Retirement is mandatory at the end of the term during which you attain age 70. You may retire with reduced retirement benefits between the ages of 62 and 65; however, if you first served after July 1, 1975, you must have at least ten (10) years of service for early retirement.

Your monthly retirement benefits are based on 3 1/3% of your final average salary multiplied by the number of your total years of service as a justice or judge, subject to a maximum monthly benefit of 65% of your final average salary.

If you retire prior to age 65, your normal monthly benefit will be actuarially reduced based on the normal retirement age of 65. That is, your benefit commencing prior to age 65 will be the actuarial equivalent of the benefit that would have commenced at age 65, based on your service and salary at the date of actual retirement. The following table illustrates the percentage reduction factors that apply if you retire prior to age 65:

<u>Retirement Prior to Age 65</u>	
<u>Age at Retirement</u>	<u>Early Factor</u>
64	92.8%
63	85.6%
62	78.4%

See page nine for the details of calculating a benefit.

If you do not attain retirement age while holding your judicial office, but complete at least ten (10) years of service as a justice or judge, you may nevertheless receive retirement benefits when you reach retirement age. These retirement benefits would be computed in the same manner as those of a justice or judge holding office until

retirement, but would be based upon your final average salary as a justice or judge and your total service at the time your service ends.

Once your service as a justice is terminated, you may withdraw your accumulated contributions.

District judges and associate district judges who have service credited under the Kansas Public Employees Retirement System (KPERS) will have vested benefits under both KPERS and the Judges Retirement System when the combined total of credited service equals ten (10) years.

DISABILITY BENEFITS

The retirement plan also provides a continuing income to you if you should become totally and permanently disabled, either physically or mentally. Disability benefits commence immediately and continue to age 65 during your continued disability. You do not have to satisfy a minimum service or age requirement to receive these benefits if you meet the disability criteria.

Disability benefits are also available to any justice or judge who terminates his service after ten (10) years and who becomes totally disabled after his termination.

Disability benefits are determined in the same manner as normal retirement benefits. At age 65 you will be taken off disability status and placed on normal retirement status and credited with participating service for the period of disability to age 65. See page nine for computation of retirement benefits.

*DEATH BENEFITS

If you should die in service as a judge and before you attain age 65, your beneficiary will receive your total contributions, plus a lump sum

death benefit equal to 65% of your salary at the time of death.

If you should die after attaining age 60 but before actual retirement, your spouse may, if she is designated sole beneficiary, elect to receive benefits as a joint annuitant under option A as if such option had become effective on the date of death.

If you die after retirement, but before the benefits you have received equal your total contributions, your beneficiary will receive the difference between these amounts, unless you have elected one of the options.

In addition, there is a \$750 funeral benefit which is off-set by any primary Social Security benefits.

TERMINATION OF SERVICE

If your service as a justice or judge ends before you are eligible to retire, you or your beneficiary will receive your total contributions including interest upon request.

HOW RETIREMENT BENEFITS ARE PAID

REGULAR MONTHLY PAYMENTS

Retirement benefits are paid in monthly payments for life, except for total and permanent disability benefits which end upon recovery from the disability unless the disabled justice or judge has reached retirement age.

*OPTIONAL FORMS OF PAYMENT

You may choose one of several optional forms of payment to meet your personal retirement needs, each of which will be the actuarial equivalent of the regular retirement benefits you would otherwise have received.

OPTION A--A reduced monthly benefit to the member for life with one-half continuing to the joint annuitant after the death of the member. The reduction

is based on the age of the member and the joint annuitant. The reduction factor is 87% minus (-) .6% for each year the joint annuitant is younger than the retirant and plus (+) .6% for each year the joint annuitant is older than the retirant.

OPTION B--A reduced monthly benefit to the member for life with the same amount continuing to the joint annuitant after the death of the member. The reduction factor is 75% minus (-) .9% for each year the joint annuitant is younger than the retirant and plus (+) .9% for each year the joint annuitant is older than the retirant.

OPTION C--A reduced monthly benefit to the member for life, and if the member dies within ten years of the retirement date, the same monthly amount will continue to the beneficiary for the balance of the ten-year period. Under this option, the reduction factor is 94%.

NOTE: If you elect either Option A or Option B and your joint annuitant precedes you in death after your retirement, your monthly benefit will revert to the to the amount payable prior to reduction for the option.

Special Rules for Optional Forms of Payment. An optional form of payment must be chosen at least three years before your retirement unless you submit evidence of your good health which is satisfactory to the retirement board. If option A is elected, and you name your spouse or a dependent as your joint annuitant, evidence of good health is not required. These same rules will apply in the event you wish to change or cancel an option previously elected.

HOW THE RETIREMENT PLAN WORKS

ADMINISTRATION OF THE PLAN

The retirement plan is administered by the Board of Trustees of the Kansas

Public Employees Retirement System which consists of a seven member board appointed by the Governor and confirmed by the Senate. Each board member serves a four-year term and the terms are staggered.

The retirement board approves applications for retirement benefits and interprets and applies the provisions of the retirement plan. It also invests the retirement fund.

HOW TO APPLY FOR RETIREMENT BENEFITS

All forms required or any information needed on any type of benefit may be obtained from the Judicial Administrator's Office or the Kansas Public Employees Retirement System.

PROVISIONS OF THE STATE STATUTES

If there is any conflict between this plan description and the State Statutes of Kansas, which contain the full plan, the State Statutes will govern in all cases.

ANNUAL STATEMENTS

Each year in June, the Retirement System will provide you with an annual statement of your account. This statement will advise you of your contributions on deposit, interest credited if applicable, and an estimate of your retirement benefits at various ages, and your named beneficiary.

Also if you are maintaining a KPERS membership, you will receive an annual statement for your KPERS contributions.

PURCHASE OF SERVICE CREDIT

Any judge who was previously a member of the system and forfeited their service credit by withdrawing from the system, may upon return to covered employment, return the amount refunded without interest or penalty and regain his or her original status under the Judicial Retirement System.

*BENEFICIARY

You may name a sole or joint primary and a sole or joint contingent beneficiary, an estate or a Trust. In the event no beneficiary has been named, benefits, if any, will be paid to the estate.

*EMPLOYMENT AFTER RETIREMENT

There are no restrictions on employment or earnings after retirement.

*OPTIONAL GROUP INSURANCE

Effective June 18, 1982, Judicial Retirement System members may elect to purchase optional group life insurance coverage of from \$5,000.00 to \$50,000.00. Coverage over \$5,000.00 must be underwritten by the insurance carrier. Members of this System have fourteen (14) days following their membership date to submit an application or may make application during an open enrollment period. The next open enrollment period will be September 27 to October 10, 1983 and every two years thereafter. Your designated agent will provide you with the necessary information.

PARTICIPATING SERVICE BENEFIT CALCULATIONS

	Judge Jones	Yourself
Final Average Salary (Average of 5 years after 1980)	\$44,000.00	\$.....
Multiply by 3 1/3%	X .0333	X .0333
Total.	\$ 1,465.20	\$.....
Multiply Total by Years of Participating Service	X 15	X
Total Annual Participating Service Benefit	\$21,978.00	\$.....
Monthly Benefit.	\$ 1,831.50	

NOTE: The above calculations are shown on your Annual Statement of Account.
 Maximum benefit is 65% of final average salary.

KPERS PAPERS

KPERS PAPERS is published by the Kansas Public Employees Retirement System,
400 First National Bank Tower, One Townsite Plaza, Topeka, Kansas 66603

Vol. 10 No. 1

September 1981

Topeka, Kansas

HOW KPERS IS FUNDED

KPERS benefits are funded on an actuarial reserve basis by employee contributions of 4% of salary and actuarially-determined employer contributions. The 4% employee contribution rate is fixed by law; it can only be changed by legislation amending this provision of the KPERS Act. Employer contribution rates, on the other hand, are adjusted each year to reflect the emerging experience of KPERS and the results of annual actuarial valuations.

Actuarial funding refers, in general, to a systematic schedule of accumulating assets expected to be sufficient to pay future retirement benefits. Contributions made to an actuarially funded retirement system exceed current benefit payments and anticipate the system's long-term financial needs. Assets accumulated during employees' working careers are invested and, in combination with investment earnings, used to pay retirement benefits to the employees throughout their periods of retirement.

In contrast to actuarial funding, pay-as-you-go financing does not involve the systematic accumulation of assets in a reserve fund to pay future retirement benefits. Under pay-as-you-go financing the contributions are only sufficient to meet the cost of current benefit payments. Consequently, as the number of retirees and total benefit payments grow, the cost of the retirement system increases rapidly for many years (as in the case of the Social Security system). Pay-as-you-go financing means that the retirement benefits being earned by present employees must be paid for by future generations of taxpayers. Moreover, because assets are not accumulated under the pay-as-you-go approach, investment earnings are not available to help meet the cost of future benefit payments; the cost of a pay-as-you-go system is therefore much greater over the long run than the cost of a system funded on an actuarial reserve basis.

Objectives of Actuarial Funding

Funding KPERS on an actuarial re-

serve basis accomplishes many objectives, including all of the following:

- Meets the stated purpose of the KPERS Act, as set forth in the first section (K.S.A. 74-4901): "The purpose of this act is to provide an orderly means . . . to enable employees to accumulate reserves for themselves and their dependents to provide for old age, death and termination of employment . . .".
- Keeps employer contribution requirements relatively level as a percentage of total payroll.
- Finances the KPERS benefits earned by present employees on a current basis. (Actuarial funding means that the present generation of Kansas taxpayers pays for the KPERS benefits being earned by present employees.)
- Results in the accumulation of assets which enhances the benefit security of all KPERS members
- Produces investment earnings on the accumulated assets to help meet future retirement benefit costs
- Makes it possible to realistically estimate the long-term actuarial cost of proposed amendments to KPERS benefit provisions.

Actuarial funding, in brief, is a most important element in maintaining the long-term financial viability of KPERS.

Actuarial Valuations

When a retirement system is funded on an actuarial reserve basis, the amount of employer contributions depends on the results of actuarial valuations. In the case of KPERS, annual actuarial valuations are made as of each June 30th, based on the current benefit provisions and on the characteristics of KPERS school and non-school members as of the valuation date.

The actuarial projection of future benefit payments requires the use of a series of assumptions regarding uncertain future events: the rate of investment earnings on assets accumulated and to be accumulated in the future, salary increases, rates of turnover and disability before retirement,

rates of death both before and after retirement, and the ages at which covered employees will retire in the future. If each of the assumptions is exactly matched by the experience of the retirement system, the actual cost of the system will equal the calculated cost derived from the actuarial valuation. However, this result is rarely achieved because of the very long period of time and numerous variables involved in actuarial valuations. Actuarial experience investigations need to be prepared periodically—every three years in the case of KPERS—to determine the extent to which the assumptions used in the annual actuarial valuations reflect the system's actual emerging experience and expected future experience.

As noted, employees covered by KPERS make contributions at the statutory rate of 4% of salary. Employers participating in KPERS make actuarially-determined contributions comprised of the following two components (and, in addition, pay for the total cost of insured death and disability benefits and for the cost of administration):

1. The participating service rate, which is often called the employer normal cost rate—the level percentage-of-payroll contribution rate required to pay all future benefits after subtracting expected future employee contributions, the liability for prior service benefits, and the assets accumulated as of the valuation date; and
2. The amortization payment—the annual payment required to amortize the total prior service liability over not more than 40 years from each employer's entry date.

The fundamental purpose of annual actuarial valuations is to determine the employer contributions required to fund KPERS in accordance with the actuarial reserve funding provisions of the KPERS Act. Each year the Board of Trustees certifies the total employer contribution rates to be applied to the

(Continued on page 2)

(Continued from page 1)

salaries of KPERS school and non-school employees during the fiscal year beginning in the next calendar year. For fiscal years beginning in 1982, for example, the total employer contribution rates will be 4.7% of the total payroll of KPERS school employees and 5.2% of the total payroll of KPERS nonschool employees. These rates were certified by the Board at its May 21, 1981 meeting, based on the provisions of House Bill #2529 and the results of actuarial valuations made as of June 30, 1980.

KPERS Funded Ratios

The State of Kansas has consistently maintained an excellent record of funding state-administered retirement systems on a level-cost actuarial reserve basis. KPERS has been

funded on a sound actuarial basis since it began operations almost twenty years ago.

KPERS members can be proud of the substantial improvement in KPERS funded ratios during the past decade. Between 1971 and 1980, the funded ratio for KPERS non-school members increased from 64% to 91% and the funded ratio for school members increased from 29% to 73% (see table). The funded ratio for school members is lower than for the non-school group because a program of actuarial reserve funding has been in effect for only ten years for school employees (the Kansas School Retirement System under which school employees were covered before 1971 was financed on a pay-as-you-go basis).

The total prior service liability is being amortized—or paid off—by KPERS participating employers over a period of 40 years from entry date. As shown in the table, the combined unfunded prior service liabilities for school and nonschool members decreased from almost \$250 million in 1971 to approximately \$193 million as of June 30, 1980.

Kansas ranks high among the fifty states in terms of the degree of retirement system funding. The maintenance of a sound actuarial reserve funding policy—and the systematic amortization of the actuarial liability for prior service benefits—has enhanced the retirement security of all KPERS members and played an important role in insuring the long term financial viability of KPERS.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Unfunded Prior Service Liabilities and Funded Ratios, 1971 to 1980

Actuarial Valuation as of June 30	Unfunded Prior Service Liabilities (in millions of dollars)		Funded Ratios (assets/unfunded prior service liability + assets)	
	Non-School	School	Non-School	School
1971	\$53.7	\$195.2	64%	29%
1972	53.1	193.3	69	32
1973	52.9	191.3	72	37
1974	43.2	181.6	78	42
1975	43.7	179.8	80	46
1976	46.1	178.3	82	51
1977	46.2	176.7	84	57
1978	45.4	174.6	86	63
1979	44.6	172.3	88	67
1980	39.9	152.7	91	73

Notes: Beginning in 1976, unfunded prior service liabilities included liabilities for post-retirement benefit increases. Unfunded prior service liabilities for KPERS non-school members exclude KPERS-TIAA members. For both the non-school and school groups, the dollar amount of the unfunded prior service liability will increase between 1980 and 1981 because of the improvements in prior service benefits provided by House Bill 2529.

Board Appoints Acting Executive Secretary

The Board of Trustees of the Kansas Public Employees Retirement System (KPERS), appointed Marshall Crowther acting executive secretary effective July 1, 1981. The position became vacant on the resignation and retirement of John K. Corkhill.

Crowther served as the agency's chief legal counsel from 1967 through August of 1980, and at that time assumed the newly created position of KPERS deputy executive secretary. He has also served as assistant attorney general since 1969.

KPERS RATE OF RETURN IMPRESSIVE

Over the past six years, KPERS has outperformed on four occasions, the median rate of return of 31 the state retirement plans whose combined assets exceeded \$36 billion.

Calendar years 1979 and 1980 were most impressive with KPERS more than doubling this median rate of return. Presented below is a table comparing the rate of return for KPERS stocks, bonds and the total fund as compared with the median rate of return of these 31 other state retirement programs.

	1975	1976	1977	1978	1979	1980	1975-80
KPERS Stock	32.5	21.4	-4.5	3.0	26.3	35.2	18.0
Bond	15.5	18.7	2.4	0.9	-1.6	-1.6	5.4
Total	21.0	18.1	-0.2	3.2	11.4	15.0	11.2
Median Rate of other systems							
Total Fund	18.9	19.0	1.9	2.8	3.5	7.3	9.2

Governor Appoints New Board Members

In the past two (2) years, Governor John Carlin has made four (4) appointments to the KPERS Board of Trustees. Three of these appointees are serving their initial term on the KPERS Board while the fourth, Mr. Richard F. Hrdlicka of Newton, was re-appointed for a second term.

Mr. Hrdlicka was a partner in the law firm of Speir, Stroberg & Sizemore of Newton from 1957 to 1967. From 1960 to 1964 he served as the Harvey County Attorney. He became affiliated with the Hesston Corporation in 1967 and served as its Corporate Counsel until 1972. From 1972 to 1975 he was this firm's Vice President, General Counsel and Secretary and since 1975 he has served as Senior Vice President, General Counsel, Secretary and Member of the Board of Directors.

In conjunction with the re-appointment of Mr. Hrdlicka in 1980, the Governor appointed Mr. Harold M. Goodman of Topeka. Since 1976, Mr. Goodman has been owner and operator of Harold M. Goodman—Investments. His company was formed to assist clients with proper investments in both the municipal bond and equity market. He was previously the owner of his own accounting and auditing firm and from 1969 to 1976, was president and chief executive officer of

Automation, Inc., a data processing computer service bureau, doing business for companies in a 33 state area. From 1969 to 1978, he served as president and chief executive officer of a number of franchised Pizza Huts in the states of Tennessee, Alabama, North Dakota and Nebraska.

Mr. Goodman is presently a board member of Commerce Bank and Trust of Topeka, American Investors Life Insurance Co., National Investment Corp., and is a past board member of the Volume Shoe Corp.

Mont C. Draper, III, is Senior Vice President and Trust Officer of the Union National Bank in Wichita. He was born in Warrensburg, Missouri and graduated from the University of Colorado in 1957 with a Bachelor of Science Degree in Finance.

Mr. Draper did advanced studies in security analysis in 1962 at the New York Institute of Finance and in 1966 received his chartered financial analyst designation from the Institution of Certified Financial Analysts at the University of Virginia.

Mr. Draper is a member of the Wichita Estate Planning Council, the Institute of Chartered Financial Analysts and the Kansas City Society of Financial Analysts.

H. Phillip Martin is a native of Larned, where he presently practices



Hrdlicka



Goodman



Draper



Martin

law with the firm of Martin and Gatterman.

Mr. Martin graduated from Kansas State University with a BS in Business Administration specializing in finance. He graduated from the University of Kansas School of Law and in 1975 served as Pawnee County Attorney. Other governmental services includes an internship with the Kansas Senate in 1972 and as a member of the Kansas House of Representatives from 1976 through 1980.

CROWTHER ADDRESSES NATIONAL CONFERENCE OF STATE LEGISLATORS

Marshall Crowther, KPERS Acting Executive Secretary, addressed the annual meeting of the National Conference of State Legislators at Atlanta, Georgia, July 29, 1981. Mr. Crowther participated in a panel discussing alternative investment strategies for state and local pensions.

The panel was moderated by State Senator Julian Bond of Georgia and included the president of the Minnesota Project, Tom Triplett and state Representative Tom Freys of Ohio.

Alternative investment of pension funds with impact on the local economy has been a subject of greater attention in recent years by legislative bodies. Mr. Crowther's participation on the panel was a presentation of the viewpoint of an administrator of a system that has moved into this area.

The KPERS fund, which is presently approximately \$1.1 billion, includes participation of various segments of Kansas economy. The KPERS Board of Trustees has a long standing policy of encouraging investment in Kansas if investments can be done without a higher level of risk or without sacrificing return that could be earned on investments elsewhere.

This has resulted in programs such as "Kansas Jobs for Kansans" through the purchase of guaranteed portions of Small Business Administration loans to Kansas businesses and the purchase of guaranteed portions of Kansas loans under the Farmers Home Loan Bank; the establishment of the Kansas Liquidity Fund, which has invested \$63.4 million in the common stock of Kansas, or compa-

nies impacting Kansas; the Kansas Debt Fund which has invested \$44.1 million in the debt securities of companies located in Kansas or impacting the Kansas economy. The Board also has established the Kansas Liquidity Fund which presently makes approximately \$118 million available to Kansas financial institutions on a short term basis. In addition, the system recently committed \$15 million to the purchase of mortgage certificates backed by newly constructed Kansas residential property.

In his address, Mr. Crowther noted that the KPERS Board continues to exercise prudence in protecting the security of the fund and obtaining the highest yield possible, but whenever possible, explores any alternative investment which would benefit the state of Kansas.

John Corkhill Retires

John K. Corkhill, who served as Executive Secretary of the Retirement System from its inception, submitted his resignation to the KPERS Board and retired effective July 1, 1981.

In the twenty (20) years he served as Executive Secretary, Mr. Corkhill saw the system grow from a \$75,000 loan from the state general fund to a system with assets now surpassing \$1 billion. Mr. Corkhill can take pride in the many accomplishments attained over the years that have been used as a guide by other state retirement systems throughout the country. Some of these included:

Drafting and implementing investment statutes that put Kansas in the forefront in authorizing and installing a modern and enlightened system for the investment of the funds.

The conception, development, articulation and realization of a policy of acquiring good sound investments in Kansas.

The consolidation of a statewide police and firemen's retirement system that includes the highway patrol and bureau of investigation.

The conception, development and implementation of the group insurance plan.

The merger of the state school retirement system into KPERS with no disruption to services of either system.

The development of one of the most informative forms of annual report of member's accounts that is used in either the public or private sector.

Receipt of certificate of recognition for achieving and maintaining the highest standards of financial accounting and reporting, the only state retirement system to receive this recognition not once but twice.

Mr. Corkhill is held in high esteem not only by his own state but throughout the country for the progressive programs that have been implemented by KPERS. He has chaired committees, written papers and given speeches about retirement matters before the Municipal Finance Officers Association and the National Association of State Retirement Administrators. In 1968 he served as president of the latter association.

In leaving, Mr. Corkhill indicated, "... deep appreciation for the efforts and cooperation of so many people, it has been my privilege to work with over the years, including members of the staff, trustees, consultants, advisors, designated agents, representatives of other state agencies, representatives of local units of government and schools, legislators, and governors—all have contributed to making my work with the Retirement System a most rich and rewarding experience." Mr. C, as he was known by his staff, will be missed.

KPERS INVESTS IN KANSAS MORTGAGES

The Kansas Public Employees Retirement System has committed \$15 million for its first ever, investment in Kansas residential mortgages.

The agreement between KPERS and the Mortgage Guarantee Insurance Corporation (MGIC) stipulated that this money can only be loaned to Kansans on property located in Kansas. MGIC contacts lending institutions across Kansas and puts together a package of real estate loans and sells an investment grade certificate to the retirement system.

Borrowers make their loan applica-

tions and their monthly payments to the participating lending institution who then remit to MGIC. MGIC then provides various accounting services for the retirement system and remits the total accumulated principal and interest in one payment.

Although this program is a new investment program for the system, the investment criteria to be used is the same as any other investment by KPERS namely a competitive rate of return and the safety of principal. The interest rate net to KPERS in this initial package is 13%.

1981 LEGISLATION

A total of 19 bills affecting the retirement system were passed in the 1981 session and signed into law by Governor John Carlin.

The most significant was House Bill 2529 which provides that all KPERS members who retire on and after July 1, 1981 will have prior service benefits calculated on the basis of final average salary rather than prior service annual salary. The bill further provides for a reduction of only .3 of 1% per month for early retirement for members retiring between July 1, 1981 and June 30, 1984. The previous early retirement reduction factor was .6 of 1% per month of early retirement. Other legislation included . . .

Senate Bill 86 authorizing boards of trustees of community junior colleges to establish early retirement incentive programs for reducing in whole or in part the penalty under KPERS or social security or both for retirement prior to age 65.

Senate Bill 300 makes benefits under the Judges Retirement System non-assignable and exempt from state and local taxes and legal processes. This is the same treatment as offered all other benefit recipients of programs administered by KPERS.

Senate Bill 375 provides that members contributions to the Judges Retirement System will be reduced from 6% to 2% upon attainment of age 65 and completion of twenty (20) years of service.

Senate Bill 427 removes requirement that a three (3) month prior notice be given for normal retirement under KPERS and KP&F.

House Bill 2373 allows members to now designate their estate as a beneficiary as well as natural person(s) or a trust.

House Bill 2499 provides for the establishment of the position of investment officer to be appointed by the board in the unclassified service.

Other bills were either "housekeeping" in nature or affected smaller groups administered by KPERS.

Board of Trustees: Virgil A. Basgall, Chairman; Harold M. Goodman, Vice-Chairman; Mont C. Draper, III; Richard F. Hrdlicka; H. Phillip Martin; T. Lusk Wands; Mark L. Youngers

Acting Executive Secretary: Marshall Crowther

Editor: Jack L. Hawn

SIGNIFICANT LEGISLATION PASSED IN 1982 SESSION

In what was probably the most significant and comprehensive package of retirement improvements ever adopted, the 1982 Session of the Kansas Legislature passed and Governor Carlin signed H.B. 2623, as amended, which affected some one hundred and thirty thousand (130,000) public employees and retirants across the state in programs administered by the Kansas Public Employees Retirement System (KPERS).

Dr. John Mackin of the Martin E. Segal Company, actuary for KPERS, testified before the House Pensions and Investments Committee and advised that due in a large part to extremely favorable investment performance, as well as other generally favorable actuarial factors, employer contribution rates for FY 1984 would drop significantly. House Bill 2623, as amended, not only provided the enhancements described below, but advanced the funding into the current fiscal year. This resulted in a savings for all participating employers as the already budgeted FY 1983 contribution rates were re-certified at a lower level. By recertifying the FY 1983 employer contribution rates, it reduced the needed employer contributions for the state and all local units of government by approximately 4.2 million. Of this total, approximately 1.2 million less in local employer contributions would be required. Of the decrease of approximately three million dollars (\$3,000,000.00) in state contributions, it was estimated that approximately 2.1 million would be a savings to the State General Fund.

Enhancements

* A ten percent (10%) across the board increase in retirement benefits effective July 1, 1982, for those who had retired prior to July 1, 1981. This affected retirants and special retirants of all systems and will be reviewed by the Legislature in 1987 as to whether it will be continued. The increase will first be included in the July check received August 1 and will also be included

in the "thirteenth check" commonly known as the retirant dividend payment which will be received on October 1, 1982. The increase does represent an amount higher than the actual CPI and several other indices which increased during the past year; however, other than the retirant dividend payment, no increase or additional payments had been granted to retired public employees since the graduated percentage increase in 1978. It should also be noted that most recent retirants were not included in the increase. This is a practice that has been consistent since the advent of post-retirement adjustments. Increases are most needed by those whose retirement and resulting fixed-income situation has existed for a greater period of time.

It should also be noted in the case of KPERS members, those who retired on and after July 1, 1981, had the benefit of the improved treatment of prior service and less than actuarial reduction for early retirement as a result of House Bill 2529 which was enacted in the 1981 session.

It is further worth noting that the ten percent (10%) across the board increase is the highest increase of that type which has been granted in the history of the Retirement System. Coupled with the retirant dividend payment, it represents an extremely significant improvement in the purchasing power of retired public employees during the last four (4) years, all of which was accomplished without an increase in the employer contribution rate.

* In addition to the increase mentioned above, the legislation provides a funeral benefit at the death of a retired member or special retirant of all systems in the amount of \$750 (reduced by the social security death benefit, if applicable).

* The legislation deals with the subject of portability and generally provides that members who go from coverage under one system to

coverage under another are not barred from membership and their participation in the subsequent system can be added with their former participation for meeting service requirements for vesting, retirement, death and disability benefits, etc. In addition, individuals described above, while still subject to different retirement laws, will be permitted to use their highest total of compensation in public service for benefit basis.

* The less than actuarial reduction factor for early retirement which was enacted with a three (3) year sunset or "window" last session was extended through 1987. In addition, school employees have not

(Continued on page 6)

KPERS MOVES INTO NEW FACILITIES

On July 26, 1982, the Retirement System started moving into its new facilities on the eighth floor of the Jayhawk Tower Building.

For the past ten (10) years, the system has been housed in the First National Bank Tower at Sixth and Kansas, and prior to that was headquartered in the State Office Building.

The Jayhawk Tower was formerly the Jayhawk Hotel at 7th and Jackson and is being renovated, keeping much of its original architecture for historical purposes. The Retirement System was the building's first tenant and will occupy the whole eighth floor. To fully utilize the space, the system has gone to modular office equipment which can be added to or rearranged as the situation dictates. The new address for the Retirement System is:

Kansas Public Employees
Retirement System
Jayhawk Tower
8th Floor
700 Jackson
Topeka, Kansas 66603
Phone (913) 232-6665

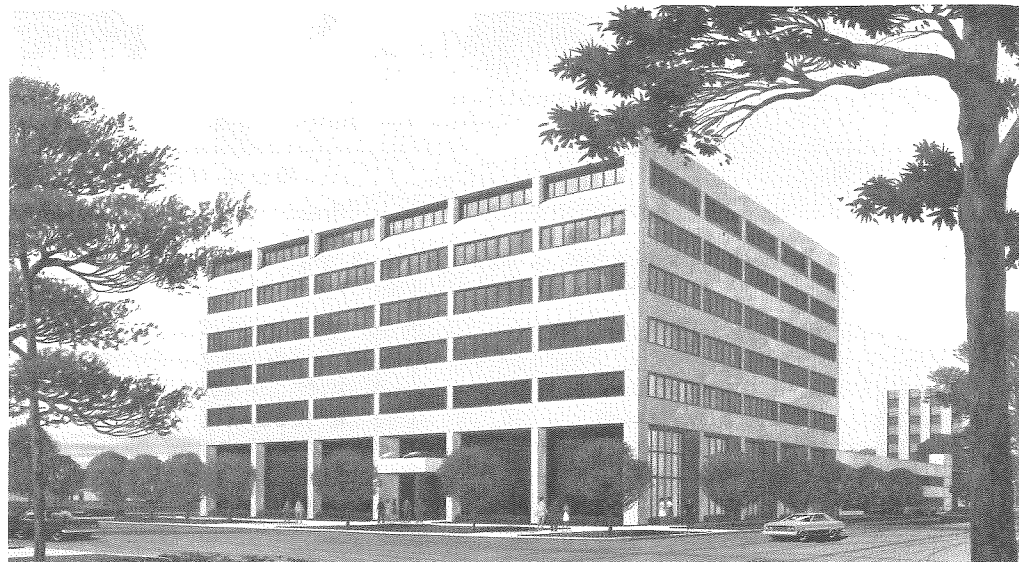
KPERS PURCHASES CAPITOL TOWER OFFICE BUILDING

The Kansas Public Employees Retirement System (KPERS) announced the purchase of the Capitol Tower, a seven-story, 150,000 square foot office building now being developed in Topeka by the Linclay Corporation. The purchase represents the first major real estate investment by the 1.3 billion dollar pension fund.

Marshall Crowther, Executive Secretary of KPERS, stated that the development at Eighth and Harrison in Topeka "represents the opportunity for KPERS to diversify its investment portfolio by purchasing a property in a prime location adjacent to the state capitol ground." In addition, feasibility studies indicate an immediate need for first class office space in downtown Topeka. Crowther also indicated that the purchase represents a commercial real estate investment in that there are no plans for location of the KPERS offices in the Capitol Tower Building. He also advised that even though the structure was being built by a public pension plan, it would not remove the structure from the tax rolls.

Linclay has designed the Capitol Tower to offer the most modern office building amenities and conveniences, including an energy management system and a three hundred (300) space parking garage. Crowther stated, "The building will be high quality construction and a good product. We think the location is particularly attractive and the quality of the building will be excellent. The size and maturity of this fund is such that traditional stock and bond investments aren't exclusive forms of investment. Diversity is good."

The development team includes architectural design by the Kiene and Bradley Partnership, a Topeka firm. Linclay will serve as general contractor with sub-contracts being solicited from the Topeka area. Site work for the project commenced early in the year and building construction began April 20, 1982, with completion to be in February of 1983. A management firm will be hired to operate the building.



Artist's drawing of the seven-story Capitol Tower Building now being erected in Topeka.

FROM THE DESK OF THE EXECUTIVE SECRETARY KPERS INVESTMENTS

There are some who suggest that the KPERS fund should be used as an economic development program for the state of Kansas. They would suggest that the fact that there may be some "give up" or subsidy of a particular community or segment of the Kansas economy benefits the entire state and the loss to the fund is the state's gain. This idea is totally unacceptable to the KPERS board, and we believe, to the KPERS membership. The monies in the KPERS fund are held in trust for the members and their beneficiaries and the responsibility of the system is to be as sound as possible and to invest them as wisely as possible. That the public employees of the state of Kansas should subsidize new developments, suggests that they bear an unequal burden in the development of the state which would benefit all of its citizens.

However, the retirement system has recognized for years that if the assets of the fund can be invested in a manner that benefits the state of Kansas without sacrificing the safety of investment or the rate of return, those opportunities should be seized.

As early as 1970, when the board first had the present investment authority, a program entitled "Kansas Funds Promote Kansas Jobs" was established, which provided for the purchase of the guaranteed portion of Small Business Administration loans to Kansas business at a competitive rate. This program remains in effect

today and has been a model for other states' retirement systems.

In 1973, the board established a Kansas Equity Fund which promoted the development of business through the purchase of equity positions in companies headquartered in or having a major impact on the state of Kansas. The initial commitment was \$150,000 per quarter and has been closely monitored. The program has been extremely successful and the amount committed to this program today is in excess of \$75 million.

In 1975, the system established a Kansas Debt Fund which provided for the investment of KPERS funds in private placement or fixed income investments in companies headquartered in or having a major impact on the Kansas economy. As had been the previous practice of the board, the initial commitment was modest, \$150,000 per quarter. The results were carefully monitored and the program was successful. Today, over \$48 million is invested in this program.

In 1979, the system recognized that it was appropriate to have a substantial amount of the funds in short-term fixed income investments. That strategy was appropriate at that point in time and led to the establishment of the Kansas Liquidity Fund. This fund makes money available to the Kansas financial institutions on a short-term basis through the purchase of fully insured certificates of deposit at a ne-

(Continued on page 5)

CROWTHER APPOINTED EXECUTIVE SECRETARY

The Board of Trustees of the Kansas Public Employees Retirement System on November 23, 1981, announced the appointment of Marshall Crowther as Executive Secretary. Crowther had been serving as Acting Executive Secretary since July 1, 1981, after the position of Executive Secretary became vacant on the resignation and retirement of John K. Corkhill.

KPERS Board Chairman, Virgil Basgall, noted "Crowther brings extensive experience and knowledge of the state governmental process to this position, having served in state government for the past fifteen years." Crowther was an attorney for the Kansas State Highway Commission prior to his appointment as the KPERS chief legal counsel from 1967 through August of 1980. At that time, he assumed the newly created position of KPERS Deputy Executive Secretary. He has also served as an Assistant Attorney General from 1969 to the present.



Marshall Crowther

The Executive Secretary is the managing officer of the Kansas Public Employees Retirement System. The Retirement System has over one hundred and ten thousand (110,000) active members and thirty thousand (30,000) retired members. It covers employees of the state of Kansas, all public schools, counties and over three hundred (300) cities and other public bodies throughout the state. The Retirement System Trust Funds are in excess of 1.4 billion dollars. The KPERS investments are made under the "prudent man rule." Discretionary

managers are utilized for a portion of the investments and the remainder are managed in-house. The system has aggressively developed programs for Kansas investments which meet the test of prudence for safety of principle and competitiveness of return. Kansas directed programs included SBA Loans, short term investments through Kansas banks and savings and loans, equity positions in Kansas headquartered or impacting companies, debt positions in Kansas headquartered or impacting companies, pass-through certificates backed by Kansas residential real estate and direct investment in Kansas commercial real estate.

Crowther has participated in retirement seminars and panels, both locally and nationally, having recently addressed the National Conference of State Legislatures on Alternative Investment Strategies for State and Local Pensions, the Midwest Regional Conference of the National Association of State Treasurers on In-House

Investing, the National Association of Home Builders, the National Association of Realtors, the National Leadership Conference on Urban Lending, the U.S. League of Savings Associations and the Kansas Bankers Association. He was recently appointed vice-chairman of the Constitution and By-Laws Committee of the National Association of State Retirement Administrators.

KPERS INCREASES KANSAS MORTGAGE COMMITMENT

The Kansas Public Employees Retirement System (KPERS) announced the commitment of an additional \$10 million to the Kansas residential mortgage program which is a portion of the fund's investment portfolio. The system has previously committed \$55 million to the program of purchasing pass-through certificates backed by Kansas residential mortgages.

Marshall Crowther, KPERS Executive Secretary, noted that the program has been designed to give the system maximum inflation protection and income through the use of adjustable rate mortgages. The loans will be at an initial rate of 14% plus 4 discount points and are adjusted at three year intervals. The KPERS program has been cited as a model of creative yet prudent investing by public pension funds throughout the country.

Loans are made available through Kansas banks and savings & loans then sold to Mortgage Guaranty Insurance Corporation (MGIC) who issues a certificate rated AA by Standard & Poors and sells it to KPERS. KPERS is guaranteed regular repayment of principal and interest and the loans continue to be serviced by Kansas banks and savings & loans.

BOARD APPOINTS NEW CUSTODIAN

After receiving proposals from banks in New York City, Chicago, Boston and Topeka on February 1, 1982, the Board of Trustees awarded the custodian of the KPERS assets, \$1.4 billion, to Commerce Bank and Trust, Topeka, Kansas.

The retirement act states that the Board of Trustees may contract with the bank whom they deemed to be qualified to perform the custodian duties. In 1972, the trustees appointed two banks to act as custodians for the retirement system assets. The awarding of the contract to Commerce Bank and Trust is the first time all the assets of the retirement system have been in one bank.

In addition to normal custodian duties associated with a custodial bank, the Commerce Bank and Trust is also responsible for collecting all interest and dividends due the system, the transfer of securities and provides various reports, statistics and information to aid the retirement system in the execution of their duties and responsibilities.

KPERS COMPLETES FIRST PHASE OF \$50 MILLION KANSAS MORTGAGE PROGRAM

One of the country's first pass-through securities backed by 3-year adjustable rate mortgages was closed by MGIC Mortgage Marketing Corporation (Maggie Mae) and purchased by the Kansas Public Employees Retirement System (KPERS). The package totaled \$32.4 million.

This issue follows a successful pilot issue closed in September 1981 for \$14.8 million, in which the KPERS fund made the first investment ever in 3-year ARM pass-throughs.

In making the announcement, Marshall Crowther, Executive Secretary of KPERS said, "We are delighted to have found an investment in mortgage securities that offers a competitive return and has the added benefit of providing members of the KPERS fund and Kansas residents with a new source of financing for home ownership. At the same time, it allows us to meet our full fiduciary responsibilities to the fund." According to Crowther, the program was successful in funding 591 mortgage loans originated exclusively by Kansas lenders.

To give KPERS members first access to the funds, a plan member preference period was set up. More than 20 percent of the 3-year ARMs in the pool went to qualified plan members.

The KPERS pass-through is unique in featuring 3-year adjustable rate mortgages (ARMs), which permit the investor's portfolio yield to be adjusted at regular intervals to reflect current market rates. "We viewed the 3-year adjustable rate pass-through as an attractive investment choice because it promised inflation-protection by not locking us into one rate for the entire term of the security," noted Crowther.

The Maggie Mae certificates received an AA rating from Standard and Poor's Corporation. The safety of the issue was enhanced by the significant geographic diversity achieved in disbursing the funds. Loans were originated in over half the counties in the state of Kansas by more than 30 lenders. Kansas lending institutions participating in the program included mortgage brokers as well as savings and loans and banks at both the state and federal levels.

Mark Korell, president of MGIC

Mortgage Marketing Corporation added, "MGIC Action! loans were included in the mortgage pool. These low down-payment loans helped more borrowers qualify for mortgages by lowering their initial monthly payments. The Kansas Public Employees Retirement System showed innovation and sophistication in designing their security investment."

The \$32.4 million issue is part of a total \$50 million commitment expected to close in November of this year. The additional \$18 million of this commitment will bring the combined total of Kansas mortgage backed Maggie Mae securities purchased by the KPERS fund to \$65 million.

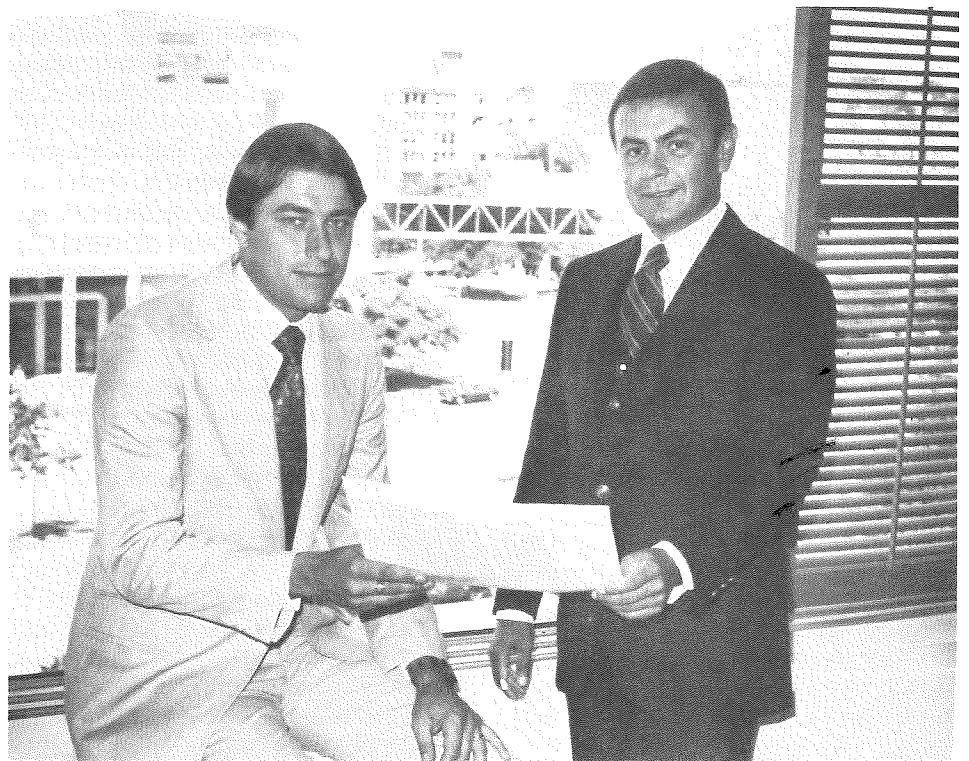
NEW INVESTMENTS FOR KPERS

The board of trustees have started two new investment programs for the retirement system. In March, the trustees selected Bankers Trust Company, New York, New York, to manage a \$20 million index fund.

The index fund is structured to approximate the performance of some other agreed upon fund which serves as the index (in this case, certain securities of the S & P 500).

The board has also authorized Bankers Trust Company to write covered call options and put options against the index fund. This strategy will provide incremental return to the retirement system.

The board has chosen the Marine Midland Bank, New York, New York, for a securities lending operation. In securities lending the retirement system owns a certain stock or a certain bond, which someone else in the investment community, generally a broker, has a need so he can deliver to other customers. The borrower pays the retirement system a premium for borrowing the securities from the retirement system using collateral of 102% of market value of these borrowed securities which is invested and earns income for the retirement system.



KPERS received a \$32.4 million pass-through certificate funding 591 mortgage loans originated exclusively by Kansas lenders. Pictured are Mark Korell, President of MGIC Mortgage Marketing Corporation and Marshall Crowther, KPERS Executive Secretary.

BASGALL RE-ELECTED BOARD CHAIRMAN

The annual meeting of the Board of Trustees of the Kansas Public Employees Retirement System (KPERS) was highlighted by the re-election of Virgil A. Basgall of Emporia, Kansas, as chairman of the board for the 1982-83 year. Basgall, who has served as chairman of the board since 1976 is the only individual who has been a member of the KPERS board since its inception in the fall of 1961. He has been appointed to the board by five (5) governors of the state of Kansas.

Basgall recently retired as City Manager of the City of Emporia following a long career in the city manager service in the state of Kansas. He served as president of the League of Kansas Municipalities. Basgall now serves as chairman of the board of the Admire Bank of Emporia.

Harold M. Goodman of Topeka, Kansas, was again selected as the vice-chairman of the board.

(Continued from page 2)

gotiable rate. The program started with \$50 million, was increased to \$100 million and through the earnings, is currently in excess of \$150 million.

Recognizing the importance of diversity of investments in a large fund, the system explored the possibility of real estate related investments. In 1981, an initial venture of Kansas mortgage purchases was initiated. \$15 million was invested in a rated certificate backed by Kansas mortgages. This program was innovative and the principal was fully insured and the principal and interest payments guaranteed. The fact that the package included 100% adjustable rate mortgages was the first such program in the United States and has been a model for other states. The program was successful and an additional commitment of \$40 million was made in the fall of 1981. This program is nearly completed and has been increased by an additional \$10 million. Some \$65 million has now been committed to fully rated and guaranteed investments backed by Kansas residential mortgages.

The system has also continued its real estate commitment by the purchase on a turn-key construction basis of a commercial office venture located

in a prime location in Topeka across the street from the State Capitol.

The Kansas related investments total approximately \$375.8 million which represents approximately 30.3% of the fund.

Probably no state retirement system has made the effort to maintain the fiduciary responsibility of the board and show the concern for impacting their home state with investments as that of the KPERS system. The Kansas investment experience has been noted in public and private sectors throughout this country, we have been the subject of numerous articles, studies and are in great demand to explain our program to other states who wish to move into this area in the prudent manner exhibited by Kansas. All KPERS members can be proud of the fiscal responsibility and social concern exhibited by the board in this area.

There's a concern which is exhibited by some regarding the investment practices of the board as related to other issues. They perceive that it is an important consideration for the board to look beyond fiduciary responsibility and to take certain actions regardless of the economic consequences.

It is suggested that certain companies are not suitable for investment of the public employees' of Kansas money because of the type of product which they manufacture, the location of their plants, the composition of their work force or the location of subsidiaries of their company.

There have been published accounts of the investment of millions of dollars of the KPERS fund in the Republic of South Africa or other foreign countries. It is important, first of all, to understand the definition which is used to determine the basis of the accusation of investment in such foreign countries.

There is not one penny of the KPERS fund which is or has been invested or loaned to the government of any foreign country. There is not one penny of the KPERS fund that is or has been invested in the common stock of any foreign corporation. There is not one penny of the KPERS fund that is or has been invested in the fixed obligation of any foreign corporation.

There is a considerable amount of the KPERS fund that has been, is, and probably will be, invested in American

companies who have subsidiaries located in foreign countries. The list is long and goes from ABC News to Xerox Corporation with such familiar names as General Motors, IBM, 3M, John Deere and many of the other largest corporations of this country.

Any discussion of this matter will, hopefully, be carried on in a non-emotional surrounding and based strictly on legal and economic realities.

First, unless the issue of stock or fixed income securities is a new issue, the divesting of or failure to purchase has no effect whatsoever on the company's corporate structure. The money the corporation sought to raise has already been secured and subsequent transactions effect only the market price and has no direct impact upon the company.

Second, it is extremely difficult to measure the impact on any company by the fact that one potential buyer refrains from entering the market. While arguably, the willingness of the Kansas Public Employees Retirement System, to buy stock or bonds of General Motors might have some effect on the policies of the company, it would seem that such a pronouncement would be more symbolic in effect than having any real economic impact.

Finally, it seems interesting that those who suggest that it is not appropriate for the Kansas public employees to invest in certain companies do not share this same concern in suggesting that public money should not be spent for the goods or services offered by these companies. It would seem that as a matter of philosophical consistency, that any attempt to regulate the investment of the KPERS fund in this area would be part of an overall attempt to limit the expenditure of Kansas public monies, at all levels, for the purchase of Coca Cola, Chevrolets, Plymouths, IBM typewriters, Xerox machines, Polaroid Cameras, 3-M office products, John Deere lawn mowers and a host of other goods and services of many other companies.

If the people of Kansas and the public employees of Kansas desire to speak to social and political questions both foreign and domestic through the use of their public monies, and the salaries of their public employees, we would suggest that everyone should participate to the same extent and that the retirement system should not be used as a symbol.

(Continued from page 1)

been permitted to retire prior to September 1 of each year in the past. Legislation would permit retirement by teachers and administrators as early as July 1, following the completion of their contractual services and for other school employees retirement could occur at any time.

* Provides for a "pop-up option" which would increase an optional monthly benefit for those who retire on or after July 1, 1982, and select options and are predeceased by their joint annuitant. Limits amount payable under an option to 100% of amount payable if no option is selected.

* For active KPERS members, the participating service credit rate was increased by the legislation from 1.25% of final average salary to 1.4% for all service performed after July 1, 1982. This marked the first time in over fifteen (15) years that the value of the employee's participating service credit had been improved and should be of significance to career public employees in future years.

* Improvements were made possible in areas of death and disability coverage for active KPERS employees under the legislation. A lump sum service-connected death benefit of \$50,000 was added for the surviving dependents of all KPERS employees killed as a result of a service-connected accident.

The group life coverage is currently limited to 100% of the individual's annual salary and the legislation removed this limitation and would permit improvements in the group life insurance coverage if funds were available through the existing employer contributions of the group insurance reserve. In addition, dependents of individuals of KPERS members who are killed as a result of a service-connected accident would be guaranteed monthly benefits of a minimum of \$100.

The insured disability coverage is currently limited to 50% of member's salary. The legislation increased the limitation from 50% to up to 60% if experience warrants

and money is available in the group insurance reserve.

* Several items relating to the administration of the system were included in the bill. The system would be permitted to pay the withdrawal of contributions upon receipt of an application rather than waiting for all of the contributions to be received by the system. The balance would then be repaid by the member's last employer upon authorization by KPERS and should expedite withdrawal procedures. Other provisions relate to certain arrearage owed by employees; eliminates some reporting by members who have been disabled for extended periods of time; eliminates the administrative expense factor of the employer contribution rate and standardizes the use of the term first day of the payroll period throughout the retirement act.

Special Situations

* Employees of the Department of Corrections in the general category of Correctional Officers would be permitted to retire under KPERS at age 55 and early retirement with an actuarial reduction would be available as early as age 50. Certain other correctional department employees who are in supervisory roles at the institutions would be permitted to retire at age 60 with early retirement with an actuarial reduction at age 55. All employees of the Department of Corrections whose duties involve regular contact with inmates and are so certified by the Secretary of Corrections would have the same disability coverage and provisions as members of KP&F subject to an offset for social security. Provisions relating to this disability have a sunset or "window" after a four (4) year period. The bill also contains provisions that require the KPERS Board and actuary to submit an analysis and experience study to the legislature and governor of this disability coverage for this non-KP&F group after three (3) years.

* Members of the legislature who participate in KPERS would be allowed to elect to include the \$400 per month paid as office expenses

during the nine (9) months the legislature is not in session in their compensation for purposes of KPERS contributions and benefits. This was prompted by a recent IRS ruling that this must be included as compensation and reported as such for federal income tax purposes. The bill also provides that any individual who served in the legislature for ten (10) years or more prior to the inclusion of the members of the legislature as KPERS members in 1975 would be permitted to establish membership in KPERS and receive benefits for their legislative service as prior service.

* Members of KP&F who are state employees (KBI and Highway Patrol) will be permitted to participate in the optional group life insurance plan. The bill also would provide that interest would first be credited to active members of KP&F accounts at the end of fiscal year 1983. Prior to this time, interest has not been credited to individual accounts of members of KP&F.

* The bill provides for standardization with other systems regarding the selection of options, designation of beneficiaries and work restrictions and limitations after retirement. Members of the Judges Retirement System who are state employees would be permitted to participate in the KPERS optional group life insurance program. Vested members of the Judges System who leave service would be permitted to withdraw their contributions if they so elected and interest would first be credited to active members' accounts of the Judges System at the end of Fiscal Year 1983. Prior to this time, interest had not been credited to the individual accounts of members of the Judges System.

On balance, the bill represents the most comprehensive piece of retirement legislation since the enactment which created KPERS in 1962. The bill gives attention to both retired and active members and while the improvements are significant, they certainly are not extravagant and are provided in the same manner of sound funding which has been the practice of the Kansas system since its inception.

Board of Trustees: Virgil A. Basgall, Chairman; Harold M. Goodman, Vice-Chairman; Mont C. Draper, III; Richard F. Hrdlicka; H. Philip Martin; T. Lusk Wands; Mark L. Youngers

Executive Secretary: Marshall Crowther

Editor: Jack L. Hawn

COMPARISON OF SIGNIFICANT FEATURES OF THE KANSAS PUBLIC EMPLOYEES,
 KANSAS POLICE AND FIRE, AND KANSAS JUDGES RETIREMENT SYSTEMS*
 (All Administered by the Board of Trustees of KPERS)

COVERAGE - EMPLOYERS

KPERS - Mandatory for the state. Optional for any city, county, township, special district or any instrumentality of any one or several of the aforementioned whose employees are covered by Social Security and not covered by or eligible for another retirement plan under the laws of the State of Kansas.

KP&F - Optional, any political subdivision employing firemen or policemen. Includes Highway Patrol and KBI.

JUDGES - State Judicial System.

COVERAGE - EMPLOYEES

KPERS - Mandatory for all eligible employees (except elected officials), both current and future, whose employment is not seasonal or temporary and requires at least 1,000 hours per year. Future nonschool employees after entry date become eligible after one continuous year of service (except for first-day coverage for death and disability benefits).

KP&F - Mandatory for all employees except sheriffs. Sheriff may elect membership.

JUDGES - All justices of the Supreme Court, Court of Appeals and all judges and associate judges of the district courts of the State of Kansas automatically participate upon appointment. Supreme Court Commissioners were considered justices of the Supreme Court for the purpose of inclusion under the Judges Retirement System.

EMPLOYER CONTRIBUTION

KPERS - Amount required to pay current service liabilities and to fund prior service costs.

FY 1983	School	4.5%	FY 1984	School	4.5%
	Non School	4.8%		Non School	4.8%

KP&F - Amount required to pay current service liabilities and to fund prior service costs. (16% for first year.) Each employer has a separate rate.

FY 1983	Local	20.1% (Avg.)	FY 1984	Local	19.6% (Avg.)
	KBI	16.8%		KBI	16.9%
	Patrol	18.0%		Patrol	18.3%

* Prepared by KPERS staff and Kansas Legislative Research Department.

JUDGES - Amount required to pay all liabilities which shall exist or accrue, including amortization of unfunded accrued liability.

FY 1983 10.4% FY 1984 10.4%

EMPLOYEE CONTRIBUTION

KPERS - 4% gross compensation. No contributions after age 70.

KP&F - 7% gross compensation - after 35 years credited service or attainment of age 60 and 20 years credited service, drops to 2%.

JUDGES - 6% gross compensation - after 20 years credited service and attainment of age 65, drops to 2%.

REQUIRED SERVICE

KPERS - No required number of years.

KP&F - 20 years.

JUDGES - No required number of years.

VESTING OF BENEFITS

KPERS - 10 years credited service.

KP&F - 20 years credited service.

JUDGES - 10 years credited service.

RETIREMENT AGE

KPERS - 65 (normal retirement).*
60 (early retirement).*

KP&F - 55 (normal retirement).
50 (early retirement).

JUDGES - 65 (normal retirement).
62 (early retirement).

* State correctional employees — unit team personnel, correctional officers, and supervisors have a normal retirement age of 55 and an early retirement option at age 50. Power plant operators, correctional industries personnel, food service employees, and maintenance supervisors, who have regular contact with inmates, have a normal retirement age of 60 and an early retirement option at age 55. Early retirement is subject to actuarial reduction.

MINIMUM RETIREMENT AGE

- KPERS - 60, early retirement with 10 years credited service (actuarially reduced benefits). Exceptions for state correctional employees — see Retirement Age.
- KP&F - 50, after 20 years service for all others (actuarially reduced benefit).
- JUDGES - 62, early retirement with 10 years credited service (actuarially reduced benefit).

MANDATORY RETIREMENT AGE

- KPERS - Local units — age 70 (provision for extension).
State — none.
No service credited after attainment of age 70.
- KP&F - No mandatory retirement age except for Highway Patrol (age 60) and KBI (age 65); however, no credit earned after 60 except for employees who do not have required 20 years service. Employee must make contributions as long as employed as policeman or fireman.
- JUDGES - End of term in which 70 is attained.

BASIS OF RETIREMENT BENEFIT

- KPERS - Final average salary (FAS). Average highest 5 years of participating service.
- KP&F - Final average salary (FAS). Average highest 3 of last 5 years of participating service.
- JUDGES - Final average salary (FAS). Average highest 5 of last 10 years of participating service.

BASIC RETIREMENT BENEFIT

- KPERS - Prior service - 1% FAS for each year of prior service for persons retiring on or after 7-1-81; otherwise, 1% prior service salary (highest salary paid in one of the immediately preceding 3 years before entry date). Participating service - 1 1/4% FAS for each year of participating service; 1.4% for service credited after June 30, 1982. No minimum — No maximum.
- KP&F - 2% FAS per year of service (combined prior and participating) not to exceed 70% of FAS.
- JUDGES - 3 1/3% FAS per year of service (combined prior and participating) not to exceed 65% of FAS.

OPTIONS

KPERS - OPTION A: A reduced monthly benefit payable for life with one-half this amount continued monthly to the joint annuitant upon the death of a retirant. The reduction factor is 87% minus .6% for each year the joint annuitant is younger than the retirant or plus .6% for each year older.

OPTION B: A reduced monthly benefit payable for life with the same amount continuing monthly to the joint annuitant upon the retirant's death. The reduction factor is 75% minus .9% for each year the joint annuitant is younger than the retirant or plus .9% for each year older.

OPTION C: A reduced monthly benefit payable for life and if death occurs within 10 years of the retirement date, the same amount is payable to the beneficiary for the remainder of the 10 year period. The reduction factor is 94%.

KP&F - OPTION A: Same as KPERS except reduction factor is 89% plus or minus .4% for age differential.

OPTION B: Same as KPERS except reduction factor is 80% plus or minus .7% for age differential.

OPTION C: Same as KPERS except reduction factor is 97%.

JUDGES - OPTION A: Same as KPERS.

OPTION B: Same as KPERS.

OPTION C: Same as KPERS.

POST RETIREMENT ADJUSTMENTS

KPERS - 1972 - 5% across the board. (Permanent)

1973 - Graduated percentage increase based on year of retirement ranging from 32% to 2%. (Permanent)

1976 - 5% annual benefit; maximum \$200, minimum \$20. (13th Check)

1977 - 5% annual benefit; maximum \$200, minimum \$20. (13th Check)

1978 - Graduated percentage increase based on year of retirement ranging from 7.34% to 1.1%. (Permanent)

1980 - Retirement Dividend Payment not to exceed 8.33% of annual benefit (13th Check), expires October 2, 1987.

1982 - 10% increase in monthly benefits (7-1-82 through 6-30-87) for retirants who were entitled to benefits as of 6-30-81.

KP&F - 1972 - Same as KPERS.
1973 - Same as KPERS except 50% to those who retired before 1962.
1976 - Same as KPERS.
1977 - Same as KPERS.
1978 - Same as KPERS.
1980 - Same as KPERS.
1982 - Same as KPERS.

JUDGES - 1972 - Same as KPERS.
1973 - None.
1974 - Integration with social security removed.
1976 - Same as KPERS.
1977 - Same as KPERS.
1978 - Same as KPERS.
1980 - Same as KPERS.
1982 - Same as KPERS.

RESTRICTIONS ON POST RETIREMENT EARNINGS

KPERS - None.

KP&F - Retirants may not be employed by the same department of the employer from which they retired for more than 30 days in any calendar year.

JUDGES - None.

TERMINATION BENEFIT

KPERS - Return member's actual contributions plus credited interest; 31 day conversion provision on life insurance. Vested benefit with 10 years, if no withdrawal.

KP&F - Return member's actual contributions plus interest credited after June 30, 1982. Vested benefit with 20 years, if no withdrawal.

JUDGES - Return member's contributions plus interest credited after June 30, 1982. Vested benefit with 10 years of service.

DEATH BENEFITS DEFINITION (DUTY CAUSED)

KPERS - Service-connected accident.

KP&F - Service-connected accident; for members with 5 or more years of credited service heart and lung disease is presumed service-connected.

JUDGES - Death from any cause while in service as a judge.

DEATH BENEFITS (DUTY CAUSED)

KPERS - SPOUSE: 50% FAS less any amount paid or payable under Workmen's Compensation (\$100 minimum per month), until death or remarriage, and a \$50,000 lump sum payment.

EACH CHILD: NONE.

FAMILY MAXIMUM: 50% FAS.

CHILDREN, NO SPOUSE: SAME AS SPOUSE, until youngest child attains age 18.

BENEFICIARY: Return member's actual contributions plus interest. Insured death benefit-100% annual rate of compensation (ARC) if member under age 70 (100% limitation eliminated in 1982, subject to availability of funds and KPERS Board approval). If no spouse or children, service-connected accident benefits payable to dependent parents.

KP&F - SPOUSE: 50% FAS, until death or remarriage.

EACH CHILD: 10% FAS, until youngest attains age 18.

FAMILY MAXIMUM: 75% FAS.

CHILDREN, NO SPOUSE: 50% FAS + 10% FAS per child.

BENEFICIARY: If no spouse or children, return member's contributions plus interest credited after June 30, 1982, to beneficiary.

JUDGES - If member under age 65 at time of death:

PAYABLE TO ANY NAMED BENEFICIARY: Return of actual contributions (with interest credited after June 30, 1982) plus lump sum death benefit equal to 65% of salary at the time of death.

If member over age 65 at time of death:
Return of actual contributions (with interest credited after June 30, 1982).

If over age 60, with 10 years credited service and spouse is sole beneficiary, spouse may elect payment under Option A rather than lump sum return of actual contributions (with interest credited after June 30, 1982).

DEATH BENEFITS (NON DUTY)

KPERS - UNDER 5 YEARS SERVICE: Return member's actual contributions plus interest. Insured death benefit of 100% ARC payable to beneficiary if member under age 70 (100% limitation eliminated in 1982 subject to availability of funds and KPERS Board approval).

5 YEARS OR MORE: Same as above plus, if over age 60, with 10 years credited service and spouse is sole beneficiary, spouse may elect payment under Option A rather than lump sum return of actual contributions.

KP&F - UNDER 5 YEARS SERVICE: Return member's actual contributions (with interest credited after June 30, 1982) to beneficiary.

5 YEARS OR MORE: Spouse receives lump sum of 50% FAS plus 2% FAS per year of service (payable at spouse's age 50 unless there are unmarried children under age 18). If no spouse or children, return member's actual contributions without interest to beneficiary.

JUDGES - UNDER 5 YEARS SERVICE: Same as above (duty caused).

5 YEARS OR MORE: Same as above (duty caused).

DEATH BENEFITS AFTER RETIREMENT

KPERS - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. Funeral benefit of not to exceed \$750.

KP&F - None unless option is selected. Funeral benefit same as KPERS.

JUDGES - None unless option is selected. If no option selected beneficiary receives amount remaining, if any, of member's actual contributions less retirement benefits paid to deceased member. Funeral benefit same as KPERS.

DISABILITY BENEFIT DEFINITION (DUTY CAUSED)

KPERS - Totally and permanently disabled after 180 consecutive days regardless of cause. May be either physical or mental.

KP&F - Totally and permanently disabled as a policeman or fireman, may be physical or mental but must be caused by service-connected accident. For members with 5 or more years of credited service heart and lung disease is presumed service-connected.

JUDGES - Totally and permanently disabled as a judge, may be physical or mental from any cause. Also available to vested, inactive judges.

DISABILITY BENEFITS (DUTY CAUSED)

KPERS - EMPLOYEE: 50% ARC (law permits not to exceed 60% subject to availability of funds and KPER Board approval), reduced by 1/2 Workmen's Compensation and total of primary Social Security or any other employer provided benefits after 180 days disability (\$50 minimum). Continued group life insurance coverage. Participating service credit granted during period of total disability. Insurance benefits and coverage ends at age 70 or retirement, whichever first occurs. Disabilities occurring after age 60 receive benefits to the earlier of (1) termination, (2) age 70, (3) 5 years.

EACH CHILD: None.

FAMILY MAXIMUM: 50% ARC.

(Certain state correctional employees have the same benefits as under KP&F from July 1, 1982 to July 1, 1986, except such benefits are reduced by any disability benefits received under Social Security or Workmen's Compensation but not to less than \$50 per month.)

KP&F - EMPLOYEE: 50% FAS.

EACH CHILD: 10% FAS.

FAMILY MAXIMUM: 75% FAS.

JUDGES - EMPLOYEE: Same as normal retirement benefits; benefits recalculated upon attainment of retirement age with additional credit granted for the period of disability.

EACH CHILD: Not applicable.

FAMILY MAXIMUM: Same as normal retirement benefits.

DISABILITY BENEFITS (NON-DUTY)

KPERS - UNDER 5 YEARS SERVICE: Same as duty caused.

5 YEARS OR MORE: Same as duty caused.
(For certain state correctional employees, see Disability Benefits (Duty Caused)).

KP&F - UNDER 5 YEARS SERVICE: Return member's actual contributions (with interest credited after June 30, 1982).

5 YEARS OR MORE: 2% FAS per year of service, after 180 days disability. (Limit of 50% FAS).

JUDGES - UNDER 5 YEARS SERVICE: Same as duty caused.

5 YEARS OR MORE: Same as duty caused.

RELATIONSHIP TO SOCIAL SECURITY

KPERS - None except offset for social security under insured disability.

KP&F - None except select group covered under Brazelton vs. KPERS law suit.

JUDGES - None, integration with social security removed in 1974.

BACKGROUND

KANSAS SCHOOL RETIREMENT SYSTEM (KSRS) ANNUITANTS

In 1971 all of the active members (and most inactive vested members) of the KSRS became members of KPERS. KSRS members who were retired at that time and certain classes of inactive employees with vested rights did not come under KPERS. Instead, payments to these members continued under the provisions of KSRS through separate reserves maintained specifically for that purpose.

KSRS provided a benefit related to the amount of employee contributions, and a separate benefit, paid by the state, based solely on years of school service as follows:

Savings annuity - is the annuity amount which could be provided by the employee's contribution account at retirement.

Service Annuity - the service related benefit - is a level dollar amount based on years of service at retirement. The service annuity rates at the time of the merger and prior to 1973 were as follows:

<u>Years of Service</u>	<u>Monthly Service Annuity Per Year of Service Prior to 1973</u>
less than 10	\$ 1.00
10 but less than 20	1.50
20 but less than 25	2.00
25 to 35	3.50

Effective in 1973, this benefit was increased to \$6.50 per year of service for all employees with at least 10 years of service; a further increase to \$6.85 became effective October 1, 1978. Benefits to those with less than 10 years of service are still \$1.00 per year of service. Effective September 1, 1979, the 35-year limit on service was removed and benefits were increased accordingly.

Although all currently active school employees are covered under KPERS, a small number of former school employees continue to qualify for benefits each year under KSRS.

The obligation of the State of Kansas for payment of School Service Annuities was originally to be amortized over a period of 10 years commencing July 1, 1973. The sum of \$10,220,000 was transferred from the State General Fund on July 1, 1973; under present law, transfers of \$10,000,000 are made on July 1 of each year until the Board of Trustees certifies that no transfer or a lesser amount is required.

As of June 30, 1981, the full funding of the liabilities required 4 more full payments of \$10,000,000 as of each July 1 during the period 1981 through 1984 and one partial payment of \$6,487,300 on July 1, 1985.

The increase in the benefit level to \$6.85 effective October 1, 1978 produced an additional liability of \$4,507,900 as of that date. To finance this benefit increase, separate appropriations were made in 1978 of \$700,000 for FY 1979 and of \$1,269,300 for each of the fiscal years 1980, 1981, and 1982. Removal of the 35 year limitation in 1979 was funded by an appropriation in 1979 from the General Fund of \$2.8 million for both FY 1980 and FY 1981.

BACKGROUND

KANSAS CITY, KANSAS SCHOOL EMPLOYEES RETIREMENT FUND

The only Kansas school employees presently covered by a local retirement system are those of the Kansas City Unified School District No. 500 who were hired before 1964. Employees of that school district hired after January 1, 1964 — like all other active Kansas school employees — became members of the Kansas Public Employees Retirement System (KPERS) on January 1, 1971, the effective date of the merger of the Kansas School Retirement System (KSRS) into KPERS.

The 1953 legislation was passed to permit first-class city school retirement systems to transfer into KSRS. Employees covered by such city systems that joined the state system were given prior service credit under KSRS, and their contributions to the local systems after September 1, 1941 were transferred to KSRS. First-class cities that entered KSRS were permitted to retain their local school systems as supplemental retirement plans, so as to bring monthly benefits to a maximum of \$125 if a lesser amount was payable under KSRS.

The first-class city systems that transferred into KSRS in 1953 were those in Atchison, Coffeyville, Fort Scott, Leavenworth, Parsons, Pittsburg and Topeka. (A special act resulted in Hutchinson entering KSRS in 1951.) When Salina joined KSRS in 1954, Kansas City remained as the only first-class city with a separate school employees retirement system.

In 1963 the Kansas School Retirement Law (K.S.A. 72-5512a) was amended to provide that employees of the Kansas City school district hired after January 1, 1964 would become members of KSRS. The separate city system — the Kansas City School

Employees Retirement Fund — continued to cover the closed group of employees hired before 1964. As of August 31, 1973 the Kansas City Plan covered only 407 active school employees.

The 1963 legislation also provided that the State School Retirement Fund would reimburse the Kansas City Fund for its members who retired after July 1, 1963, in the amount that such employees would have received had they retired under KSRS. Payments from the State Fund to the Kansas City Fund were made semiannually on March 1 and September 1 of each year on the basis of the service annuities payable for the preceding six month period.

The substantial increase in KSRS service annuities effective July 1, 1973, did not apply to retirants receiving benefits from the Kansas City Fund. (The only exceptions to this general rule are a few Kansas City Plan retirants who are receiving direct payments from KSRS as Group II and Group III annuitants.) State payments to the Kansas City Fund continued to be based on the schedule of KSRS service annuity amounts effective July 1, 1965, up to a maximum of \$122.50 a month for Kansas City Plan retirants with 35 or more years of service. The State payment for the first 30 years of service (up to \$105 a month per retirant) was used to help finance the Kansas City Plan, but any amounts in excess of \$105 a month are paid to eligible Kansas City Plan retirants in addition to local plan benefits (up to \$17.50 a month passes through to the direct benefit of the retirant).

Chapter 293, Session Laws of 1974, amended K.S.A. 72-1759 and 74-4932 to provide members of the Kansas City School Employees Retirement Fund with the opportunity of electing membership in KPERS. The election had to be made prior to September 1, 1974. There are currently 69 active members of this local plan. For those who elected to become members of KPERS, the Kansas City Board of Education was required to transfer from the local retirement fund to KPERS an amount equal to the aggregate of all employee contributions of those so transferring. Employees were to be granted prior service credit in accordance with K.S.A. 74-4936 except that service between January 1, 1971 and September 1, 1974 was credited as participating service. Those electing membership in KPERS are no longer covered under the local retirement fund (K.S.A. 72-1758 to 72-1769) and are now governed by all the provisions of law applicable to employees who became members under K.S.A. 74-4935.

The 1974 legislation further provided for the KPERS actuary to compute the remaining obligation of the state for the retirants and employees who elected to remain under the local retirement fund and the level annual payments that were to be made by the state over a period of 10 years commencing July 1, 1975. This level annual payment amounts to \$404,900.

In 1978, 1979, and 1980, legislation was enacted which provided post-retirement benefits for certain members of the Kansas City system.

A bill enacted in 1981 lowered from \$125 to \$75 the maximum amount of primary social security benefits which are deducted from the monthly annuity paid to a member of the Kansas City system.

A bill enacted in 1982 provides for a 10 percent increase in the monthly benefits of retirants, but this must be financed by the Kansas City System.



Kansas Public Employees Retirement System

ANNUAL REPORT

**FISCAL YEAR ENDED
JUNE 30, 1982**

Marshall Crowther, Executive Secretary
Jayhawk Tower—8th Floor
700 Jackson
Topeka, Kansas 66603

GOVERNOR

John Carlin

BOARD OF TRUSTEES

	<u>Term Ending</u>
Virgil A. Basgall, Chairman, Emporia	May 1, 1986
Harold M. Goodman, Vice-Chairman, Topeka	April 30, 1984
Mont C. Draper, III, Wichita	May 1, 1985
Richard F. Hrdlicka, Newton	April 30, 1984
H. Phillip Martin, Larned	May 1, 1985
Thomas L. Wands, Jr., Kansas City	May 1, 1983
Mark L. Youngers, Hutchinson	May 1, 1983

STAFF

Marshall Crowther, Executive Secretary
Jack Hawn, Deputy Executive Secretary
Ron Bleidissel, Chief of Accounting Section
Jerry Grant, Chief of Records and Reporting Section
Judy Harden, Chief of Benefit Section
Dean Kelley, Chief of Enrollment Section

CONSULTANTS

Actuary - Martin E. Segal Company, New York, New York
Investment Performance - Callan Associates Inc., San Francisco, California
Legal - Attorney General, State of Kansas, Robert T. Stephan
Medical - Benson M. Powell, II., M.D.
Auditor - Legislative Division of Post Audit

INVESTMENT MANAGERS

Bankers Trust Company, New York, New York
Robert C. Brown & Company, San Francisco, California
Capital Supervisors, Chicago, Illinois
Fourth National Bank, Wichita, Kansas
Investment and Capital Management, Chicago, Illinois
Marine Midland Bank, New York, New York
Pacific Investment Management Company, Newport Beach, California
Reimer and Koger Associates, Mission, Kansas

INVESTMENT CUSTODIANS

State Treasurer, State of Kansas, Joan Finney
Commerce Bank and Trust, Topeka, Kansas

LIFE AND LONG TERM-DISABILITY INSURANCE

Life -- Security Benefit Group, Topeka, Kansas
Disability -- Self Insured, Administered by Security Benefit Group,
Topeka, Kansas

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
21ST ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1982



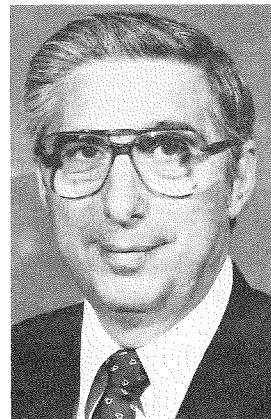
MARSHALL CROWTHER
Executive Secretary

Kansas Public Employees Retirement System
Jayhawk Tower - 8th Floor
700 Jackson
Topeka, Kansas 66603
913-232-6665

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BOARD OF TRUSTEES



VIRGIL A. BASGALL
Emporia
Chairman, Board of Trustees
Chairman of the Board
Admire Bank in Emporia



HAROLD M. GOODMAN
Topeka
Vice Chairman, Board of Trustees
President - Business Brokers, Inc.



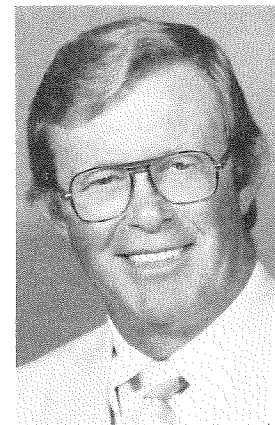
MONT C. DRAPER, III
Wichita
Sr. Vice President and Trust Officer
Union National Bank



RICHARD F. HRDLICKA
Newton
Sr. Vice President, General Counsel,
Secretary and Member - Board of
Directors, Hesston Corporation



H. PHILLIP MARTIN
Larned
Attorney - Partner -
Martin and Gatterman



THOMAS L. WANDS, JR.
Kansas City
Administrator - Boilermakers -
Blacksmith National Pension Trust;
Boilermakers National Health
and Welfare Fund

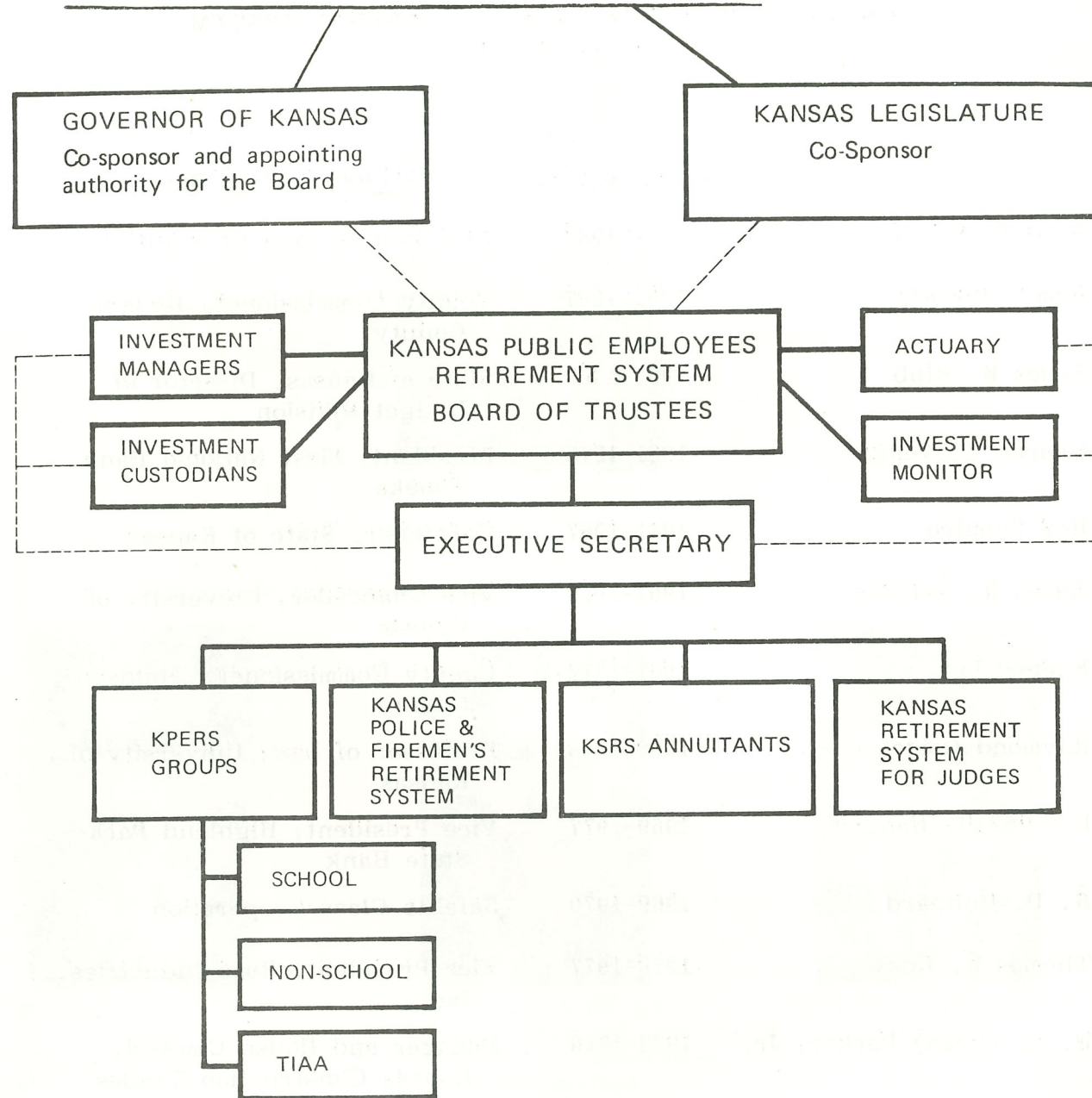


MARK L. YOUNGERS
Hutchinson
Financial Vice President - Treasurer,
Valley Federal Savings and
Loan Association

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Former Trustees

	<u>Board Term</u>	<u>Position While Trustee</u>
Fred E. Gulick	1961-1969	Assistant Revisor of Statutes
Elmer Ousdahl	1961-1967	County Commissioner, Douglas County
James W. Bibb	1961-1969	State of Kansas, Director of Budget Division
Charles Clevenger	1961-1975	President, First National Bank, Topeka
Roy Shapiro	1961-1967	Controller, State of Kansas
James R. Surface	1961-1968	Vice-Chancellor, University of Kansas
Eugene Lee	1967-1972	County Commissioner, Atchison County
Raymond Goetz	1968-1976	Professor of Law, University of Kansas
Richard B. Hanger	1969-1977	Vice President, Highland Park State Bank
R. D. Hubbard	1969-1970	Safelite Glass Corporation
Thomas W. Ross	1970-1977	Vice President, Ross Industries, Inc.
W. L. (Dean) Parker, Jr.	1972-1976	Manager and House Counsel, Kansas Construction Trades Fringe Benefit Funds
Don S. Peters	1975-1979	Sr. Vice President, 4th National Bank, Wichita
Robert W. Wagstaff	1975-1979	President, Coca-Cola Bottling Co.
Balfour Jeffrey	1976-1980	Chairman of the Board, Kansas Power & Light Co.
Marjory P. Sharp	1977-1981	President, Kansas National Education Association

VOTERS OF THE STATE OF KANSAS



PURPOSE

... the Kansas Public Employees Retirement System was created to provide an orderly means whereby employees of the participating employers may be retired without prejudice and without inflicting a hardship on the employees retired. To enable such employees to accumulate reserves for themselves, to provide for old age, death and termination of employment, and for the purpose of effecting economy and efficiency in the administration of governmental affairs.

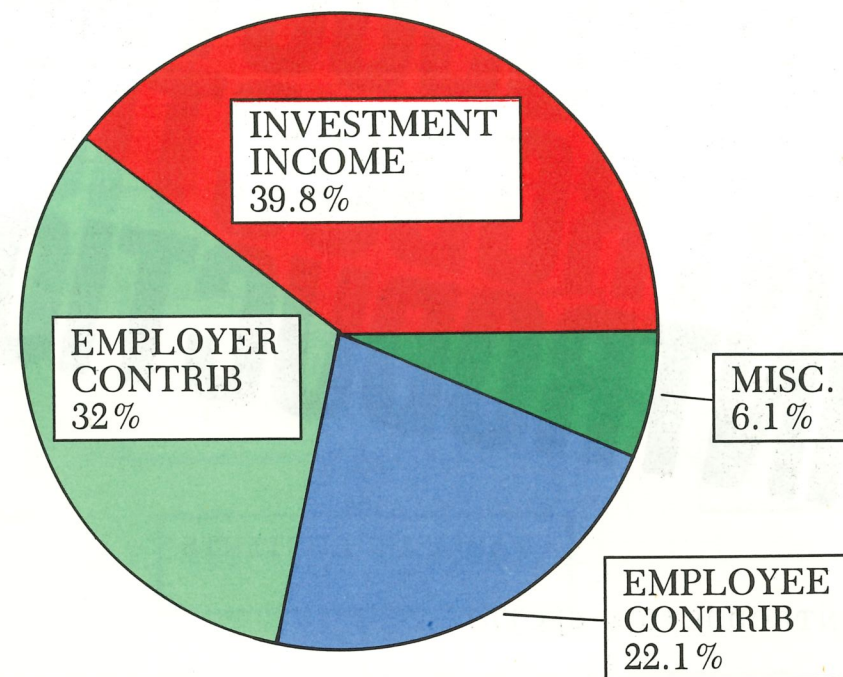
Kansas Public Employees Retirement Act. (K.S.A. 74-4901)

INTRODUCTION INTRODUCTION INTRODUCTION

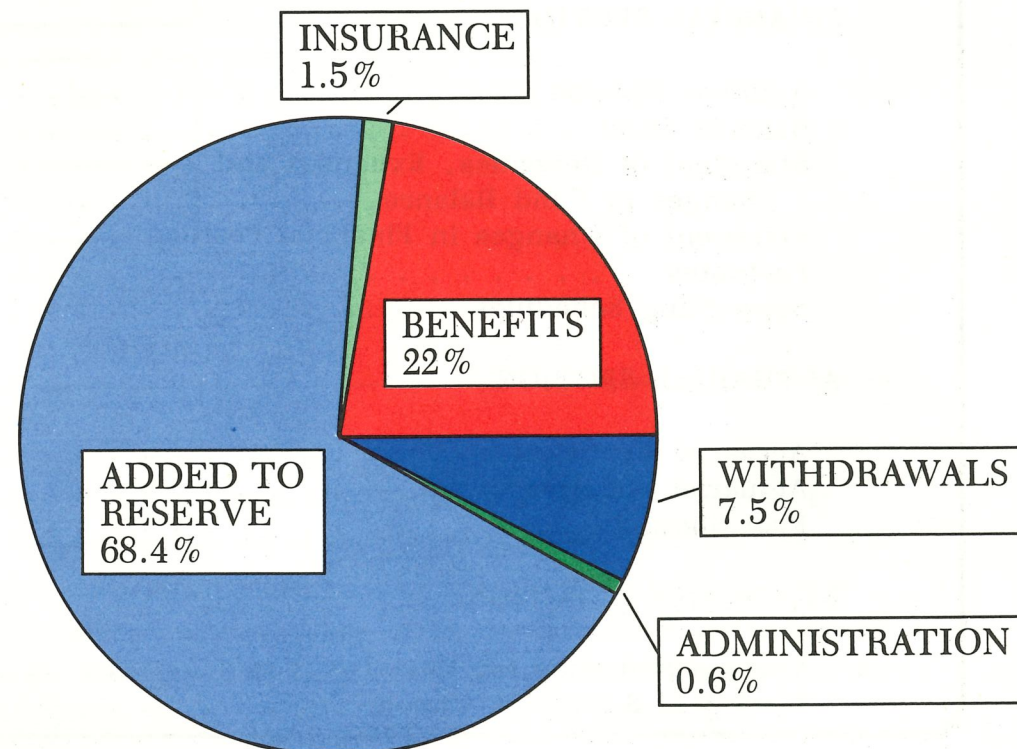
TABLE OF CONTENTS

INTRODUCTION SECTION	PAGE
Transmittal Letter to Governor Carlin	1
Ten Year Highlights	6
New Legislation in 1982	8
Retirants	10
Insurance Program	11
Investment Activities	13
Investment Performance	16
FINANCIAL SECTION	
Auditors Opinion	20
Balance Sheet	21
Statement of Revenues, Expenses and Changes in Fund Balance	22
Statement of Changes in Financial Position	24
Footnotes	25
Supporting Schedules	31
ACTUARIAL SECTION	
Actuarial Certificate	38
Actuarial Valuations	39
Plan Summary	56
STATISTICAL SECTION	
Various Statistics for Last Ten Years	65
Listing of Securities Owned	74

WHERE THE MONEY CAME FROM



WHERE THE MONEY WENT



Kansas Public Employees Retirement System
MARSHALL CROWTHER, Executive Secretary

December 27, 1982

Honorable John Carlin
Governor, State of Kansas
State House
Topeka, KS 66612

Dear Governor Carlin:

We are pleased to submit, on behalf of the Board of Trustees the 21st Annual Report of the Kansas Public Employees Retirement System. Representative Wendell E. Lady, Chairman of the Legislative Coordinating Council, Lu Kenney, Secretary of the Senate, Geneva Seward, Chief Clerk of the House of Representatives, and all participating employers of the system will also receive this report in accordance with K.S.A. 74-4907(2).

The annual report consists of four sections: The Introductory Section contains various information pertinent to the system; the Financial Section contains the opinion from the Legislative Division of Post Audit, the financial statements of the system as well as certain supporting schedules; the Actuarial Section contains a certification from the independent consulting actuary and results from the most recent annual actuarial valuation; the Statistical Section, the last section, consists of significant data pertaining to the Kansas Public Employees Retirement System.

ORGANIZATION

The Kansas Public Employees Retirement System is a body corporate and an instrumentality of the State of Kansas. KPER is an umbrella organization which administers, through a single fund in the state treasurers office, four state wide coverage groups which contains various sub groups.

A seven member Board of Trustees is the managing body of the retirement system. The Board of Trustees appoint the Executive Secretary who shall be the managing officer of the system.

ACCOUNTING SYSTEM AND REPORTS

This report has been prepared in accordance with the principles of governmental accounting and reporting pronounced by the National Council of Governmental Accounting and the American Institute of Certified Public Accountants. The report submitted herewith will be forwarded to the Municipal Finance Officers Association for the Certificate of Conformance annual review.

The accrual basis of accounting is used to record assets and liabilities and revenues and expenses. Revenues of the system are taken into account when earned without regard to date of collection, expenses are recorded when the liability is incurred regardless of when payment is made. Fixed assets, for fiscal year 1982 furniture and office equipment, are recorded at cost and depreciated through charges to administrative expense over the estimated useful life of the asset. Contributions to the retirement system are based on the principles of level

cost financing with current service financed on a current basis and prior service amortized over a period not to exceed forty years. All contributions which were required to be made have been made.

REVENUES

The reserves needed to finance retirement benefits are accumulated through the collection of employee and employer contributions and through investment income.

Total revenue for fiscal year 1982 totaled \$270.5 million a decrease of 2.1% from fiscal year 1981 revenues of \$276.2 million. The decrease is due to a net realized loss on sale of securities of \$29.4 million compared to a net gain on sale of securities in fiscal year 1981 of \$19.3 million. Contributions from employees and employers remained substantially the same from fiscal year 1981 to fiscal year 1982.

EXPENSES

The largest expenses of the Kansas Public Employees Retirement System relates to the purpose for which it was created; namely the payment of benefits. Expenses for fiscal year 1982 were \$85.4 million, an increase of 7.4% over fiscal year 1981 expenses of \$79.5 million. The increase was due to an increase in the number of retirants, increases in the average monthly retirement benefit and legislation which became effective July 1, 1981, which calculated all retirement benefits at final average salary, instead of final average salary and prior service salary, for those members who retired on or after July 1, 1981.

Total fiscal year 1982 revenues of \$270.5 million exceeded total fiscal year 1982 expenses of \$85.4 million by \$185.1 million.

RESERVES

The amounts in the Members Accumulated Contribution Reserve on page 21 represent the total amount of active members contributions plus interest which has been credited. The amount in the Retirement Benefit Accumulation Reserve of \$815.9 million represents the employer contributions to fund participating service as it accrues and an amount to pay the level dollar cost of prior service which is being amortized over a period not to exceed 40 years from the date the various employers affiliate with the retirement system. The amount by which the liabilities exceed the fund balance is termed the "past service liability not yet funded" and is shown on the balance sheet as a deduction from the total reserves.

INVESTMENTS

The investment portfolio must be regarded as a major contributor to the retirement system. Income from investments of \$107.7 million comprise 39.8% of total operating revenues. This exceeded the 22.1% of total revenue contributed by members. Changes in the makeup of the total portfolio are reflected in the supporting schedules beginning on page 31. A listing of the investments owned by the retirement system on June 30, 1982, begins on page 74.

There are many types of rates of return used to describe investment return. The Board of Trustees believe that the time-weighted rate of return is the rate that should be used for retirement systems; however, different readers have

different perspectives so a variety of rates of return are here presented: 1) time weighted for fiscal year 1982 - 6.77%; 2) accounting rate - 9.12%; 3) as of June 30, 1982, the yield on cost and on market were 11.4% and 11.83% respectively.

INVESTMENTS IN KANSAS

The Board of Trustees has long had a policy of seeking investments which impact the Kansas economy when such investments can be made without a sacrifice of either the safety of the investment or the rate of return.

During fiscal year 1982, this policy was continued and expanded.

The program "Kansas Funds Promote Kansas Jobs" established in 1970 continues in effect. Under this program the guaranteed portion of Small Business Administration loans to Kansas businesses are purchased by the retirement system. At the end of the fiscal year, the system had \$4.1 in actual investments and an additional \$16.1 million committed to the program.

The Kansas Equity Fund which was established in 1973, grew to \$76.0 million as of June 30, 1982. This fund is used for investments in equity issues of companies headquartered in or having a major impact on the Kansas economy.

The Kansas Debt fund which was created in 1975, totaled \$58.7 million at the end of the fiscal year. This fund is used for fixed income and private placement investments in companies headquartered in or having a major impact on the Kansas economy.

The Kansas Liquidity Fund, established in 1979, continues in effect. The total money available was \$135.3 million at the end of the fiscal year. The money is made available to all Kansas banks and Kansas savings and loan associations at a competitive rate of interest.

The Kansas Public Employees Retirement System was the first retirement system to purchase mortgage backed pass-through certificates which have 100% adjustable rates. The mortgages are on single family owner-occupied homes in Kansas. The certificate has an AA rating from Standard and Poors. At the end of the fiscal year, the system owned \$14.5 million of these loans with another \$30.0 million committed to the program. These additional mortgage backed certificates will close in fiscal year 1983.

During fiscal year 1982, the Board of Trustees signed contracts and work was commenced on the Capitol Tower, a 150,000 square foot office building, in Topeka. The project is carried on the balance sheet as construction in progress and will be classified as investment upon completion which is expected in early spring 1983.

FUNDING

One of the important factors used in considering the safety of a retirement system is the level of funding. Although all participating employers have a legal obligation to insure sufficient money is available to pay benefits as they are awarded, the retirement system accumulates assets to discharge this responsibility. The higher the funding ratio the higher the degree of assurance that retirement benefits are secure. The historical level of funding for all coverage groups of the retirement system shows a positive trend except for fiscal year 1981 which

shows a decrease. This decrease is due to 1981 legislative enactments. Page six, the "10 Year Highlights", details the level of funding.

PROFESSIONAL SERVICES

Professional consultants are appointed by the Board of Trustees, or imposed by statute, to perform professional services essential to the effective and efficient operation of the retirement system. An independent audit report from the Legislative Division of Post Audit is on page 20. A certification from the independent actuary, Martin E. Segal Company is on page 38. All consultants appointed by the Board, or imposed by statute are listed on the inside front cover of this report.

SIGNIFICANT CHANGES

House Bill 2529, which became effective July 1, 1981, provided: (1) members who retire on or after July 1, 1981, will have prior service benefits calculated using final average salary rather than prior service salary and (2) a reduction of .3% per month for early retirement for members retiring between July 1, 1981, and June 30, 1984. The previous early valuation factor was .6% per month of early retirement.

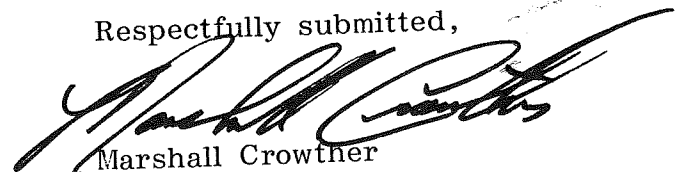
House Bill 2623, which passed the 1982 legislature became effective July 1, 1982. This single piece of legislation is the largest change to the retirement system benefit structure since the system was created. This bill provides many changes, the most significant are: (1) a 10% across the board increase in retirement benefits for those who retired prior to July 1, 1981; (2) portability of service credit between coverage groups; (3) changes in benefit structure of certain employees at correction institutions due to nature of employment; (4) retirement date for school members changed to July instead of end of school year if so elected; (5) all participating service accumulated after July 1, 1982, will be calculated at 1.4% of Final Average Salary; (6) lump sum service connected death benefit of \$50,000; and (7) funeral benefits for retirants of \$750.00.

ACKNOWLEDGEMENTS

The preparation of this report reflects the combined effort of the Kansas Public Employees Retirement System staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information.

On behalf of the Board of Trustees, we take this opportunity to express our gratitude to the staff, the advisors and to the many people who have worked to assure the successful operations of KPERS.

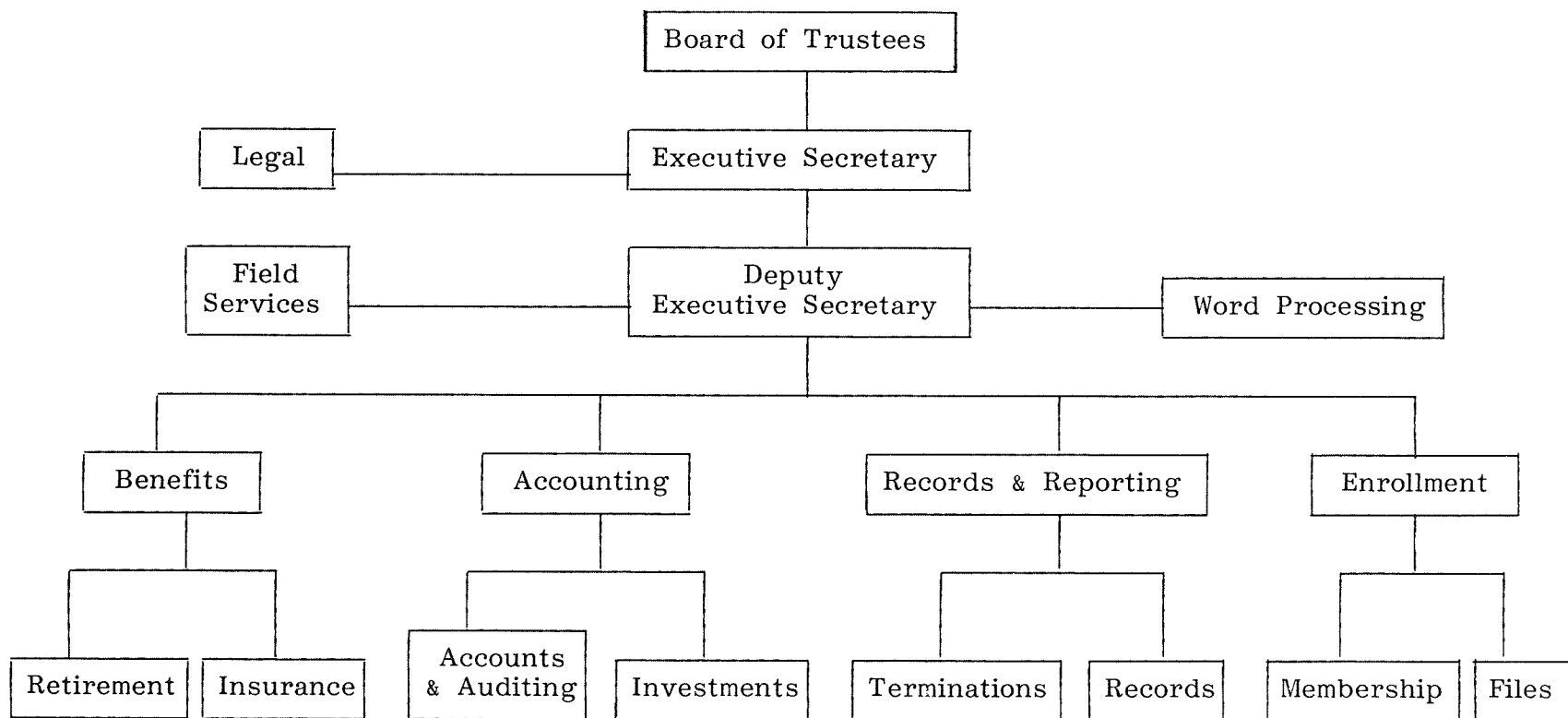
Respectfully submitted,



Marshall Crowther
Executive Secretary

MC:kl

KPERS ORGANIZATION



HIGHLIGHTS
Last Ten Fiscal Years

	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u> ⁽³⁾	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
TOTAL ASSETS (Millions)	\$1,353.6	\$1,129.5	\$ 937.9	\$ 769.2	\$ 655.6	\$ 569.3	\$ 444.4	\$ 365.9	\$ 314.8	\$ 275.8
Number of Retirants	29,813	28,678	27,701	26,570	25,288	22,614	22,314	20,948	19,428	17,648
Number of New Retirants During the Year	2,092	1,884	1,867	2,012	2,436	2,004	2,012	2,182	2,326	2,539
Number of Members	102,304	101,846	100,231	99,677	99,815	98,192	95,124	98,298	97,105	89,152
Number of Participating Employers	1,044	1,026	1,005	1,001	976	941	894	975	852	934
Retirement Benefits (Millions)	\$ 59.6	\$ 54.7	\$ 47.4	\$ 43.7	\$ 39.8	\$ 36.5	\$ 32.6	\$ 30.6	\$ 28.4	\$ 13.9
Employee Contributions (Millions)	\$ 59.8	\$ 56.2	\$ 48.8	\$ 43.5	\$ 39.9	\$ 36.8	\$ 33.8	\$ 29.3	\$ 25.4	\$ 23.6
Employer Contributions (Millions)	\$ 102.9	\$ 105.8	\$ 101.1	\$ 85.2	\$ 85.7	\$ 81.3	\$ 68.5	\$ 56.2	\$ 47.2	\$ 32.9
Investment Income (Millions)	\$ 107.7	\$ 114.2	\$ 75.4	\$ 49.0	\$ 27.6	\$ 25.3	\$ 21.9	\$ 7.1	\$ 5.2	\$ 9.2
Total Revenue (Millions)	\$ 270.5	\$ 276.2	\$ 225.3	\$ 177.7	\$ 153.2	\$ 143.4	\$ 124.2	\$ 92.6	\$ 77.8	\$ 65.7
Growth in Reserves (Millions)	\$ 185.1	\$ 196.7	\$ 155.5	\$ 113.9	\$ 86.3	\$ 124.9	\$ 78.5	\$ 51.1	\$ 39.0	\$ 43.3
Employer Contribution Rate										
KPERS -- Non School	5.20%	5.50%	6.2%	6.2%	6.7%	7.3%	7.4%	7.1%	6.4%	6.0%
Average KP&F	22.39%	26.21%	26.2%	16.1%	15.35%	17.1%	16.4%	19.1%	21.2%	20.8%
KPERS -- School	4.7%	5.2%	6.3%	6.1%	7.3%	7.9%	5.8%	5.6%	4.7%	4.4%
Judges	15.6%	15.60%	15.6%	15.6%	19.50%	19.5%	19.5%	19.5%	---	---
Past Service Liability ⁽¹⁾										
KPERS -- Non School (Millions)	Not Available	\$ 84.6	\$ 39.9	\$ 44.6	\$ 45.4	\$ 46.2	\$ 46.1	\$ 43.7	\$ 43.2	\$ 52.9
KP&F (Millions)	Not Available	\$ 85.3	\$ 85.1	\$ 94.6	\$ 68.2	\$ 15.6	\$ 13.9	\$ 12.9	\$ 12.8	\$ 13.0
KPERS -- School (Millions)	Not Available	\$ 265.0	\$ 152.7	\$ 172.3	\$ 180.0	\$ 176.7	\$ 178.3	\$ 179.8	\$ 181.6	\$ 191.3
Judges (Millions)	Not Available	---	\$ 3.1	---	---	\$ 3.6	---	\$ 3.3	---	---
TIAA (Millions)	Not Available	\$ 10.2	\$ 5.2	\$ 6.9	\$ 7.5	\$ 7.5	\$ 2.9	\$ 7.7	\$ 8.0	\$ 7.8
Funding Ratios ⁽²⁾										
KPERS -- Non School	Not Available	84.7%	90.10%	87.50%	86.29%	84.05%	81.82%	80.08%	77.93%	71.88%
KP&F	Not Available	55.1%	48.83%	40.50%	43.66%	71.65%	70.03%	66.70%	62.15%	56.84%
KPERS -- School	Not Available	65.3%	72.61%	66.30%	62.72%	56.77%	51.37%	46.35%	41.94%	36.94%
Judges	Not Available	---	55.48%	---	---	47.64%	---	---	---	---
TIAA	Not Available	25.1%	36.47%	29.00%	26.75%	23.89%	20.92%	21.17%	21.23%	22.58%

(1) Past Service Liability represents, in general, the actuarial liability for prior service benefits based on service before the employer affiliated with the retirement system. The past service liability is being funded by level dollar payments over a 40-year amortization period from the employer's date of affiliation.

(2) Funding ratios indicate the actuarial soundness of the system and are determined by dividing accumulated assets by the sum of accumulated assets plus unfunded past service liability. Decrease in funding 1980-1981 due to legislation which increased Past Service Liability.

(3) First year to report on accrual basis of accounting.

RETIREMENT LEGISLATION 1982 SESSION

In what was probably the most significant and comprehensive package of retirement improvements ever adopted, the 1982 Session of the Kansas Legislature passed and Governor Carlin signed HB 2623 which affected some 130,000 public employees and retirants across the state in programs administered by the Kansas Public Employees Retirement System (KPERS). Some of the more significant enhancements are:

1. A ten percent (10%) across the board increase in retirement benefits effective July 1, 1982, for those who had retired prior to July 1, 1981. This affected retirants and special retirants of all systems and will be reviewed by the legislature in 1987 as to whether it will be continued.
2. A \$750 funeral benefit for retirants and special retirants of all systems offset by any funeral benefit payable under Social Security if applicable.
3. Provides that members who go from coverage under one system to coverage under another are not barred from membership and their participation in the subsequent system can be added with their former participation for meeting service requirements for vesting, retirement, death and disability benefits, etc. In addition, individuals described above, while still subject to different retirement laws, will be permitted to use their highest total of compensation in public service for benefit basis.
4. The early retirement reduction factor of .3% provided in 1981 for a three (3) year period was extended to 1987.
5. Provides for a "pop-up option" which would increase an optional monthly benefit for those who retire and select options and are predeceased by their joint annuitant. Limits amount payable under an option to 100% of amount payable if no option selected.
6. Permits July 1 retirement for teachers and removes end of school year retirement date for all other school employees.
7. A \$50,000 lump-sum service-connected accidental death benefit will be provided to surviving dependents of KPERS members. In addition, a minimum monthly service-connected death benefit of \$100 was established.
8. Removed present 100% of current salary limit on group life insurance. Increased the maximum disability rate under KPERS to 60% of current salary from the present 50%. Future improvements would be subject to experience and funds availability.
9. Participating service credit under KPERS will be credited at 1.4% (up from 1.25%) for all service accrued after July 1, 1982.

10. Members of the Kansas Police and Firemen's Retirement System who are state employees and members of the judges retirement system are permitted to participate in the KPERS Optional Group Life Insurance program.
11. As of June 30, 1983, interest will be credited to members account in the Kansas Police and Firemen's Retirement System and Judges Retirement System.
12. Earlier normal retirement dates and special disability provisions were provided to certain KPERS members employed within the State Department of Corrections.
13. Eliminates the administrative expense factor of the employer contribution rate. Beginning in fiscal year 1983 administrative expenses will be paid out of investment earnings.

Advanced the funding of all the enhancements of this legislation into Fiscal Year 1983 at a savings for all participating employers by reducing previously budgeted contribution rates.

RETIRANTS

The Retirement Act at K.S.A. 74-4901 states,

Purpose of act. The purpose of this act is to provide an orderly means whereby employees of the participating employers who have attained retirement age as herein set forth may be retired from active service without prejudice and without inflicting a hardship upon the employees retired and to enable such employees to accumulate reserves for themselves and their dependents to provide for old age, death and termination of employment, and for the purpose of effecting economy and efficiency in the administration of governmental affairs.

As of June 30, 1982, there were 29,813 retirement benefit recipients of the various systems administered by the Board of Trustees as follows:

<u>System</u>	<u>Number of Retirants</u>	<u>Average Monthly Benefit</u>
KPERS--Non-school	13,203	\$125
KP&F	338	697
Special KP&F	839	416
Judges and Court Reporters	66	778
KSRS Annuitants	5,006	153
KPERS--School	10,361	168
Total	29,813	

Chapter 223, Session Laws of 1980, amended K.S.A. 74-49,109--74-49,114 to establish a Retirant Dividend Payment Reserve in the KPERS fund for the purpose of providing an annual retirement benefit. The dividend payment is authorized to be paid annually each October through 1987 and pertains to all individuals who have retired on or before July 1 of the year in which the payment is to be made. This dividend payment covers retirants, joint annuitants and beneficiaries of all systems administered by KPERS as well as certain individuals who retired under the Kansas City, Kansas, School Employees Retirement Fund and individuals who have qualified for insured disability benefits under the provisions of K.S.A. 74-4927.

The first such Retirant Dividend Payment of \$4,186,120 was made October 1, 1980. We estimate the Retirant Dividend Payment for FY 83 will be \$5.5 million.

INSURANCE PROGRAM

On January 1, 1966 a group life and long-term disability insurance program commenced under KPERS and extended coverage to all contributing members of the System under the age of 65. The cost of this coverage is paid entirely by the employer and is currently statutorily fixed at .6 of 1% of total covered payroll. Initially, the life insurance coverage was based upon 50% of the member's final average salary at the time of death for those who died under the age of 60. This coverage decreased by 10% each year between the ages of 60 and 65. Disability benefits were based on 42% of the member's final average salary inclusive of primary social security and other employment related benefits. Over the years the KPERS Board of Trustees has been able to improve the coverage substantially and still stay within the statutory premium amount of .6 of 1% of covered payroll.

The insured benefits presently provided for KPERS members are:

1. Insured death benefit (group life insurance) for active members under age 70 equal to 100% of the member's annual compensation on the date of death.
2. Insured disability benefit equal to 50% of the member's annual compensation on the date disability commences, reduced by Social Security disability or retirement benefits, 50% of Workmen's Compensation benefits, and other employment-related benefits; provided that the KPERS insured disability benefit may not be less than \$50 a month. Benefit payments to a totally disabled member start after 180 days of continuous and total disability and are continued for the shorter of:
 - (a) the remaining period of total disability
 - (b) the period remaining to the disabled member's 65th birthday if disablement occurred before age 60;
 - (c) a period of five years or, if shorter, the period remaining to the disabled member's 70th birthday if disablement occurred on or after age 60;
 - (d) the period remaining to the disabled member's date of retirement;
 - (e) termination of membership by the withdrawal of the member's accumulated contributions.

A totally disabled member continues to receive service credit under KPERS just as though he was working and making contributions to the retirement system.

Presently this coverage extends to 98,256 members of KPERS as well as certain faculty members and other employees of educational institutions under the management of the State Board of Regents and, most recently, state employees who are in their year of waiting for KPERS. Total life insurance in force for this group is in excess of \$1.36 billion.

Premiums paid by KPERS to the insurance carrier since January 1, 1966 have totaled \$48.7 million. These premiums have been used to pay insured benefits of \$36.0 million to KPERS members and their beneficiaries, and to establish reserves which totaled about \$18.1 million on June 30, 1981. During the first 15½ years of the KPERS insurance program, the total interest added to reserves held by the insurance carrier has exceeded total expense and risk charges by \$5.4 million.

During the year under the aforementioned basic group life and long-term disability insurance program, the total of the insured death benefits paid to beneficiaries for both nonschool and school members was \$4,051,014, compared with \$3,700,518 for the previous fiscal year. These benefits were paid in connection with 329 separate claims during the year.

The total disability benefits paid during the year ended June 30, 1982 was \$2,160,891. This total includes both nonschool and school members and shows an increase of 2.6% over the previous year's payout of \$2,107,122. There were a total of 213 new approved claims during the 1982 fiscal year. Total approved claims to date is 3,685 of which 1,201 are still being paid.

The 1978 session of the Kansas Legislature passed legislation which would allow all employees of the State of Kansas who were eligible for the basic KPERS group insurance program (discussed above) to participate in a new optional group life insurance program through a payroll deduction. Total cost of this program is to be paid by the participants and the individual could elect a minimum of \$5,000 coverage regardless of health. Coverage above \$5,000 could be selected in increments of \$1,000 up to \$10,000 and \$5,000 units above \$10,000 to a maximum of \$50,000 coverage. There were 40 claims under this program in FY 1982 totaling \$437,000. The system is required to monitor the monthly premium deductions on all participants and reconcile and coordinate this with the payroll department of the Accounts and Reports Division, Department of Administration.

INVESTMENT ACTIVITIES

The funds of the system are invested in accordance with K.S.A. 1982 Supp. 74-4921. The investment authority is with the Board of Trustees with the provision that the board may appoint investment managers and investment custodians. Investments are made in accordance with the prudent man rule with the statutory limitation of not more than 50% of book value of the fund may be invested in common stock. The investment policy adopted by the board specifies an asset mix of 45% in equities and 55% in fixed income securities.

During Fiscal Year 1982, the firm of Callan Associates, Inc., San Francisco, California, continued to provide the investment performance measurement and consulting services for the trustees. A letter from that firm is included at the end of this section.

For many years the retirement system has had two investment custodians. While the fee schedule was computed as though there was only one custodian and the fee was allocated pro rata based upon percentage of assets held by each custodian to total assets. During fiscal year 1982, the Commerce Bank and Trust, Topeka, Kansas, was selected as the single custodian for the retirement system assets. The Board of Trustees believe better economy and efficiency can be obtained with only one custodian. Alternative investment opportunities are also available with only one custodian bank.

During Fiscal Year 1982, the board decided that the investment managers should be specialist managers. Instead of managing both equity and fixed income now each manager is a fixed income manager or an equity manager.

A \$20.0 million index fund with put and call option overwrite was awarded to Bankers Trust, New York, New York during fiscal year 1982. This program will provide incremental income not otherwise available.

Marine Midland Bank, New York, New York was given authority for security lending during fiscal year 1982.

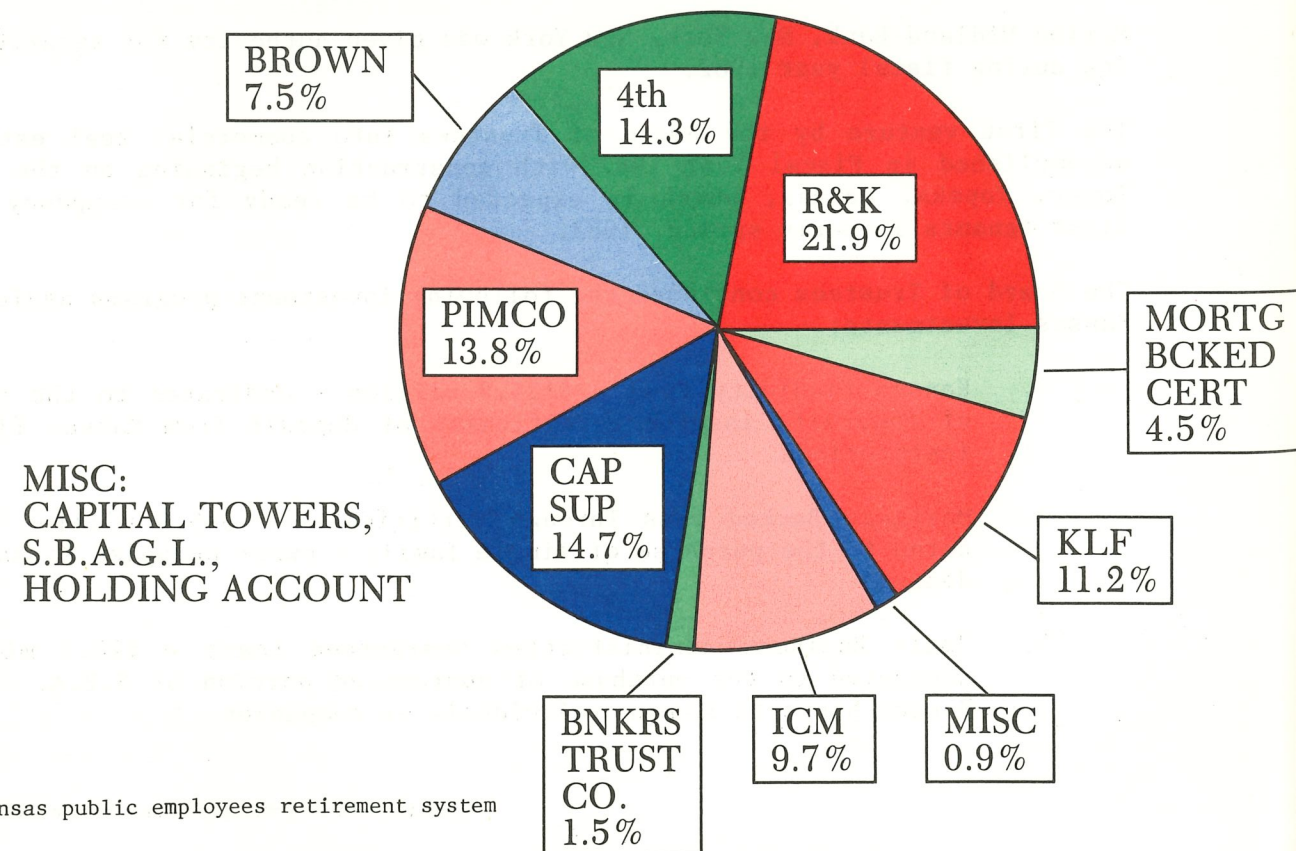
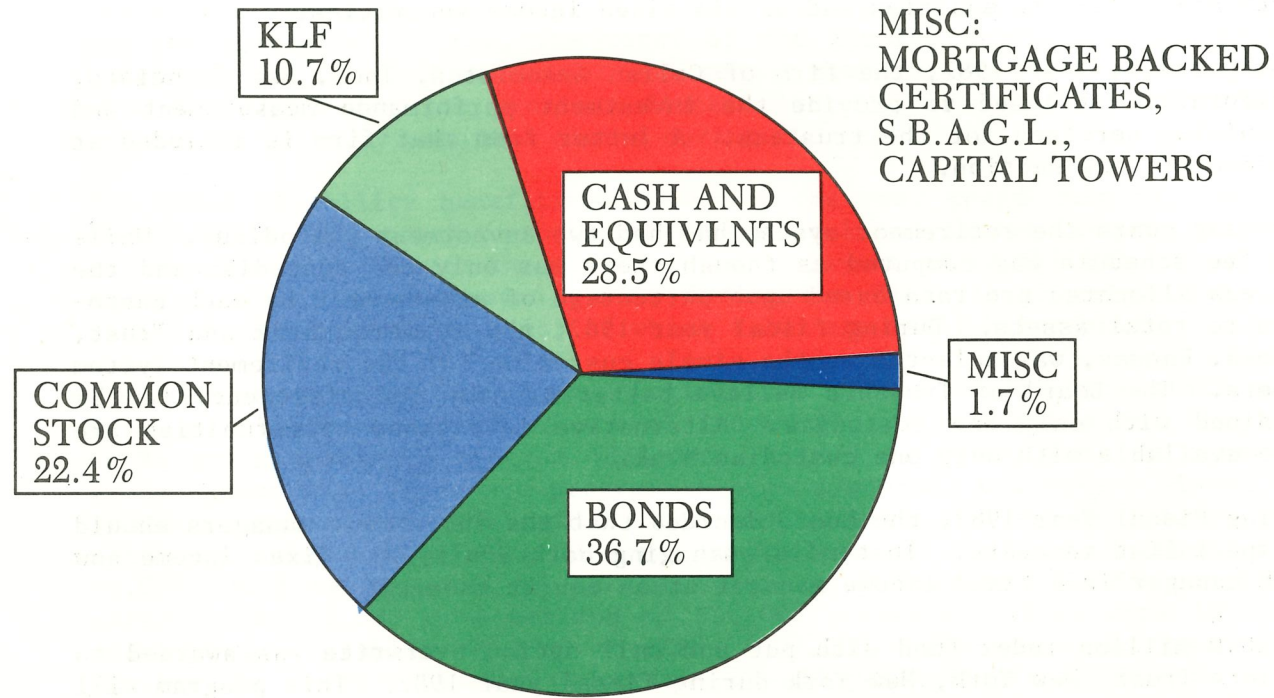
The first venture by the Board of Trustees into commercial real estate was accomplished in Fiscal Year 1982 with construction beginning on the Capitol Tower, Topeka, Kansas, which is expected to be ready for occupancy by the first tenants in early spring, 1983.

The Board of Trustees continued the following investment programs dedicated to Kansas Investments:

1. Kansas Liquidity Fund - \$135.9 million - dedicated to the purchase of federally insured certificates of deposit from Kansas financial institutions
2. Mortgage Backed Pass Through Certificates - \$45.0 million - dedicated to the purchase of single family - owner occupied Kansas residences
3. Small Business Administration Guaranteed Loans - \$20.3 million - dedicated to the purchase of guaranteed portion of S.B.A. loans by Kansas banks to Kansas individuals or companies

4. Kansas Equity Fund - \$76.0 million - dedicated to the purchase of common stock of corporations that have an economic impact in Kansas
5. Kansas Debt Fund - \$58.7 million - dedicated to the purchase of debt instruments of corporations that have an economic impact in Kansas.

The following graphs indicate investments by type and by manager as of June 30, 1982.



Through its investment policy, the Board of Trustees has established that the funds of the system would be invested in stocks, bonds and other securities of the highest quality so as to reduce risk and thereby preserve the capital of the fund. The following tables indicate the degree of quality which is maintained by this policy and as it existed with the holdings as of June 30, 1982.

COMMON STOCK

Rating	Market Value	% of Total
A +	\$ 98,712,122	36.14%
A	53,995,746	19.77%
A -	51,607,422	18.89%
B +	39,407,063	14.43%
B	8,347,563	3.06%
B -	1,677,125	.61%
C	3,805,750	1.39%
. . .	6,375	--
Not Rated	15,610,058	5.71%
TOTALS		100.00%

Ratings are from Stock Guide published monthly by Standard & Poor's Corporation. It is Standard and Poor's present policy not to rank stocks of most finance-oriented companies such as banks, insurance companies, etc., and stocks of foreign companies; these carry the three dot (...) designation. Not Rated signifies no ranking because of insufficient data or because the stock is not amenable to the ranking process.

FIXED INCOME

Rating	Market Value	% of Total
AAA	\$ 28,715,138	5.98%
AA +	3,432,450	.71%
AA	29,172,723	6.07%
AA -	6,798,125	1.42%
A +	18,962,889	3.95%
A	21,799,930	4.54%
A -	3,624,125	.75%
BBB +	4,705,500	.98%
BBB	5,561,563	1.16%
BBB -	5,275,688	1.10%
BB +	7,261,839	1.51%
BB -	7,506,250	1.56%
B +	---	---
B	4,435,500	.92%
CCC	1,651,600	.34%
Not Rated	14,949,530	3.11%
Government & Agencies	303,444,410	63.15%
Industrial Revenue	13,233,367	2.75%
Municipals	2,943	---
TOTALS		100.00%

Ratings are obtained from Bond Guide published monthly by Standard & Poor's Corporation. Non-rated bonds are generally private placement bonds.

Ronald D. Peyton
 Executive Vice President

September 3, 1982

INVESTMENT PERFORMANCE

The table presented below contrasts and compares (over a period of time considered reasonable by investment monitors) the rates of return for the total KPERS portfolio and several other measures. It indicates that over the last four years, the cumulative KPERS rate of return has not exceeded the Consumer Price Index, but compares favorably with the cumulative rates of return of the typical market indicators.

There are two basic rate of return measures. The DOLLAR-WEIGHTED rate of return, which measures a fund's market value growth, is affected not only by investment decisions but also by the timing and size of cash flows. It is not generally considered a fair or accurate measure of the performance of individual fund managers since the investment manager typically does not make decisions with respect to the rate and timing of contributions available for investment; however, "it is an effective measure of the total fund's rate of growth and whether the return or invested assets is adequate to meet funding requirements."

The second rate of return is TIME-WEIGHTED to eliminate the influence of contributions which are not controlled by investment managers. It is generally accepted as "a useful method of comparing the performance of various fund managers since it measures factors within their control."

COMPOSITE FUND
 TIME-WEIGHTED RETURNS

Fiscal Years Ended June 30	1982	1981	1980	1979	Cumulative 4 Years
<u>KPERS</u>					
Equities	(8.82)%	27.98%	19.09%	12.05%	11.73%
Fixed-Income	11.91	(8.12)	0.53	6.16	2.37
Total Fund	6.77	10.55	10.42	9.33	9.30
<u>INFLATION</u>					
Consumer Price Index	6.86%	9.50%	14.40%	9.44%	10.02%
<u>MARKET INDICATORS</u>					
Standard & Poor's 500	(11.40)%	20.47%	17.27%	13.52%	9.18%
Dow Jones Industrials	(11.22)	19.14	9.67	9.08	6.08
Salomon Bond Index	8.69	(12.99)	(2.37)	7.17	(0.24)
Lehman Kuhn Loeb Govt/Corp	13.33	(4.11)	3.85	7.65	4.99
Treasury Bills	14.49	13.92	12.26	9.24	12.47

Mr. Marshall Crowther
 Executive Secretary
 Kansas Public Employees'
 Retirement System
 700 Jackson Street
 Jayhawk Towers, 8th Floor
 Topeka, KS 66603

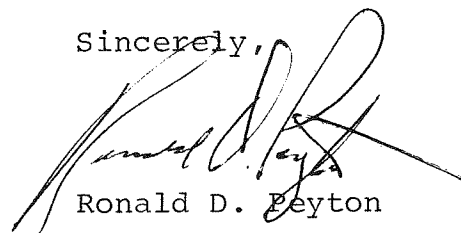
Dear Marshall:

We have completed an analysis of the KPERS investment performance for the fiscal year ended June 30, 1982. The market value of total assets is approximately \$1.236 billion, an increase of \$190 million over June 30, 1981, of which, \$77.3 million was net new investment and \$112.7 million was investment earnings. This represents a return on the total fund for the year of 6.8%.

The investment environment has been poor for stocks and neutral for bonds over the past year. The S&P 500 for the year was -11.4% and the Lehman Kuhn Loeb Composite index was up 13.3% which approximates the average coupon rate for the year.

The total fund return of 6.8% exceeds the minimum return objective set by the Trustees. This return is impressive when viewed relative to the poor market environment and the negative returns achieved by other public and private retirement systems over the same period.

Sincerely,

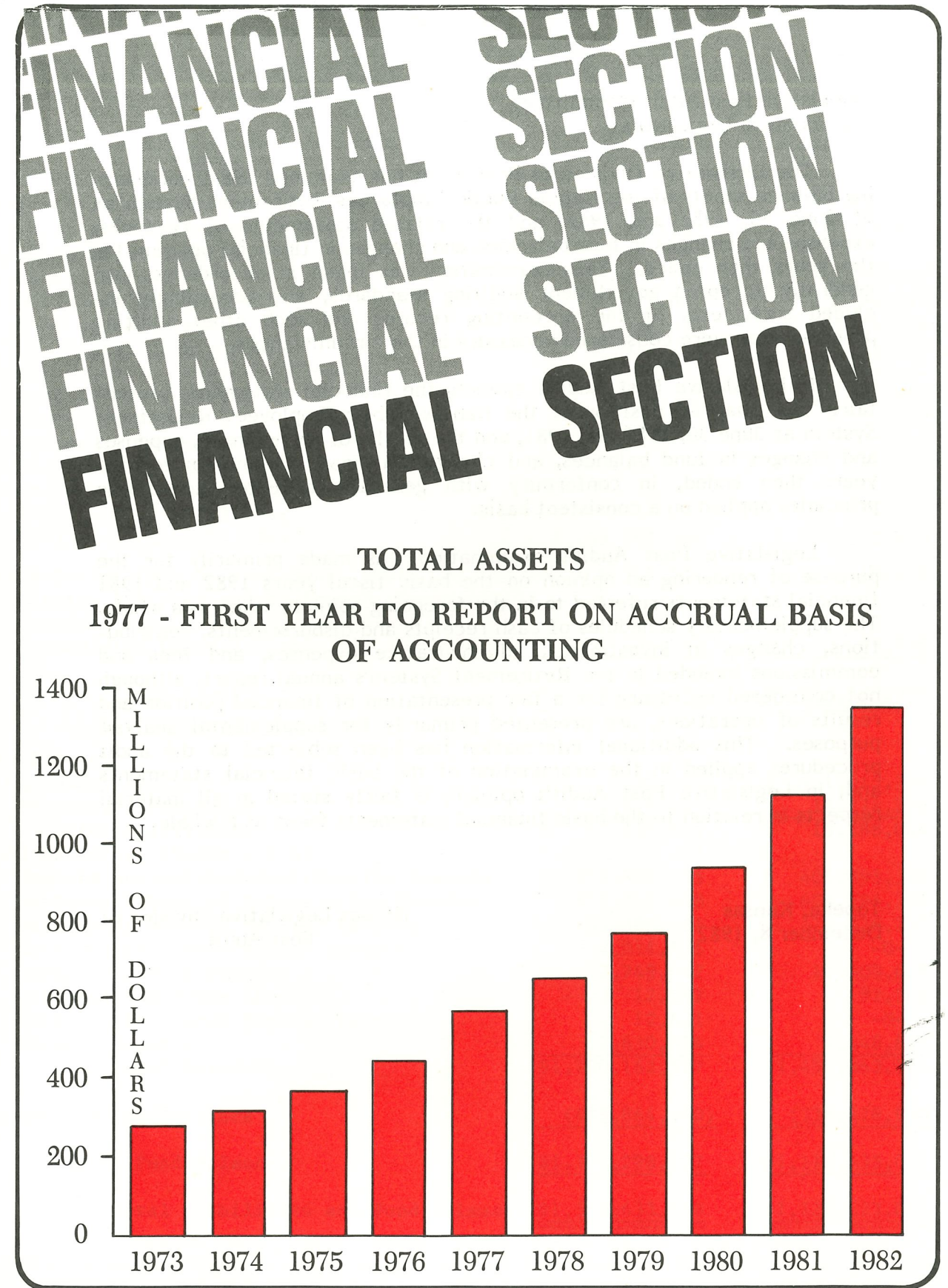


Ronald D. Peyton

RDP:lte

859 Harrison Street, San Francisco, California 94107, 415-974-5060

NOTES



KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
BALANCE SHEET

As of June 30, 1982
With Comparative Figures for 1981

Legislative Post Audit Committee,
Kansas State Legislature:

The Legislative Division of Post Audit has examined the accompanying balance sheets of the Kansas Public Employees Retirement System as of June 30, 1982 and 1981, and the related statements of revenues, expenses and changes in fund balances, and changes in financial position for the years then ended. This examination was made in accordance with generally accepted government auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances.

In Legislative Post Audit's opinion, the financial statements present fairly the financial position of the Kansas Public Employees Retirement System at June 30, 1982 and 1981, and the results of its revenues, expenses and changes in fund balances, and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Legislative Post Audit's examination was made primarily for the purpose of rendering an opinion on the basic fiscal years 1982 and 1981 financial statements referred to in the foregoing opinion, taken as a whole. The supplementary schedules of cash receipts and disbursements, contributions, changes in investments, administrative expenses, and fees and commissions included in the Retirement System's annual report, although not considered necessary for a fair presentation of financial position and results of operations, are presented primarily for supplemental analysis purposes. This additional information has been subjected to the audit procedures applied in the examination of the basic financial statements and, in Legislative Post Audit's opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Topeka, Kansas
December 8, 1982

Kansas Legislative Division of
Post Audit

	1982	1981
<u>Assets</u>		
Cash	\$ 585,794	\$ 2,031,157
Advances to Investment Custodian	1,194,781	143,302
Accounts Receivable:		
Contributions	\$ 30,472,215	\$ 30,584,762
Dividends and Interest	20,410,632	13,164,045
Sale of Securities	2,028,694	4,354,024
Total Receivables	<u>\$ 52,911,541</u>	<u>\$ 48,102,831</u>
Construction In Progress (Note 2)	1,772,182	-0-
Accrued Interest Purchased	1,639,996	562,854
Investments: (Note 1)		
Temporary Investments, common and Preferred Stock at Cost, Bonds at Amortized Cost (Market Value)		
1982 -- \$1,236,273,254;		
1981 -- \$1,046,336,856)	1,288,967,240	1,074,192,980
Net Deferred Loss on Bond Swaps (Note 1)	6,377,547	4,440,177
Furniture, Fixtures and Equipment (Notes 1 & 3) (original cost \$229,258; net of \$44,341 Accumulated Depreciation)	<u>184,917</u>	<u>49,795</u>
Total Assets	<u>\$1,353,633,998</u>	<u>\$1,129,523,096</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts Payable	\$ 789,426	\$ 1,013,786
Securities Purchased	51,546,445	12,274,278
Total Liabilities	<u>\$ 52,335,871</u>	<u>\$ 13,288,064</u>
Fund Balance: (Notes 1 & 8)		
Members Accumulated Contribution Reserve	\$ 451,501,395	\$ 406,895,302
Retirement Benefit Accumulation Reserve	815,853,848	603,591,336
Retirement Benefit Payment Reserve	493,390,464	424,326,232
Retirant Dividend Payment Reserve	4,011,876	-0-
Group Insurance Reserve	17,749,642	10,309,678
Optional Insurance Reserve	12,587	92,768
Optional Insurance Expense Reserve	12,621	-0-
Expense Reserve	7,630,094	\$ 7,648,616
Total Reserves	<u>\$1,790,162,527</u>	<u>\$1,452,863,932</u>
Unreserved Fund Balance	<u>(488,864,400)</u>	<u>(336,628,900)</u>
Total Fund Balance	<u>\$1,301,298,127</u>	<u>\$1,116,235,032</u>
Total Liabilities and Fund Balance	<u>\$1,353,633,998</u>	<u>\$1,129,523,096</u>

The accompanying footnotes are an integral part of these financial statements and should be read in conjunction with them.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended June 30, 1982
with Comparative Totals for the Fiscal Year Ended June 30, 1981

	Member	Employer	1982 Benefit Payment	Dividend Payment	Group Insurance	Optional Insurance	Optional Insurance Expense	Expense	Unreserved Fund Balance	Total	1981 Total
Revenues: (Note 1)											
Member Contributions	\$ 58,976,961	\$ --	\$ --	\$ --	\$ --	\$779,171	\$62,949	\$ --	\$ --	\$ 59,819,081	\$ 56,164,509
Employer Contributions	--	80,509,016	11,689,200	--	9,297,675	--	--	1,438,372	--	102,934,263	105,777,785
Investment Income	23,716,437	56,021,564	26,768,314	--	1,223,704	--	--	--	--	107,730,019	114,256,253
Other Income	967	1,071	33,084	1,014	--	--	--	91	--	36,227	22,448
Total Revenues	<u>\$ 82,694,365</u>	<u>\$136,531,651</u>	<u>\$ 38,490,598</u>	<u>\$ 1,014</u>	<u>\$10,521,379</u>	<u>\$779,171</u>	<u>\$62,949</u>	<u>\$1,438,463</u>	<u>\$ --</u>	<u>\$ 270,519,590</u>	<u>\$ 276,220,995</u>
Expenses: (Note 1)											
Monthly Retirement											
Benefits	\$ --	\$ --	\$ 54,972,570	\$ 4,467,325	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 59,439,895	\$ 54,554,305
Refunds of Contributions	20,124,884	85,893	--	--	--	--	--	--	--	20,210,777	15,550,794
Death Benefits	--	--	196,624	--	--	--	--	--	--	196,624	157,281
Administration (Notes 1,3,5,6)	--	--	--	--	--	--	--	1,402,029	--	1,402,029	1,241,526
Capital Outlay (Note 3)	--	--	--	--	--	--	--	105,284	--	105,284	36,435
Insurance Premium	--	--	--	--	3,242,534	\$859,352	--	--	--	4,101,886	7,987,255
Total Expenses	<u>\$ 20,124,884</u>	<u>\$ 85,893</u>	<u>\$ 55,169,194</u>	<u>\$ 4,467,325</u>	<u>\$ 3,242,534</u>	<u>\$859,352</u>	<u>\$ --</u>	<u>\$1,507,313</u>	<u>\$ --</u>	<u>\$ 85,456,495</u>	<u>\$ 79,527,596</u>
Net Income	\$ 62,569,481	\$136,445,758	\$(16,678,596)	\$(4,466,311)	\$ 7,278,845	\$(80,181)	\$62,949	\$ (68,850)	\$ --	\$ 185,063,095	\$ 196,693,399
Reserve Transfers:											
Benefits Awarded (Note 8)	\$(16,908,930)	\$(69,702,702)	\$ 86,611,632	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Prior Years Corrections	(1,009,704)	1,878,508	(868,804)	--	--	--	(50,328)	50,328	--	--	--
Reimbursement	--	(8,639,306)	--	8,478,187	161,119	--	--	--	--	--	--
Membership Transfer	(44,754)	44,754	--	--	--	--	--	--	--	--	--
Total Transfers	<u>\$(17,963,388)</u>	<u>\$(76,418,746)</u>	<u>\$ 85,742,828</u>	<u>\$ 8,478,187</u>	<u>\$ 161,119</u>	<u>\$ --</u>	<u>\$(50,328)</u>	<u>\$ 50,328</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Net Reserve Additions	\$ 44,606,093	\$ 60,027,012	\$ 69,064,232	\$ 4,011,876	\$ 7,439,964	\$(80,181)	\$ 12,621	\$ (18,522)	\$ --	\$ 185,063,095	\$ 196,693,399
Increase in Actuarial Liability (Note 1)											
Balance June 30, 1981	406,895,302	603,591,336	424,326,232	--	10,309,678	92,768	--	7,648,616	(152,235,500) (336,628,900)	\$1,116,235,032	\$ 919,541,633
Balance June 30, 1982	<u>\$451,501,395</u>	<u>\$815,853,848</u>	<u>\$493,390,464</u>	<u>\$ 4,011,876</u>	<u>\$17,749,642</u>	<u>\$12,587</u>	<u>\$12,621</u>	<u>\$7,630,094</u>	<u>\$(488,864,400)</u>	<u>\$1,301,298,127</u>	<u>\$1,116,235,032</u>

The accompanying footnotes are an integral part of these financial statements and should be read in conjunction with them.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN FINANCIAL POSITION

For the year ended June 30, 1982
 with comparative totals for the year ended June 30, 1981

	<u>1982</u>	<u>1981</u>
Resources Provided by:		
Operating Net Income	\$185,063,095	\$196,693,399
Disposal of Assets	13,871	13,242
Total Resources Provided	<u>\$185,076,966</u>	<u>\$196,706,641</u>
Resources Used by:		
Current Year Acquisition of Equipment	\$ 30,263	\$ 18,505
Current Year Acquisition of Fixtures	118,730	5,007
Net Increase in Working Capital	<u>184,927,973</u>	<u>196,683,129</u>
Total Resources Used	<u>\$185,076,966</u>	<u>\$196,706,641</u>

Elements of Net Increase (Decrease) in Working Capital:	Years Ended June 30		1982	1981
	1982	1981	Increase (Decrease)	Increase (Decrease)
Current Assets:				
Cash and Advances	\$ 1,780,575	\$ 2,174,458	\$ (393,883)	\$ 234,659
Receivables	52,911,541	48,102,831	4,808,710	(2,648,430)
Accrued Interest	1,639,996	562,854	1,077,142	(172,805)
Construction in Progress	1,772,182	-0-	1,772,182	-0-
Investments:				
Temporary, at cost	493,487,744	314,680,172	178,807,572	26,344,306
Common Stock, at cost	283,569,651	310,618,645	(27,048,994)	44,668,212
Preferred Stock, at cost	-0-	2,457,432	(2,457,432)	1,888,413
Bonds, at amortized cost	493,302,128	441,587,075	51,715,053	119,984,336
Small Business Administration				
Guaranteed Loans	4,093,629	4,849,657	(756,028)	(820,448)
Mortgages	14,514,088	-0-	14,514,088	-0-
Net Deferred Loss on Bond Swap	6,377,547	4,440,176	1,937,371	2,109,140
Total Current Assets	<u>\$1,353,449,081</u>	<u>\$1,129,473,300</u>		
Current Liabilities:				
Accounts Payable	52,335,871	13,288,063	(39,047,808)	5,095,746
Total Current Liabilities	<u>52,335,871</u>	<u>13,288,063</u>		
Working Capital	<u>\$1,301,113,210</u>	<u>\$1,116,185,237</u>	<u>\$184,927,973</u>	<u>\$196,683,129</u>

The accompanying footnotes are an integral part of these financial statements and should be read in conjunction with them.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOOTNOTES TO FINANCIAL STATEMENTS

As of June 30, 1982

NOTE 1: Summary of Significant Accounting Policies

The Kansas Public Employees Retirement System is administered in accordance with the provisions of K.S.A. 74-4901 *et seq.* In particular, K.S.A. 1982 Supp. 74-4909 makes the Board of Trustees responsible for the installation of a complete and adequate system of accounts and records. Listed below are the significant accounting policies followed by the retirement system in fulfilling this requirement.

Basis of Accounting

The financial statements are presented on the accrual basis in accordance with generally accepted accounting principles.

Investments

Temporary investments, investments in equities, and investments in Small Business Administration guaranteed loans are reported on the balance sheet at historical cost. Fixed income investments are reported on the balance sheet at amortized cost.

When bond sales and purchases made at about the same point in time meet criteria specified by the Board of Trustees, they are treated as bond swaps rather than separate sale and purchase transactions. In these cases, the gain or loss on the sale is deferred and amortized on a straight line basis, over the remaining life of the bond sold or purchased, whichever is shorter.

Put and call options are recorded on a "cost based method of accounting":

1. Deferring premiums until option is exercised, expired or covered;
2. Recognizing income when option is exercised, expired or covered;
3. Balance sheet presentation - the deferred premium (\$28,799) is included with Accrued Interest Purchased.

Outstanding options at fiscal year end 1982 involved 23,500 shares with an historical cost of \$759,886.

Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment are reported on the balance sheet at historical cost, net of accumulated depreciation. These assets are depreciated on a straight line basis over an average useful life of 10 years with 10 percent of cost as a salvage value.

Cancellation of Warrants

Cancellation of warrants are treated as a reduction of expenses. The amount of cancellation of warrants for fiscal years 1982 and 1981 were \$163,216 and \$111,906 respectively.

Contributions

The retirement system's reserves are funded by employee contributions of between 4% and 7% employer contributions, and investment income. Employee contribution rates are established by State law and are deducted from the member's compensation and remitted to the system by the participating employers. State law also provides that the employer contribution rates be determined from year to year using the full funding method, which funds current costs each year and past service liability over a 40-year period. The rates are determined by the system's actuary using the "entry age normal, with frozen initial liability" actuarial method.

Reserves

The Members Accumulated Contribution Reserve represents the accumulation of employee contributions plus interest credited to their accounts for all non-retired system members.

The Retirement Benefit Accumulation Reserve represents the accumulation of employer contributions, plus net income of the fund less interest and transfers to the other reserves and the actuarially computed prior service cost not yet funded. The employer contribution rates are established as a level percentage of salary to cover the participating service cost and an amount sufficient to amortize the prior service cost not yet paid over a 40-year period and an amount to pay the administrative expenses.

The Retirement Benefit Payment Reserve represents the actuarially computed present value of future benefits for retired system members plus interest credited for the current fiscal year.

The Group Insurance Reserve is funded by employer contributions and maintained to pay premiums for regular group life and long-term disability insurance coverage for employees.

The Expense Reserve, also funded by employer contributions, is maintained to pay the administrative costs of the retirement system.

The Optional Term Life Insurance Reserve and the Optional Term Life Insurance Expense Reserve, funded by employees participating in the program, are maintained to pay the premiums for optional life insurance coverage and the system's costs to administer the program.

The Retirant Dividend Payment Reserve, is funded by investment income. On each October 1, all retirants and beneficiaries who were receiving benefits the preceding July 1, will receive a retirant dividend payment, not to exceed a retirant's or beneficiary's regular monthly benefit. The amount credited to this reserve shall be the lesser of 15% of net investment income or the amount required to pay the maximum benefit. The balance in this reserve shall not be more than one year's retirant dividend payment.

Unamortized Past Service Liability

The Kansas Public Employees Retirement System is a retirement system covering substantially all of the employees of the State of Kansas and units

of local government in the state. Each participating unit of government has a legal obligation to make all required contributions to the plan. The prior service cost is:

- KPERS - (Non-School) - Shared equally by all employers
- KP&F - (a subdivision of KPERS) - Each participating employer pays its own prior service cost
- KPERS - School - (a subdivision of KPERS) - Shared equally by all employers and paid by the State of Kansas as State aid to local governments
- Kansas Retirement System for Judges - (a subdivision of KPERS)- Shared by all employers and paid by the State of Kansas.

The prior service cost is amortized over an initial 40-year amortization period (20 years if so elected by KP&F employers) beginning in 1962. All local units of government electing to participate (which is irrevocable) on or after January 1, 1982 must pay its own prior service cost and this cost must be paid in full by no later than December 31, 2021. The Retirement Act requires the accrued pension cost be funded. All contributions which were required to be made have been made.

As of June 30, 1981, the latest date for which information is available, the past service liability for each retirement system or major coverage group was:

	Past Service Liability as of <u>June 30, 1981</u>
Kansas Public Employees Retirement System -- Non-School	\$ 84,568,600
Kansas Police and Firemen's Retirement System	85,330,400
Kansas Public Employees Retirement System -- School	265,025,100
Kansas Public Employees Retirement System -- TIAA	10,235,200
Kansas School Retirement System Annuitants	40,599,400
Kansas Retirement System for Judges	<u>3,105,700</u>
Total	<u>\$488,864,400</u>

Increase in Unamortized Past Service Liability due to legislation which increased Past Service Liability.

NOTE 2: Construction in Progress

A total of \$1,772,182 was paid towards construction of Capitol Towers, an office complex, which has been contracted to be built at an estimated cost of \$11 million. This new investment was embarked upon by the Board of Trustees in their efforts to diversify KPERS investments.

The construction was about 15% complete as of the end of June, 1982. The building is expected to be ready for occupancy in early spring 1983. On completion, the building cost will be transferred to Investments.

NOTE 3: Furniture, Fixtures and Equipment

The transactions involving furniture, fixtures and equipment (these are the total fixed assets of the retirement system) for the fiscal year ended June 30, 1982 are as follows:

	<u>6-30-81</u>	<u>Additions</u>	<u>Disposals</u>	<u>6-30-82 Total</u>
Furniture, Equipment	\$110,531	\$ 30,816	\$(30,819)	\$110,528
Fixtures	---	118,730	---	118,730
Depreciation	(60,736)	(3,907)	20,302	(44,341)
Total	<u>\$ 49,795</u>	<u>\$145,639</u>	<u>\$(10,517)</u>	<u>\$184,917</u>

Furniture, fixtures and equipment are capitalized at date of acquisition. Depreciation is computed on the straight line method using an estimated useful life of 10 years.

NOTE 4: Lease Commitments

The retirement system leases its office facilities under an agreement in effect through July 1, 1985, with an option to renew the agreement. Under the terms of this lease, the system made payments of \$64,432 during fiscal year 1982 and is obligated for the following future payments:

Fiscal Year 1983	\$56,017
Fiscal Year 1984	\$59,670
Fiscal Year 1985	\$59,670

NOTE 5: Compensated Accrued Absences

Accumulated unpaid vacation and sick leave are accrued when incurred. Annual leave requires termination of employment to be compensated at 100% of amount accrued. Sick leave requires three subsequent events to be compensated: (1) accumulation of 800 hours; (2) minimum of eight years of service and (3) formally retire. If all three conditions are met, the employee will be compensated in accordance with applicable personnel regulations. Minimum amount to be compensated is 30 days. The estimated amount of annual leave pay and sick leave pay at June 30, 1982 is \$59,642 and \$9,216 respectively.

NOTE 6: Outside Services

The Retirement Act requires the retirement system to use the services of the State Department of Administration for computer service and certain accounting and record-keeping services and the State Treasurer for deposit of contributions and clearing of warrants.

NOTE 7: Budgetary Control

Only administrative expenses are subject to legislative control through an expenditure limitation. Participating employers contribute a percentage of covered payroll to fund administrative expenses. The \$8.8 million in the expense reserve represents the excess of contributions over expenses. The unobligated balance of the expenditure limitation lapses at each fiscal year end.

NOTE 8: Actuarial Assumption

The annual actuarial valuations of liabilities and reserves of the retirement system for the year ended June 30, 1981, was performed using assumptions adapted by the Board of Trustees on June 30, 1980. Based on these valuations, the appropriate employer contribution rates were certified for the fiscal year commencing in calendar year 1983. Appropriate transfers between reserves to indicate the present value of future benefits for retirants were made.

Kansas statute requires annual valuations and triennial experience investigations. The effect of any changes in assumptions will be amortized over the remaining amortization period. The next triennial experience investigation will be performed at the end of Fiscal Year 1983.

NOTE 9: Party In Interest

There were no party in interest transactions for either Fiscal Year 1982 or Fiscal Year 1981.

NOTE 10: Subsequent Events

Chapter 319 of 1982 Legislative Session became effective July 1, 1982, and made the following significant enhancements to the Retirement System benefit structure:

- a. A ten percent (10%) across the board increase in retirement benefits effective July 1, 1982, for those who had retired prior to July 1, 1981. This affected retirants and special retirants of all systems and will be reviewed by the legislature in 1987 as to whether it will be continued.
- b. A \$750 funeral benefit for retirants and special retirants of all systems offset by any funeral benefit payable under Social Security if applicable.
- c. Provides that members who go from coverage under one system to coverage under another are not barred from membership and their participation in the subsequent system can be added with their former participation for meeting service requirements for vesting, retirement, death and disability benefits, etc. In addition, individuals described above, while still subject to different retirement laws, will be permitted to use their highest total of compensation in public service for benefit basis.
- d. The early retirement reduction factor of .3% provided in 1981 for a three (3) year period was extended to 1987.
- e. Provides for a "pop-up option" which would increase an optional monthly benefit for those who retire and select options and are predeceased by their joint annuitant. Limits amount payable under an option to 100% of amount payable if no option selected.
- f. Permits July 1 retirement for teachers and removes end of school year retirement date for all other school employees.
- g. A \$50,000 lump-sum service-connected accidental death benefit will be provided to surviving dependents of KPERS members. In addition, a minimum monthly service-connected death benefit of \$100 was established.

- h. Removed present 100% of current salary limit on group life insurance. Increased the maximum disability rate under KPERS to 60% of current salary from the present 50%. Future improvements would be subject to experience and funds availability.
- i. Participating service credit under KPERS will be credited at 1.4% (up from 1.25%) for all service accrued after July 1, 1982.
- j. Members of the Kansas Police and Firemen's Retirement System who are state employees and members of the judges retirement system are permitted to participate in the KPERS Optional Group Life Insurance program.
- k. As of June 30, 1983, interest will be credited to members account in the Kansas Police and Firemen's Retirement System and Judges Retirement System.
- l. Earlier normal retirement dates and special disability provisions were provided to certain KPERS members employed within the State Department of Corrections.
- m. Eliminates the administrative expense factor of the employer contribution rate. Beginning in fiscal year 1983 administrative expenses will be paid out of investment earnings.

The funding for the above enhancements was advanced into the current fiscal year. These enhancements and accelerated funding saved participating employers approximately \$4.2 million because the certified rate as budgeted was higher than the statutory rate. This was possible to achieve without harming the funding because of significantly lower employer contributions as recommended by the consulting actuary.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
CASH RECEIPTS AND CASH DISBURSEMENTS

Fiscal Year Ended June 30, 1982
With Comparative Figures for 1981

	1982	1981
Cash Balance Beginning of Year	\$ 2,031,157	\$ 1,581,755
Add Cash Receipts:		
Member Contributions	\$ 58,284,932	\$ 53,305,459
Employer Contributions	88,411,694	85,764,312
State Transfer for Service Annuities	10,000,000	10,000,000
State Transfer for Post Retirement Benefit Increases	4,936,300	7,736,300
State Transfer for Kansas City, Kansas School Retirement	404,900	404,900
Small Business Administration Guaranteed Loan Principal Reduction	-0-	1,540,720
Small Business Administration Guaranteed Loan Interest	-0-	492,396
Optional Term Life Insurance	842,120	794,947
Recoveries of Expenditures	36,227	22,448
Refunds of Advances to Investment Custodians	<u>68,200,000</u>	<u>59,432,000</u>
Total Cash Receipts	\$231,116,173	\$219,493,482
Deduct Cash Disbursements:		
Monthly Retirement Benefits	\$59,034,995	\$54,149,405
Kansas City, Kansas School Retirement System	404,900	404,900
Paid to Beneficiary upon Death of a Retirant	196,624	157,281
Paid to members of law suit	3,611,542	516,653
Withdrawal of Accumulated Contributions	15,638,947	13,125,356
Paid to Beneficiary upon Death of a Member	1,321,193	1,471,052
Group Life Insurance Premium	3,242,535	7,206,028
Optional Term Life Insurance Premium	859,351	781,227
Current Fiscal Year Administration	1,494,704	1,210,026
Prior Fiscal Year Administration		
Paid During Current Year	56,745	43,052
Distributed to Investment Custodians	<u>146,700,000</u>	<u>139,979,100</u>
Total Cash Disbursements	\$232,561,536	\$219,044,080
Cash Balance End of Year	<u>\$ 585,794</u>	<u>\$ 2,031,157</u>

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
SUMMARY OF CONTRIBUTIONS

Fiscal Year Ended June 30, 1982

Kansas Public Employees Retirement System		
State Contributions		
Members	\$14,704,578	
Employers	16,562,929	
Insurance	2,467,009	
Administration	<u>363,560</u>	
Total State Contributions		\$34,098,076
Local Contributions		
Members	10,401,489	
Employers	11,734,638	
Insurance	1,532,767	
Administration	<u>258,975</u>	
Total Local Contributions		23,927,869
State Contributions--KPERs TIAA		
Employers	1,224,679	
Insurance	837,247	
Administration	<u>122,475</u>	
Total State Contributions--KPERs TIAA		<u>2,184,401</u>
Total Contributions -- Kansas Public Employees Retirement System		\$ 60,210,346
Kansas Police and Firemen's Retirement System		
State Contributions		
Members	\$ 698,163	
Employers	2,040,626	
Administration	<u>29,686</u>	
Total State Contributions		\$ 2,768,475
Local Contributions		
Members	3,483,746	
Employers	14,291,919	
Administration	<u>172,492</u>	
Total Local Contributions		<u>17,948,157</u>
Total Contributions -- Kansas Police and Firemen's Retirement System		<u>20,716,632</u>
Contributions Carried Forward		\$80,926,978

SUMMARY OF CONTRIBUTIONS (Cont'd)

Contributions Carried Forward		\$80,926,978
Kansas Public Employees Retirement System -- School		
State Contributions		
Members	\$ 98,263	
Employers	49,638	
Insurance	7,601	
Administration	<u>2,214</u>	
Total State Contributions		\$ 157,716
Local Contributions		
Members	29,199,573	
Employers	29,926,115	
Insurance	4,453,050	
Administration	<u>477,493</u>	
Total Local Contributions		<u>64,056,231</u>
Total Contributions -- Kansas Public Employees Retirement System -- School		64,213,947
Kansas Retirement System for Judges		
State Contributions		
Members	\$ 391,149	
Employers	1,011,472	
Administration	<u>11,478</u>	
Total State Contributions		<u>\$1,414,099</u>
Total Contributions - Kansas Retirement System for Judges		\$ 1,414,099
State Employees for Optional Term Life Insurance		842,120
State Contributions for Kansas School Retirement System		
Annuitants Service Annuity		10,000,000
State Contributions for Post Retirement Benefit Increases		4,936,300
State Contributions for Kansas City, Kansas, School Retirement System		404,900
El Dorado Consolidation		15,000
Recoveries		<u>36,227</u>
TOTAL CONTRIBUTIONS		<u>\$162,789,571</u>

SUPPORTING SCHEDULE

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
CHANGES IN INVESTMENTS
Fiscal Year Ended June 30, 1982

	<u>Balance - June 30, 1981</u>		<u>Amortized During Year</u>	<u>Purchases</u>	<u>Sales</u>	<u>Balance - June 30, 1982</u>	
	<u>Cost/Amt Cost</u>	<u>Market</u>				<u>Cost/Amt Cost</u>	<u>Market</u>
Temporary	\$ 268,380,172	\$ 268,380,172	\$ --	\$3,799,119,895	\$3,703,412,323	\$ 364,087,744	\$ 364,087,744
Common Stock	310,618,645	359,735,602	--	163,765,640	190,814,634	283,569,651	273,169,223
Preferred Stock	2,457,432	3,397,750	--	-0-	2,457,432	-0-	-0-
Small Business Administration Guaranteed Loans	4,849,657	4,849,657	--	395,995	1,152,023	4,093,629	4,093,629
Bonds	441,587,074	363,673,675	2,262,857	773,923,372	724,471,175	493,302,128	451,028,166
Kansas Mortgage Backed Pass-Through	-0-	-0-	---	14,628,467	114,379	14,514,088	14,514,088
Kansas Liquidity Fund	<u>46,300,000</u>	<u>46,300,000</u>	<u>--</u>	<u>113,100,000</u>	<u>30,000,000</u>	<u>129,400,000</u>	<u>129,400,000</u>
Totals	<u>\$1,074,192,980</u>	<u>\$1,046,336,856</u>	<u>\$2,262,857</u>	<u>\$4,864,933,369</u>	<u>\$4,652,421,966</u>	<u>\$1,288,967,240</u>	<u>\$1,236,292,850</u>

SUPPORTING SCHEDULE

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
COMPARATIVE SCHEDULE OF ADMINISTRATIVE EXPENSES
For the Years ended June 30, 1981 and 1982

	<u>1982</u>	<u>1981</u>
Personal Services:		
Salaries and Wages	\$876,039	\$838,095
Professional Services:		
Actuarial	\$ 94,500	\$ 78,000
Data Processing	119,481	82,879
Others	<u>10,908</u>	<u>7,856</u>
	224,889	168,735
Communications:		
Postage	100,146	76,398
Telephone	24,743	20,452
Travel	47,251	42,930
Printing	29,215	16,468
Freight	<u>771</u>	<u>146</u>
	202,126	156,394
Rentals:		
Office	64,432	57,130
Equipment	<u>7,343</u>	<u>3,062</u>
	71,775	60,192
Miscellaneous:		
Supplies	13,430	13,305
Dues, Subscriptions, Surety Bonds	1,872	870
Repairing and Servicing	6,023	3,935
Official Hospitality	319	--
Depreciation	<u>5,556</u>	<u>18,110</u>
	27,200	
Total	<u>\$1,402,029</u>	<u>\$1,241,526</u>

SUMMARY SCHEDULE OF COMPENSATION OF ADMINISTRATIVE OFFICIALS

<u>Individual</u>	<u>Official Position</u>	<u>Salary Paid</u>
Marshall Crowther	Executive Secretary	\$41,392
Jack Hawn	Deputy Executive Secretary	36,053
Ron Bleidissel	Chief of Accounting Section	32,040
Dean Kelley	Chief of Enrollment Section	29,997
Jerry Grant	Chief of Records and Reporting Section	27,120
Judy Harden	Chief of Benefits Section	22,912

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
 SUMMARY SCHEDULE OF FEES AND COMMISSIONS
 Fiscal Year Ended June 30, 1982

<u>Investment Manager Firm</u>	<u>Assets Under Management at 6-30-82</u>	<u>Fees Paid</u>
Robert C. Brown & Co	\$ 88,969,914	\$ 179,858
Bankers Trust Co.	20,383,211	
Capital Supervisors	176,538,464	111,526
4th National Bank	195,630,291	120,978
Investment and Capital Management	120,364,056	141,156
Pacific Investment Management Co.	173,108,513	183,906
Reimer and Koger and Associates	288,814,879	370,291
Total		<u>\$1,107,715</u>
 <u>Investment Custodian</u>		
Commerce Bank and Trust		\$115,983
First National Bank		121,017
Merchants National Bank		25,123
Total		<u>\$ 262,123</u>
 <u>Investment Performance Measurement Consultant</u>		
Callan Associates, Inc. (Directed Brokerage)		<u>\$ 101,339</u>
 <u>Investment Brokerage Firms</u>		
First Mid America		\$ 52,533
Dean Witter Reynolds		36,713
Merrill Lynch, Pierce, Fenner Smith		31,905
E. F. Hutton		31,681
George K. Baum		31,139
B. C. Christopher		29,516
R. G. Dickinson		23,733
Paine Webber		23,561
Smith Barney Harris Upham		16,590
Bache Halsey Stuart Shields		14,355
All other brokerage firms		798,492
Total		<u>\$1,090,218</u>

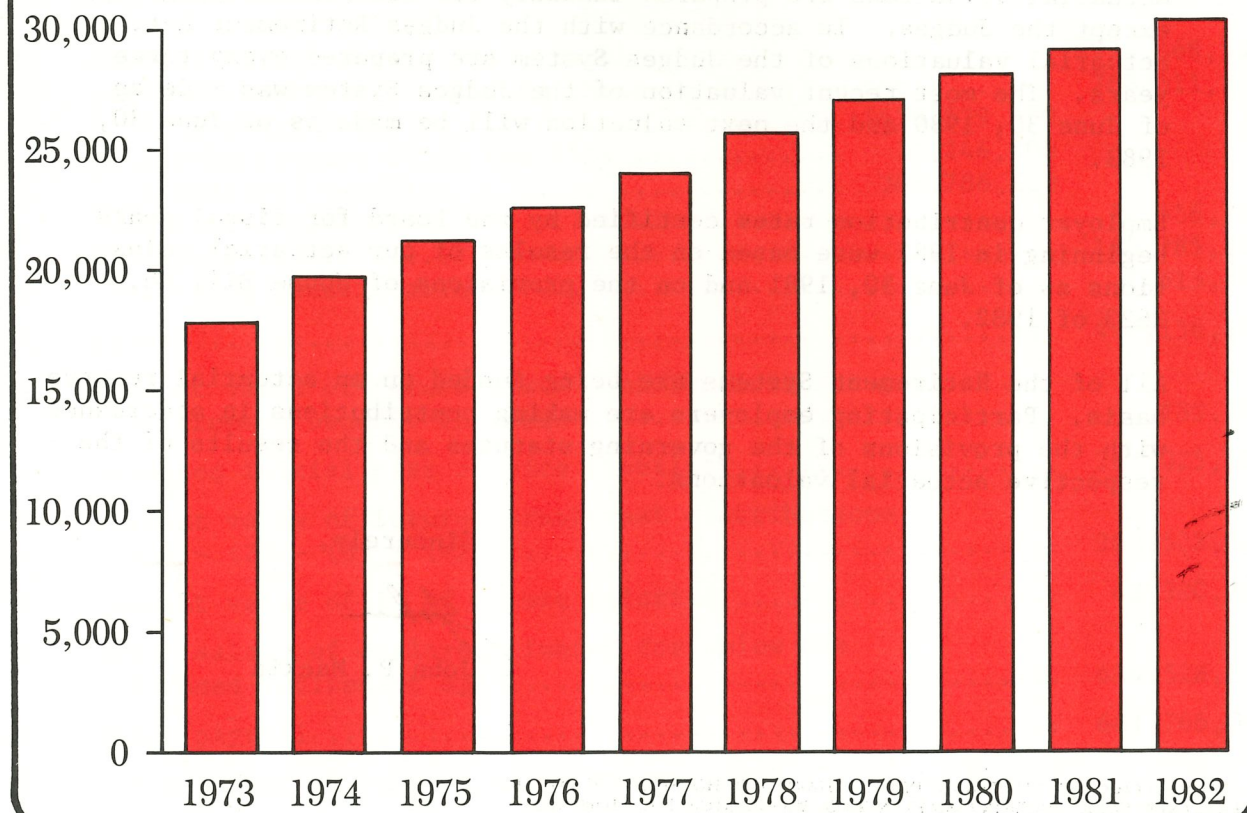
Board of Trustees

Each member of the Board of Trustees is paid \$35 for each meeting attended. They are also reimbursed for actual out-of-pocket travel expenses incurred.

Wages and Salaries	\$2,485
Out-of-Pocket Travel Expenses	4,183
Total Trustees compensation, travel and subsistence	<u>\$6,668</u>

ACTUARIAL SECTION
 ACTUARIAL SECTION
 ACTUARIAL SECTION
 ACTUARIAL SECTION
 ACTUARIAL SECTION

NUMBER OF RETIRANTS



MARTIN E. SEGAL COMPANY

CONSULTANTS AND ACTUARIES

730 FIFTH AVENUE
NEW YORK, NEW YORK 10019
(212) 586-5600

JOHN P. MACKIN, Ph.D.
SENIOR VICE PRESIDENT
GOVERNMENTAL DIVISION

June 8, 1982

Mr. Marshall Crowther
Executive Secretary
Kansas Public Employees Retirement System
400 First National Bank Tower
One Townsite Plaza
Topeka, Kansas 66603

Dear Marshall:


The enclosed Actuarial Valuation Statements show the cost factors derived from our actuarial valuations as of June 30, 1981 for the following membership groups: (1) Kansas Public Employees Retirement System - School Employees, (2) Kansas Public Employees Retirement System - Non-School Employees, (3) Kansas Police and Firemen's Retirement System, and (4) Kansas School Retirement System.

Actuarial valuations are prepared annually for all membership groups except the Judges. In accordance with the Judges Retirement Act, actuarial valuations of the Judges System are prepared every three years. The most recent valuation of the Judges System was made as of June 30, 1980 and the next valuation will be made as of June 30, 1983.

Employer contribution rates certified by the Board for fiscal years beginning in 1983 were based on the results of our actuarial valuations as of June 30, 1981 and on the provisions of House Bill No. 2623 of 1982.

All of the Retirement Systems are being funded on an actuarial reserve basis. Participating employers are making contributions in accordance with the provisions of the governing statutes and the results of the respective actuarial valuations.

Sincerely,


John P. Mackin

ATLANTA / BOSTON / CHICAGO / CLEVELAND / DENVER / HARTFORD / HOUSTON / LOS ANGELES
NEW ORLEANS / NEW YORK / PHOENIX / SAN FRANCISCO / WASHINGTON, D.C. / TORONTO

MARTIN E. SEGAL COMPANY

730 FIFTH AVENUE · NEW YORK, N. Y. 10019 · (212) 586-5600

April 12, 1982

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Actuarial Valuation Statement

School Members

ATLANTA
BOSTON
CHICAGO
CLEVELAND
DENVER
HARTFORD
HOUSTON
LOS ANGELES
NEW ORLEANS
PHOENIX
SAN FRANCISCO
WASHINGTON, D. C.
TORONTO

This is to certify that we have prepared an actuarial valuation of the Kansas Public Employees Retirement System with respect to school members as of June 30, 1981.

Actuarial calculations were made with respect to 42,421 active school employees (including 387 on leave of absence), 8,713 inactive employees with equity, 9,484 retirees and 190 surviving beneficiaries.

The calculations established an employer benefit cost of 3.340% of the annual compensation of school employees, comprised of 0.573% for normal cost and 2.767% for 40-year amortization of the adusted initial past service liability.

The cost factors for school members are as follows:

1. Present value of benefits - total	\$974,468,500
Active employees (including those on leave) - total	760,611,500
Retirement benefits	\$438,579,400
Pre-Retirement death benefits	13,246,000
Withdrawal benefits	308,786,100
Inactive employees	28,556,200
Retirees	183,785,300
Surviving beneficiaries	1,515,500
2. Assets	498,156,200
3. Present value of future State contributions for post retirement benefit increase	1,782,200
4. Adjusted initial past service liability	265,025,100
5. Present value of future normal cost contributions (1) - (2) - (3) - (4)	209,505,000
6. Present value of 1% of future salaries	43,980,700
7. Total salary of employees funded for below the assumed retirement age	654,528,300
8. Total payroll	681,766,000
9. Current cost as percentage of salary $\frac{(5)}{(6)} \times \frac{(7)}{(8)}$	4.573%

Employee portion 4.000
Employer portion 0.573

MARTIN E. SEGAL COMPANY

730 FIFTH AVENUE • NEW YORK, N. Y. 10019 • (212) 586-5600

April 14, 1982

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Actuarial Valuation Statement

Non-School Members

ATLANTA
BOSTON
CHICAGO
CLEVELAND
DENVER
HARTFORD
HOUSTON
LOS ANGELES
NEW ORLEANS
PHOENIX
SAN FRANCISCO
WASHINGTON, D. C.
TORONTO

The actuarial assumptions used in the actuarial valuation are as follows:

Interest rate: 6%
Salary increases: 5% per year at all ages.
Retirement age: 65½
Termination rates before retirement: 20% of employees under age 30 excluded from cost calculations; sample rates for employees 30 and over are as follows:

Age	Annual rate (%), all causes	
	Men	Women
32	15.0%	20.0%
37	15.0	15.0
42	15.0	15.0
47	14.0	14.0
52	12.0	12.0
57	10.0	10.0

Mortality rates: For males - 1971 Group Annuity Mortality Table set back 4 years; For females - sample rates as follows:

Age	Rate
62	0.7%
67	1.0
72	1.2
77	1.5
82	3.2
87	8.0
92	12.4
97	19.4

Funding method: Frozen initial liability.

The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, and were based on the actuarial assumptions adopted by the Board of Trustees upon the recommendation of the actuary.

The Kansas Public Employees Retirement System is funded on an actuarial reserve basis. Participating employers are making contributions to the Retirement System in accordance with the actuarial reserve funding provisions of the governing statute.


Dale B. Grant, F.S.A., M.A.A.A.
Senior Vice President and Actuary

This is to certify that we have prepared an actuarial valuation of the Kansas Public Employees Retirement System with respect to non-school members as of June 30, 1981.

Actuarial calculations were made with respect to 41,756 active non-school, non-TIAA employees (including 227 on leave of absence), 4,818 inactive employees with equity, 11,228 retirants and 856 surviving beneficiaries; the TIAA calculations included 767 non-retired employees with benefit rights, 415 retirants and 61 surviving beneficiaries.

The calculations for non-TIAA members established a benefit cost of 3.528% of annual compensation, comprised of 2.391% for normal cost and 1.137% for 40-year amortization of the adjusted initial past service liability.

The non-TIAA cost factors are as follows:

1. Present value of benefits - total	\$848,402,300
Active employees (including those on leave) - total	696,409,000
Retirement benefits	\$482,182,500
Pre-Retirement death benefits	16,727,600
Withdrawal benefits	197,498,900
Inactive employees	13,192,800
Retirants	132,864,800
Surviving beneficiaries	5,935,700
2. Assets	466,539,100
3. Present value of future State contributions for post retirement benefit increase	1,477,600
4. Adjusted initial past service liability	84,568,600
5. Present value of future normal cost contributions	295,817,000
(1) - (2) - (3) - (4)	44,014,700
6. Present value of 1% of future salaries	44,014,700
7. Total salary of employees funded for below the assumed retirement age	565,760,400
8. Total payroll	594,983,500
9. Current cost as a percentage of salary $\frac{(5)}{(6)} \times \frac{(7)}{(8)} \dots 6.391\%$	

Employee portion4.000
Employer portion2.391

The TIAA cost factors are as follows:

1.	Present value of benefits - total	\$13,778,800
	Non-retired employees	\$8,314,500
	Retirants	5,137,100
	Surviving beneficiaries	327,200
2.	Assets	3,437,100
3.	Present value of future State contributions for post retirement benefit increase	106,500
4.	Adjusted initial past service liability (1) - (2) - (3) ..	10,235,200
5.	Amount for amortization of past service liability	857,900
6.	Amortization amount as percentage of current payroll	0.846%

The actuarial assumptions used in the actuarial valuation are as follows:

Interest rate: 6%
 Salary increases: 5% per year at all ages.
 Retirement age: 65½ for non-TIAA; 67 for TIAA; and
 62 for certain correction officers.
 Termination rates before retirement, non-TIAA members:
 20% of employees under age 30 excluded from cost
 calculations; sample rates for employees 30 and
 over are as follows:

Age	Annual Rate (%), all causes	
	Men	Women
32	18.0%	20.0%
37	14.0	15.0
42	11.0	11.0
47	9.0	9.0
52	7.0	8.0
57	7.0	7.0

Mortality rates: For males - 1971 Group Annuity Mortality
 Table; for females - sample rates
 are as follows:

Age	Rate	Age	Rate
62	0.7%	82	4.2%
67	1.2	87	9.7
72	1.6	92	13.8
77	3.4	97	25.8

Funding method: Frozen initial liability.

The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, and were based on the actuarial assumptions adopted by the Board of Trustees upon the recommendation of the actuary.

The Kansas Public Employees Retirement System is funded on an actuarial reserve basis. Participating employers are making contributions to the Retirement System in accordance with the actuarial reserve funding provisions of the governing statute.



Dale B. Grant, F.S.A., M.A.A.A.
 Senior Vice President and Actuary

MARTIN E. SEGAL COMPANY

730 FIFTH AVENUE • NEW YORK, N. Y. 10019 • (212) 586-5600

April 8, 1982

KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM

Actuarial Valuation Statement

ATLANTA
BOSTON
CHICAGO
CLEVELAND
DENVER
HARTFORD
HOUSTON
LOS ANGELES
NEW ORLEANS
PHOENIX
SAN FRANCISCO
WASHINGTON, D. C.
TORONTO

The individual cost factors and total contribution rates for each employer for fiscal years beginning in calendar year 1983 are presented in the schedule which follows.

The actuarial assumptions used in the valuation are as follows:

Interest rate - 6%
Salary scale - Salaries at all ages are assumed to increase at the rate of 5% per year.
Retirement age - 55, or completion of service requirement if later.
Termination rates before retirement -

This is to certify that we have prepared an actuarial valuation of the Kansas Police and Firemen's Retirement System as of June 30, 1981.

Actuarial calculations were made with respect to 3,556 active members (including 3 members on leave of absence and 3 terminated members who are assumed to retain their prior service credits), 7 terminated members with vested rights to a deferred pension, 109 terminated members with equity, 739 pensioners and 320 surviving beneficiaries.

The cost factors as of the valuation date, for all participating employers combined, are as follows:

1.	Present value of benefits - total	\$337,974,500
	Active members (including those on leave and those terminated who we assume will not lose their prior service benefits)	\$269,593,500
	Terminated members with vested rights to a deferred pension ...	305,400
	Terminated members with equity ...	178,200
	Pensioners	56,706,900
	Beneficiaries	11,190,500
2.	Assets	104,703,000
3.	Unfunded accrued liability	85,330,400
4.	Present value of future employee contributions ..	51,831,100
5.	Present value of future State contributions for post retirement benefit increase	260,400
6.	Present value of employer participating service contributions (1) - (2) - (3) - (4) - (5)	95,849,600
7.	Present value of future salaries	740,443,700
8.	Employer participating service cost percentage (6)/(7)	12.9%
9.	Total salary of employees below the assumed retirement age	61,738,000
10.	Employer participating service cost (8) x (9) ...	7,964,200
11.	Total salary	63,602,300
12.	Employer participating service cost as a percentage of salary (10)/(11)	12.5%

Termination Rates Per 1,000 Employees

<u>Age</u>	<u>Withdrawal</u>	<u>Disability*</u>	<u>Death**</u>
22	93.1	0.4	0.5
27	68.7	0.6	0.7
32	48.4	1.7	0.9
37	31.9	3.8	1.3
42	17.6	7.4	2.0
47	2.5	13.8	3.7
52	3.2	18.3	6.5

* 50% assumed to be service-connected.
** 75% assumed to be service-connected.

Mortality rates after retirement - 1971 Group Annuity Mortality Table
Funding method - Aggregate cost method with supplementary liability

The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, and were based on the actuarial assumptions adopted by the Board of Trustees upon the recommendation of the actuary.

The Kansas Police and Firemen's Retirement System is funded on an actuarial reserve basis. Participating employers are making contributions to the Retirement System in accordance with the actuarial reserve funding provisions of the governing statute.



Dale B. Grant, F.S.A., M.A.A.A.,
Senior Vice President and Actuary

MARTIN E. SEGAL COMPANY

CONSULTANTS AND ACTUARIES

730 FIFTH AVENUE · NEW YORK, N. Y. 10019 · (212) 586-5600

Employer Contribution Rates for Fiscal Year
Commencing in the Calendar Year 1983

Name	Benefit Rate	Administrative Expense Rate	Total Employer Contribution Rate
Johnson County Fire District No. 2	14.5%	0.2%	14.7%
Johnson County Sheriff's Office	15.2	0.2	15.4
Riley County Law Enforcement Agency	12.5	0.2	12.7
Sedgwick County Fire District No. 1	14.0	0.2	14.2
Sedgwick County Sheriff's Office	14.3	0.2	14.5
Arkansas City	21.5	0.2	21.7
Atchison	15.1	0.2	15.3
Chanute	15.5	0.2	15.7
Coffeyville	26.1	0.2	26.3
Concordia	26.1	0.2	26.3
Derby	16.9	0.2	17.1
Emporia	20.1	0.2	20.3
Fairway	14.3	0.2	14.5
Fort Scott	33.9	0.2	34.1
Herington	16.0	0.2	16.2
Hutchinson	28.7	0.2	28.9
Junction City	15.6	0.2	15.8
Kansas City	28.9	0.2	29.1
Lawrence	15.3	0.2	15.5
Leavenworth	14.3	0.2	14.5
Leawood	19.9	0.2	20.1
Lenexa	13.6	0.2	13.8
Manhattan	25.7	0.2	25.9
Merriam	14.8	0.2	15.0
McPherson	13.5	0.2	13.7
Newton	16.5	0.2	16.7
Olathe	13.2	0.2	13.4
Parsons	26.2	0.2	26.4
Pittsburg	22.8	0.2	23.0
Salina	24.7	0.2	24.9
Shawnee	14.7	0.2	14.9
Topeka	29.7	0.2	29.9
Wellington	25.3	0.2	25.5
Westwood	12.5	0.2	12.7
Winfield	28.1	0.2	28.3
Kansas Bureau of Investigation	16.7	0.2	16.9
Kansas Highway Patrol	18.1	0.2	18.3

April 21, 1982

KANSAS SCHOOL RETIREMENT SYSTEM

Actuarial Valuation Statement

ATLANTA
BOSTON
CHICAGO
CLEVELAND
DALLAS
DENVER
HARTFORD
HOUSTON
LOS ANGELES
NEW ORLEANS
PHOENIX
SAN FRANCISCO
SAN JUAN
WASHINGTON, D.C.

This is to certify that we have prepared an actuarial valuation of the Kansas School Retirement System as of June 30, 1981.

Actuarial calculations were made with respect to 5,273 retirees as of the valuation date and 50 anticipated awards during each of the two years ended June 30, 1983.

The calculations established that full funding of the liabilities required 3 full payments of \$10,000,000 as of each July 1 during the period 1982 through 1984 and one partial payment of \$6,487,300 on July 1, 1985.

The cost factors are as follows:

Service Annuities

Liability for retired members	\$59,527,700
Liability for expected future retirements	278,500
Total liability	59,806,200
Assets	17,937,500
Present value of state contributions*	1,269,300
Unfunded liability	\$40,599,400

Savings Annuities

Liability for retired members	\$ 3,657,500
Assets	4,943,500
Assets in excess of liability	\$ 1,286,000

* Special contributions for increase from \$6.50 rate to \$6.85.

The actuarial assumptions used in the actuarial valuation are as follows:

Interest rate: 6%

Mortality rates: 1971 Group Annuity Mortality Table set back 4 years for males. KPERS School experience rates for females - sample rates as follows:

<u>Age</u>	<u>Rate</u>
62	0.7%
67	1.0
72	1.2
77	1.5
82	3.2
87	8.0
92	12.4

The actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, and were based on the actuarial assumptions adopted by the Board of Trustees upon the recommendation of the actuary.

The contributions required to discharge the System's liabilities are being made and the provisions of the law are being met.



Dale B. Grant, F.S.A., M.A.A.A.
Senior Vice President and Actuary

ACTUARIAL FUNDING

All of the retirement plans administered by the Board of Trustees are funded on an actuarial reserve basis. Employer contribution rates are certified by the board each year based on the results of actuarial valuations. Participating employers are required by statute to make retirement contributions covering both the current cost of benefits and the cost of amortizing any past service liability over a period of not more than 40 years from the date of entry into the Kansas Public Employees Retirement System (KPERS) or the Kansas Police and Firemen's Retirement System (KP&F).

Highlights of most recent actuarial valuations. In accordance with the provisions of the governing statutes, actuarial valuations are prepared annually for KPERS, KP&F and the closed Kansas School Retirement System (KSRS) -- and every three years for the Kansas Retirement System for Judges. The most recent actuarial valuations as of June 30, 1981 (1980 for Judges) included a total of almost 131,000 members, as shown below:

Members Included in Actuarial Valuations as of June 30, 1981

<u>Membership Group</u>	<u>Active Employees*</u>	<u>Inactive Members**</u>	<u>Retirants and Beneficiaries</u>	<u>Total Membership</u>
KPERS School	42,421	8,713	9,674	60,808
KPERS Non-School				
Non-TIAA	41,756	4,818	12,084	58,658
TIAA	460	307	476	1,243
KP&F	3,556	116	1,059	4,731
Judges	151	6	42	199
KSRS Annuitants	--	--	5,273	5,273
All Groups	88,344	13,960	28,608	130,912

* Includes employees on leave of absence or military leave.
** Includes vested and nonvested inactive members.

Between June 30, 1980 and June 30, 1981 the average age, years of service, annual salary and total payroll of the three largest membership groups changed as follows:

<u>Membership Group</u>	<u>Average Age</u>	<u>Average Service</u>	<u>Average Annual Salary</u>	<u>Total Payroll (Millions)</u>
KPERS School				
6/30/80	40½	10½	\$14,486	\$605.6
6/30/81	41	10½	\$16,128	\$681.8
KPERS Non-School, Non-TIAA				
6/30/80	43½	9	\$12,918	\$517.3
6/30/81	43	9	\$14,279	\$595.0
KP&F				
6/30/80	36	10	\$16,126	\$ 57.6
6/30/81	36	10	\$17,886	\$ 63.6

Based on the results of the most recent actuarial valuations prepared by the Martin E. Segal Company, consultants and actuaries to the board, the board certified the following employer contribution rates for fiscal years beginning in calendar year 1983:

KPERS School	4.5%
KPERS Non-School	
All except TIAA and certain correction officers	4.8%
TIAA members	1.6%
Correction officers	6.7%

KP&F. The uniform percentage-of-payroll participating service rate for all employers participating in KP&F is 12.5% for fiscal years beginning in 1983. In addition, employers participating in KP&F make contributions to meet the cost of administration and to amortize the liability for past service costs, if any, which is determined separately for each participating employer.

Judges. The total employer contribution rate for judges, based on the most recent actuarial valuation of the Judges System as of June 30, 1980, is 10.4% of compensation.

KSRS. The closed Kansas School Retirement System is being funded by State contributions of \$10 million per year. The most recent actuarial valuation of KSRS established that full funding of this System required payments of \$10 million on July 1 of each year through 1984, and one partial payment of approximately \$8 million on July 1, 1985.

ADDITIONAL INFORMATION RELATED TO ACTUARIAL VALUATIONS

BENEFIT PROVISIONS

A summary of benefits provided for each membership group is presented in the Plan Summary beginning on page 56.

10-YEAR HIGHLIGHTS

For changes in assets and actuarial liabilities see "10-Year Highlights" table on page six which shows progress being made toward financing objectives as reflected in funding ratios and also in the special tables that follow, "Analysis of Actuarial Obligation" beginning on page 52.

CONTRIBUTIONS

All contributions required to be made have been made.

ACTUARIAL SCHEDULES

NUMBER OF RECURRING RETIREMENT BENEFIT PAYMENTS
Last Ten Fiscal Years

This table shows the number of retirants receiving monthly benefits as of June 30 of each year

Fiscal Year	Additions During Year	Deletions During Year	Number at End of Year
Opening Balance			15,621
1973	2,539	512	17,648
1974	2,326	546	19,428
1975	2,182	662	20,948
1976	2,012	646	22,314
1977	2,004	704	23,614
1978*	2,436	762	25,288
1979	2,012	730	26,570
1980	1,867	736	27,701
1981	1,884	907	28,678
1982	2,092	957	29,813

NUMBER OF INITIAL BENEFIT PAYMENTS
Last Ten Fiscal Years

This table reflects the activity of the 3 types of benefits processed during the year

Fiscal Year	Retirements	Service Connected Death and Disabilities	Withdrawals	Total
1973	2,409	12	8,217	10,638
1974	2,057	5	7,626	9,688
1975	1,959	4	7,989	9,952
1976	1,994	18	7,815	9,827
1977	1,991	13	8,863	10,867
1978	2,421	15	12,215	14,651
1979	2,000	12	12,336	14,348
1980	1,862	5	11,306	13,173
1981	1,882	2	9,873	11,757
1982	2,089	3	10,605	12,697

*Includes 524 members of Local Police and Fire Pension Plan acquired 1-1-78

ACTUARIAL SCHEDULES

ANALYSIS OF ACTUARIAL OBLIGATION
PUBLIC EMPLOYEES - SCHOOL

Last Ten Fiscal Years

Fiscal Year Ended June 30	Present Value of Benefits Accrued Total Liability	Present Value of Future Normal Cost Contributions		Employer Contributions to Amortize Past Service Liability	Valuation of Assets	Total
		Employee	Employer			
1972	\$447,317,000	\$117,800,100	\$ 44,503,800	\$193,295,600	\$ 91,717,500	\$447,317,000
1973	480,031,600	123,315,100	53,278,200	191,340,500	112,097,800	480,031,600
1974	561,559,900	123,671,500	125,063,000	181,631,300	131,194,100	561,559,900
1975	592,235,600	134,004,400	123,103,100	179,790,900	155,337,200	592,235,600
1976	616,626,000	147,501,000	102,476,100	178,319,100	188,329,800	616,626,000
1977	667,293,400	140,482,600	117,947,600	176,741,600	232,121,600	667,293,400
1978	706,138,100	146,764,400	85,494,500	180,039,000	293,840,200	706,138,100
1979	776,820,400	160,126,700	98,350,600	172,347,800	345,995,300	776,820,400
1980	769,117,400	163,526,600	38,899,200	152,690,300	413,998,300	769,117,400
1981	974,468,500	184,812,800	26,474,400	265,025,100	498,156,200	974,468,500

ANALYSIS OF ACTUARIAL OBLIGATION
PUBLIC EMPLOYEES - NON SCHOOL

Last Ten Fiscal Years

Fiscal Year Ended June 30	Present Value of Benefits Accrued Total Liability	Present Value of Future Normal Cost Contributions		Employer Contributions to Amortize Past Service Liability	Valuation of Assets	Total
		Employee	Employer			
1972	\$379,984,000	\$ 93,677,900	\$116,692,500	\$53,115,300	\$116,498,300	\$379,984,000
1973	393,460,800	88,362,600	117,036,200	52,875,200	135,186,800	393,460,800
1974	417,951,600	93,052,300	129,063,500	43,223,400	152,612,400	417,951,600
1975	462,904,200	108,658,300	134,697,300	43,723,200	175,825,400	462,904,200
1976	508,477,600	119,601,500	135,179,800	46,131,900	207,564,400	508,477,600
1977	542,313,400	117,265,700	135,571,000	46,174,400	243,302,300	542,313,400
1978	584,912,300	126,975,500	126,620,500	45,420,300	285,896,000	584,912,300
1979	664,862,200	137,145,900	152,008,600	44,620,700	331,087,000	664,862,200
1980	711,070,400	160,309,200	121,603,700	39,892,200	389,265,300	711,070,400
1981	848,402,300	186,070,800	111,223,800	84,568,600	466,539,100	848,402,300

ACTUARIAL SCHEDULES

ANALYSIS OF ACTUARIAL OBLIGATION
PUBLIC EMPLOYEES - TIAA

Last Ten Fiscal Years

Fiscal Year Ended June 30	Present Value of Benefits Accrued Total Liability	Employer Contributions to Amortize Past Service Liability	Valuation of Assets	Total
1972	\$ 9,738,400	\$ 7,400,500	\$2,337,900	\$ 9,738,400
1973	10,137,100	7,848,200	2,288,900	10,137,100
1974	10,103,200	7,957,700	2,145,500	10,103,200
1975	9,778,100	7,708,300	2,069,800	9,778,100
1976	9,989,900	7,900,300	2,089,600	9,989,900
1977	9,795,300	7,454,700	2,340,600	9,795,300
1978	10,153,800	7,534,200	2,619,600	10,153,800
1979	10,019,500	7,115,700	2,903,800	10,019,500
1980	8,588,700	5,456,800	3,131,900	8,588,700
1981	13,778,800	10,341,700	3,437,100	13,778,800

ACTUARIAL SCHEDULES

ANALYSIS OF ACTUARIAL OBLIGATION
JUDGES

Since Merger

Date of Valuation*	Present Value of Benefits Accrued Total Liability	To Be Funded by		Employer Contributions to Amortize Past Service Liability	Valuation of Assets	Total
		Present Value of Future Normal Cost Contributions Employee	Employer			
March 31, 1975	\$ 8,957,990	\$1,270,656	\$2,103,929	\$3,325,324	\$2,231,081	\$ 8,957,900
June 30, 1977	16,288,900	3,514,600	5,905,300	3,596,500	3,272,500	16,288,900
June 30, 1980	20,445,900	4,446,600	4,456,300	3,105,700	8,437,300	20,445,900

*Actuarial valuation performed every three years

ANALYSIS OF ACTUARIAL OBLIGATION
POLICE AND FIRE

Last Ten Fiscal Years

Fiscal Year Ended June 30	Present Value of Benefits Accrued Total Liability	To Be Funded by		Employer Contributions to Amortize Past Service Liability	Valuation of Assets	Total
		Present Value of Future Normal Cost Contributions Employee	Employer			
1972	\$ 61,854,900	\$10,562,300	\$24,570,000	\$13,609,900	\$13,112,700	\$ 61,854,900
1973	68,139,500	12,962,700	25,051,100	13,003,000	17,122,700	68,139,500
1974	71,968,200	14,630,000	23,479,700	12,814,200	21,044,300	71,968,200
1975	89,285,500	17,730,100	32,838,600	12,893,300	25,823,500	89,285,500
1976	101,640,800	20,087,200	35,299,800	13,858,900	32,395,800	101,640,800
1977	121,141,600	23,820,000	42,402,600	15,570,700	39,348,300	121,141,600
1978	215,628,000	32,457,100	62,350,300	68,236,200	52,584,400	215,628,000
1979	273,037,300	36,912,900	76,870,600	94,598,900	64,654,900	273,037,300
1980	299,786,000	47,286,200	85,797,200	85,055,500	81,647,100	299,786,000
1981	337,974,500	51,831,100	96,110,000	85,330,400	104,703,000	337,974,500

ANALYSIS OF ACTUARIAL OBLIGATION
KANSAS SCHOOL RETIREMENT SYSTEM

Last Ten Fiscal Years

Fiscal Year Ended June 30	Present Value of Benefits	To Be Funded By*			Total	Payments	
		Savings Annuity Assets	Service Annuity Assets	Present Value of Contributions to Fund Service Annuity		Date	Amount
1973	--	--	--	--	--	7-1-73	\$10,220,000 ¹
1974	\$86,963,000	\$7,069,000	\$ (647,800)	\$80,541,800	\$86,963,000	7-1-74	10,000,000
1975	--	--	--	--	--	7-1-75	10,000,000
1976	86,280,900	6,105,000	(734,300)	80,910,200	86,280,900	7-1-76	10,000,000
1977	82,302,200	5,668,800	73,399	76,560,001	82,302,200	7-1-77	10,000,000
1978	76,198,602	5,290,502	1,303,645	69,604,455	76,198,602	7-1-78	10,000,000
1979	72,983,400	5,052,000	3,637,800	64,293,600	72,983,400	7-1-79	10,000,000
1980	68,190,500	4,930,900	10,157,400	53,102,200	68,190,500	7-1-80	10,000,000
1981	64,749,700	4,943,500	17,937,500	41,868,700	64,749,700	7-1-81	10,000,000
1982	--	--	--	--	--	7-1-82	10,000,000

*Funding for this closed group will be completed during Fiscal Year 1985

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
REGULAR AND SCHOOL EMPLOYEES
PLAN SUMMARY

Benefit Provisions

Basic Plan or Benefit Formula

Prior service benefit: 1% of member's final average salary multiplied by the number of years of creditable prior service. Participating service is equal to 1¼% of member's final average salary times the number of years of creditable participating service. Options available: Option A--Joint and ½ to Joint Annuitant Survivor; Option B--Joint and Survivor; Option C--Life with Ten Years Certain. If no option selected, normal retirement monthly payments based on above formula.

Age/Service/or Money Requirements

Early retirement--age 60 and 10 years creditable service. Normal retirement--age 65. Retirement between 65 and 70 permissive. Compulsory retirement age 70, may be extended by governing body for all but state employees. No additional credit earned, no contributions made beyond 70.

Modifications Due to OASDI Coverage

NONE. Plan separate from Social Security.

Disability Retirement Benefits

Non-Occupational

Periods of disability not counted as breaks in continuous employment. Contributing member under 70 covered by group long-term disability insurance. Benefits begin after 180 days of continuous disability. These benefits are equal to 50% of annual compensation, inclusive of primary social security, other sources by reason of employment and 50% of any Workmen's Compensation benefits. In no event is benefit reduced below \$50 per month. Participating service credit is granted during period of total disability.

Occupational

Same as non-occupational.

Death Benefits

Before Retirement

1. Accumulated contributions paid to designated beneficiary.

2. If spouse is sole beneficiary and member is eligible to retire and dies, spouse may elect benefits as joint annuitant under Option A in lieu of return of member's accumulated contributions.
3. Spouse, minor children, or dependent parents receive 50% final average salary less any workmen's compensation benefit if member is killed in service-connected accident, for life or until remarriage or until youngest child attains age 18. Insured death benefit, any cause, to age 70, 100% current annual rate of compensation.

After Retirement

If member has selected option, benefits are paid to the joint annuitant or designated beneficiary. If no option, designated beneficiary entitled to excess if any, of members accumulated contributions over sum of all payments of retirement benefits made to date of death.

Financing Provisions

Member Contributions

Four percent (4%) of gross compensation.

Employer Obligation

Rate fixed annually by Board of Trustees. Employer rate is a percent of compensation upon which members contribute, which includes costs for the administration of the system and group insurance contribution of .6% of member's compensation.

Funded vs. Non-Funded

Full reserves maintained for benefits from date granted. Prior service liability being amortized over 40-year period.

Rate of Interest Credited

Determined annually by Board of Trustees. Return bears reasonable relationship to interest earnings on investments.

Investment Provisions

Authorized Investments

Investments may be made in accordance with the "Prudent Man Rule," common stock limited to 50% of the fund.

Miscellaneous Provisions

Membership Qualifying Period

1. Upon employment for school employees or waiting period of one year continuous employment all others. (Not eligible if employed after age 59 except on employer's entry date.)
2. Group Insurance and Service Connected Death coverage for state employees from date of employment.

Transferability to Other Systems

Transfer of entire police or fire department to Kansas Police and Firemen's Retirement System. Transfer between regular KPERS and School section.

Separation from Service

After termination of employment, return of accumulated contributions plus interest. Membership is protected for five (5) years if contributions are left on deposit. After ten (10) years or more of service, member automatically entitled to vested benefit to commence at early or normal retirement age.

Administration

Type

Board of Trustees--Seven (7) members appointed by the Governor and confirmed by the Senate. Serving staggered terms. One appointment in one year; two appointments each year in each of three successive years. The Board appoints an Executive Secretary and establishes his compensation.

Responsibilities

Under direction of Board, Executive Secretary is managing officer. Has charge of records and supervision and direction of system employees. Recommends to Board administrative organization, number and qualification of employees. Board retains qualified actuary, investment managers and investment custodians, adopts rules and regulations, installs system of accounts and records, adopts actuarial tables, invests money, establishes interest rate on contributions. Attorney General furnishes legal services. State Treasurer is custodian of all cash of the fund.

Investment Authority

Board of Trustees contract with investment managers who have discretion under the "Prudent Man Rule," contract with investment custodians to receive and disperse securities and collect interest and dividends. Investment in common stock limited to 50% of fund at book value.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM POLICE AND FIRE EMPLOYEES PLAN SUMMARY

Provisions for Policemen and Firemen are essentially the same as for regular members and school members. Those areas that are different are presented below.

Service Retirement Benefits

Basic Plan or Benefit Formula

Two percent (2%) of member's FAS times the number of years of credited service, with a limit of 70% of Final Average Salary. Options available: For members who transfer from local pension plans on entry date; lump sum of 50% of FAS and 75% of the member's monthly benefit; all members; Option A--Joint and $\frac{1}{2}$ to Joint Annuitant Survivor; Option B--Joint and survivor; Option C--Life with Ten (10) Years Certain. If no option selected. Normal retirement monthly payments based on above formula.

Age/Service/or Money Requirements

Early retirement age 50 with 20 years credited service. Members who transfer from local pension plans on entry date may retire at age 50 with 25 years of credited service with no reduction in benefits. Mandatory retirement: KBI, age 65; KHP, age 60. No mandatory retirement for members of local units, but no credit after age 60 unless needed to meet minimum service requirements.

Modifications Due to OASDI Coverage

No reduction for benefits first payable prior to January 1, 1976. If police and fire employment covered by Social Security, benefits are reduced by one-half ($\frac{1}{2}$) of Social Security benefits from police and fire employment for certain members who become members before January 1, 1976.

Disability Retirement Benefits

Non-Occupational

If less than five (5) years of credited service, return of contributions. If more than five (5) years of credited service, return of contributions or benefits based on 2% of the FAS times the number of years of credited service. The member must be disabled for 180 days before benefits are payable but they accrue from the day member last receives compensation from participating employer. Maximum benefit payable, 50% of FAS.

Occupational

Service-connected total and permanent disability benefit equal to 50% of members FAS, additional benefit of 10% of FAS for each unmarried minor child. Maximum benefit payable 75% of FAS.

Death Benefits

Before Retirement

1. DUTY CAUSED: Fifty percent (50%) of FAS payable to spouse, 10% of FAS for each unmarried child; family maximum 75% of FAS.
2. NON-DUTY CAUSED: If less than five (5) years of service, return of contributions to beneficiary. If more than five (5) years of credited service, the spouse receives a lump sum of 50% of the members FAS plus a monthly benefit based on 2% of members FAS times number of years of credited service (payable at spouse's age 50 unless unmarried children under age 18). Maximum benefit payable, 50% FAS.

After Retirement

If member has selected an option, the benefits are paid in accordance with such election to the joint annuitant or designated beneficiary. For members of local pension plans who transfer on entry date spouse will receive a lump sum payment of 50% of members FAS and a reduced benefit of 75% of monthly benefit received by member at time of death.

Financing Provisions

Member Contributions

Seven percent (7%) of gross compensation. Contributions of certain members employed prior to January 1, 1976, reduced by Social Security contributions for police and fire employment covered by Social Security. Members with twenty (20) years or more of credited service who have attained age 60, or members who have 35 years of credited service regardless of age contribute two percent (2%) of gross compensation.

Employer Obligation

Individual rates for each participating employer fixed annually by the Board of Trustees. Statutory rate of 15% for the first year after entry into the system.

Funded vs. Non-Funded

Full reserves maintained for benefits from date granted. Prior service liability amortized over a 40-year period (employer may elect shorter period of time).

Miscellaneous Provisions

Membership Qualifying Period

Upon employment.

Transferability to other Systems

None to other systems. Members of local plans may elect membership upon employer entry date. Transfer of entire police or fire departments from KPERS.

Separation from Service

Return of contributions. After 20 years or more of service, the member is automatically entitled to vested benefit to commence at early or normal retirement age.

Post-Retirement Employment

Retirants may not be employed by the same department or agency from which they retired.

Administration

Staffing and Scope of Operations

Functions and responsibilities under the Kansas Police and Firemen's Retirement System have been integrated into the organizational structure of the Kansas Public Employees Retirement System.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUDGES
PLAN SUMMARY

Benefit Provisions

Basic Plan or Benefit Formula

Three and one-third percent (3 1/3%) of member's final average salary multiplied by number of years of credited service, with a limit of sixty-five percent (65%) of Final Average Salary. Options available: Option A--Joint and one half to Joint Annuitant Survivor; Option B--Joint and Survivor; Option C--Life with Ten Years Certain. If no option selected, normal retirement monthly payments based on above formula.

Age/Service Requirements

Early retirement--age 62. (Ten years of credited service required for those becoming members after July 1, 1975.) Normal retirement--age 65. Mandatory retirement--age 70, but judge may finish serving the term in which age 70 is attained.

Modifications Due to OASDI Coverage

None. Plan separate from Social Security.

Disability Benefits

Disability Pension

Judges who become permanently disabled are entitled to a disability pension commencing at the time of disablement. The disability pension is determined in the same manner as the normal retirement benefit. Disabled judges are considered active judges and upon attainment of retirement age may make application for retirement benefits.

Death Benefits

Before Retirement

1. Accumulated contributions paid to designated beneficiary.
2. If spouse is sole beneficiary and member had attained age 60, spouse may elect benefits as joint annuitant under Option A in lieu of member's accumulated contributions.
3. Lump sum death benefit of 65% of annual salary payable to beneficiary of active judge whose death occurs prior to attainment of age 65.

After Retirement

If member has selected option, benefits are paid to the joint annuitant or designated beneficiary. If no option, designated beneficiary entitled

to excess if any, of member's accumulated contributions over sum of all payments of retirement benefits made to date of death.

Financing Provisions

Member Contributions

Six percent (6%) of gross compensation. After attainment of age 65 and completion of 20 years of service the rate is 2%.

Employer Obligation

Rate fixed annually by Board of Trustees.

Funded vs. Non-Funded

Full reserves maintained for benefits from date granted. Liabilities incurred prior to full funding are being amortized over a 40-year period.

Miscellaneous Provisions

Membership Qualifying Period

Upon taking office.

Transferability to Other Systems

None to other systems.

Separation from Service

Return of contributions if less than ten (10) years credited service. Vested benefit if ten (10) or more years of credited service. District court judges and associate district court judges may count KPERS credited services for satisfying the 10-year vesting requirement.

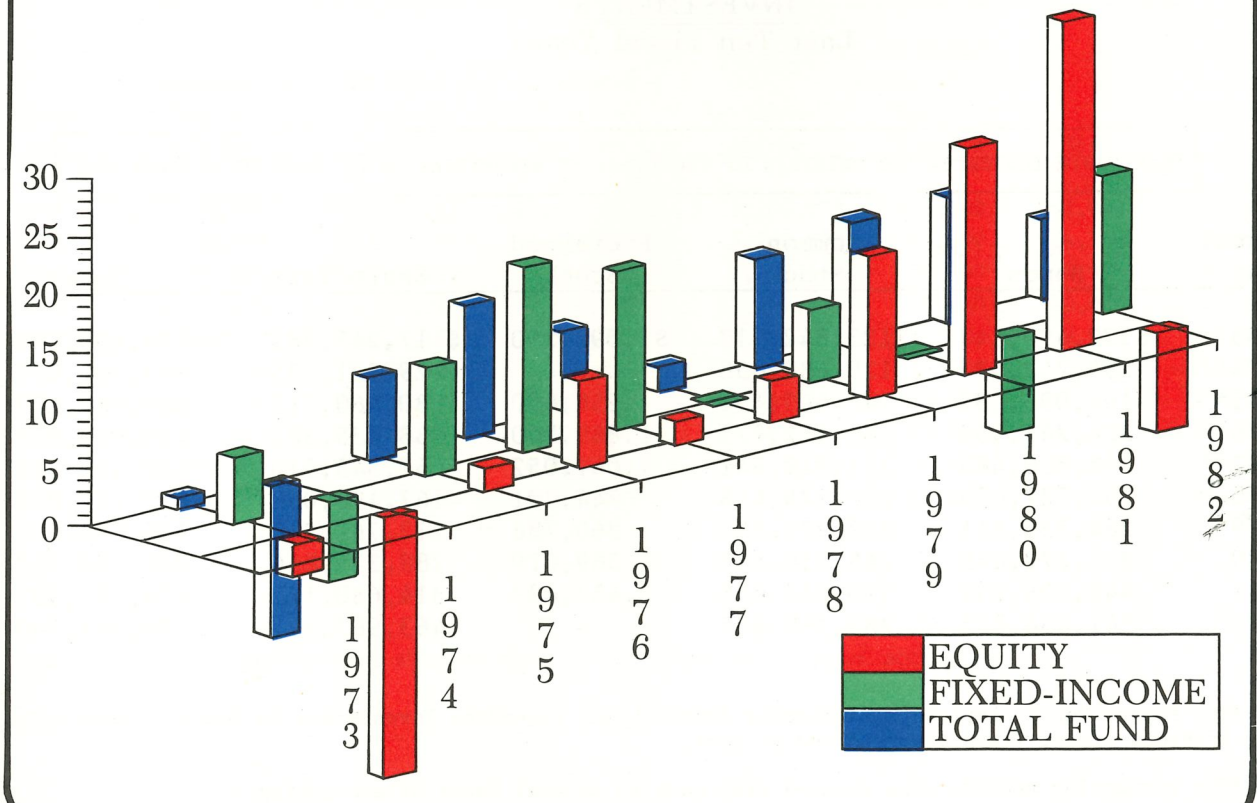
Administration

Staffing and Scope of Operations

Functions and responsibilities under the Kansas Retirement System for Judges have been integrated into the organizational structure of the Kansas Public Employees Retirement System.

STATISTICAL SECTION
 STATISTICAL SECTION
 STATISTICAL SECTION
 STATISTICAL SECTION
 STATISTICAL SECTION

KPERS
 TIME-WEIGHTED RETURNS



EXPENSES BY TYPE
Last Ten Fiscal Years

This table shows, in summary form, the major types of expenses for each fiscal year.

Fiscal Year	Benefits	Withdrawals	Insurance	Administration	Total
1973	\$14,346,852	\$ 4,776,077	\$2,625,345	\$ 615,812	\$22,364,086
1974	29,040,275	5,906,050	3,144,535	700,344	38,791,204
1975	31,309,465	5,902,725	3,416,721	760,813	41,389,724
1976	33,867,252	6,200,926	4,867,335	818,524	45,754,037
1977*	36,501,647	13,048,767	5,754,464	902,918	56,207,796
1978	39,871,419	12,008,759	5,813,457	953,783	58,647,418
1979	43,667,994	14,103,569	4,899,625	1,011,007	63,682,195
1980	47,416,099	16,696,535	4,550,040	1,138,999	69,801,673
1981	54,711,585	15,550,794	7,987,255	1,277,961	79,527,595
1982	59,636,519	20,210,777	4,101,886	1,507,313	85,456,495

TABLE IV

REVENUES BY SOURCE
Last Ten Fiscal Years

This table shows in broad categories the types of receipts for each fiscal year.

Fiscal Year	Employee Contributions	Employer Contributions	Insurance Contributions	Investment Income	El Dorado Consolidation Liability Payments	Misc.	Total
1973	\$22,556,434	\$30,068,293	\$2,855,891	\$ 9,200,873	\$15,000	\$ 2,868	\$ 65,699,359
1974	25,362,703	43,885,576	3,336,862	5,203,809	15,000	4,763	77,808,713
1975	29,250,605	52,528,422	3,660,588	7,123,364	15,000	8,975	92,586,954
1976	33,777,425	63,595,823	4,872,735	21,911,844	15,000	10,065	124,182,892
1977*	36,848,573	75,727,111	5,522,913	23,286,056	15,000	9,865	141,409,518
1978	39,876,205	79,489,506	6,069,370	27,662,632	15,000	78,003	153,190,716
1979	43,670,152	78,279,911	6,569,797	49,039,860	15,000	--	177,574,720
1980	48,829,583	93,522,137	7,519,133	75,389,383	15,000	35,398	225,310,634
1980	56,164,509	97,146,521	8,616,264	114,256,253	15,000	22,448	276,220,995
1982	59,819,081	93,621,588	9,297,675	107,730,019	15,000	36,227	270,519,590

*The accounting records were changed from cash to accrual basis of accounting.

TABLE I

NUMBER OF MEMBERS
Last Ten Fiscal Years

This table shows the number of members, by type, for last 10 years.

Fiscal Year	Active	Inactive	Retirants & Beneficiaries	Total Membership
1973	74,502	14,650	17,648	106,800
1974	78,997	18,108	19,428	116,533
1975	81,627	16,671	20,948	119,246
1976	80,524	14,600	22,314	117,438
1977	82,972	15,220	23,614	121,806
1978	84,120	15,695	25,288	125,103
1979	85,391	14,286	26,570	126,247
1980	86,549	13,682	27,701	127,932
1981	87,719	14,128	28,678	130,525
1982	88,651	13,653	29,813	132,117

TABLE II

INVESTMENTS
Last Ten Fiscal Years

This table indicates the holdings of the types of securities as of June 30 of each year

Fiscal Year	Bonds	Common Stock	Preferred Stocks	Short Term	Total
1973	\$132,499,142	\$123,842,317	\$1,098,250	\$ 17,245,381	\$ 274,685,090
1974	154,242,077	129,638,058	--	29,921,735	313,801,870
1975*	191,096,033	146,649,491	256,050	30,460,713	368,462,287
1976	224,247,958	184,112,773	1,889,200	38,435,882	448,685,813
1977**	245,500,463	211,318,941	4,061,052	67,543,510	528,423,966
1978	251,727,035	202,175,416	744,301	167,490,053	622,136,805
1979	284,735,511	228,971,563	360,788	212,762,510	726,830,372
1980	327,272,845	265,950,432	569,019	288,335,866	882,128,162
1981	446,436,732	310,618,645	2,457,432	314,680,172	1,074,192,981
1982	541,434,845	283,569,651	--	463,962,744	1,288,967,240

*The Kansas Public Employees Retirement System began recording Investments in Bonds at face value. Previous fiscal years are recorded at cost.

**The accounting records were changed from cash to accrual basis of accounting.

PARTICIPATING EMPLOYEE CONTRIBUTION RATE
CONTRIBUTION RATE IS SET BY STATE STATUTE

Regular Employees

Contribution rate has been 4% of gross compensation since inception at January 1, 1962.

Police and Firemen Employees

Seven percent (7%) of gross compensation. After 35 years of credited service or after reaching age 60 with at least 20 years of credited service the contribution rate is 2% of gross compensation.

Police and Firemen--Special Employees

Contribution rate set at 7% of gross compensation. Highway Patrol rate set at 8%.

School Employees

Contribution rate has been 4% of gross compensation, including the tax sheltered annuity amount since inception at January 1, 1971.

KPERS-TIAA Employees

KPERS-TIAA employees do not contribute to the Kansas Public Employees Retirement System. These employees are members only for service credit prior to January 1, 1962.

Justices and Judges

Contribution rate set at 6% of gross compensation. After attainment of age 65 and completion of 20 years of service the rate is 2%.

EMPLOYER CONTRIBUTION RATE

Last Ten Fiscal Years

This table shows the total employer contribution rate for fiscal year indicated

For the Fiscal Year Commencing in Calendar Year	KPERS Non-School	KPERS School	KPERS TIAA	Judges
1973	6.40%	4.70%	1.80%	--
1974	7.10%	5.60%	1.90%	--
1975	7.40%	5.80%	1.90%	19.50%
1976	7.30%	7.90%	2.00%	19.50%
1977	6.70%	7.30%	1.90%	19.50%
1978	6.20%	6.10%	1.70%	19.50%
1979	6.20%	6.30%	1.50%	15.60%
1980	5.50%	5.20%	1.40%	15.60%
1981	5.20%	4.70%	1.70%	15.60%
1982	4.80%	4.50%	1.60%	10.40%

NUMBER OF PARTICIPATING EMPLOYERS

Since Inception of the Retirement System

As of Entry Date January 1 Each Year	State	School Employers	Counties	Cities	County Boards of Social Welfare	Misc	Police and Firemen	Judges	Total
1962	1	--	39	52	64	28	--	--	184
1963	1	--	48	68	73	55	--	--	245
1964	1	3	51	80	84	64	--	--	283
1965	1	3	56	85	86	74	--	--	305
1966	1	5	61	91	87	80	--	--	325
1967	1	1	67	100	91	89	12	--	361
1968	1	1	80	119	105	106	13	--	425
1969	1	1	87	133	105	118	16	--	461
1970	1	1	93	145	105	129	17	--	491
1971	1	334	105	156	105	145	18	--	864
1972	1	334	105	164	105	175	18	--	902
1973	1	333	105	174	105	196	20	--	934
1974	1	333	105	185	*--	205	23	--	852
1975	1	332	105	194	--	219	24	--	875
1976	1	334	105	201	--	227	25	1	894
1977	1	339	105	208	--	234	27	27	941
1978	1	342	105	214	--	254	33	27	976
1979	1	344	105	221	--	269	34	27	1,001
1980	1	345	105	231	--	287	35	1	1,005
1981	1	347	105	240	--	298	35	1	1,027
1982	1	346	105	244	--	310	37	1	1,044

*County Boards of Social Welfare were merged into state system on July 1, 1973

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
NAMES OF PARTICIPATING EMPLOYERS

As of January 1, 1981

Dates in Front of Names are the Affiliation Dates

Airport Authorities -- 3

79--Metropolitan Topeka Airport Authority
67--Strother Field Commission

67--Salina Airport Authority

Cemetery Districts -- 9

79--Bird City Cemetery, Dist. No. 1, Cheyenne Co.
63--Delphos Cemetery Dist. No. 14, Ottawa Co.
74--Eastside Cemetery Association, Reno Co.
68--El Dorado Joint Cemetery Dist., Butler Co.
72--Glasco Cemetery Dist. No. 9, Cloud Co.

71--Grant County Cemetery District
63--Highland Cemetery Dist. No. 9, Ottawa Co.
72--Sabetha Cemetery Association
71--Stafford Cemetery Dist. No. 1, Stafford Co.

Conservation Districts -- 63

79--Allen	79--Dickinson	73--Kiowa	72--Osage	70--Seward
80--Atchison	82--Edwards	78--Labette	79--Osborne	77--Smith
77--Barber	82--Ellis	68--Lincoln	78--Pawnee	78--Stafford
65--Bourbon	82--Ellsworth	78--Linn	79--Phillips	81--Stanton
80--Brown	78--Finney	81--Lyon	78--Pottawatomie	79--Stevens
73--Butler	77--Franklin	76--Marion	72--Pratt	71--Sumner
81--Chase	78--Geary	72--McPherson	80--Rawlins	71--Trego
72--Chautauqua	72--Grant	82--Meade	78--Reno	79--Wabaunsee
72--Cherokee	73--Greenwood	75--Miami	77--Republic	78--Wallace
73--Cloud	81--Hamilton	78--Mitchell	65--Riley	78--Washington
76--Comanche	74--Haskell	79--Morris	65--Ottawa	80--Wichita
81--Cowley	65--Hodgeman	79--Nemaha	72--Rush	72--Wilson
78--Crawford	72--Kingman	78--Ness		

Counties -- 105

63--Allen	71--Doniphan	68--Jackson	68--Morris	62--Saline
63--Anderson	62--Douglas	65--Jefferson	71--Morton	66--Scott
62--Atchison	70--Edwards	62--Jewell	62--Nemaha	62--Sedgwick
71--Barber	71--Elk	62--Johnson	62--Neosho	62--Seward
66--Barton	67--Ellis	68--Kearny	65--Ness	62--Shawnee
62--Bourbon	62--Ellsworth	70--Kingman	62--Norton	62--Sheridan
68--Brown	68--Finney	69--Kiowa	63--Osage	69--Sherman
62--Butler	62--Ford	63--Labette	66--Osborne	67--Smith
62--Chase	63--Franklin	65--Lane	62--Ottawa	68--Stafford
62--Chautauqua	62--Geary	65--Leavenworth	64--Pawnee	71--Stanton
62--Cherokee	71--Gove	68--Lincoln	69--Phillips	67--Stevens
66--Cheyenne	68--Graham	64--Linn	63--Pottawatomie	71--Sumner
68--Clark	68--Grant	69--Logan	70--Pratt	70--Thomas
71--Clay	71--Gray	64--Lyon	62--Rawlins	68--Trego
67--Cloud	62--Greeley	62--McPherson	62--Reno	62--Wabaunsee
71--Coffey	62--Greenwood	62--Marion	68--Republic	70--Wallace
69--Comanche	62--Hamilton	62--Marshall	62--Rice	69--Washington
63--Cowley	71--Harper	67--Meade	67--Riley	62--Wichita
62--Crawford	63--Harvey	68--Miami	69--Rooks	62--Wilson
70--Decatur	62--Haskell	63--Mitchell	62--Rush	65--Wodson
71--Dickinson	62--Hodgeman	66--Montgomery	62--Russell	62--Wyandotte

Drainage Districts -- 2

62--Kaw Valley Drainage District, Wyandotte County

70--North Topeka, Shawnee County

Extension Councils -- 45

68--Allen	82--Ellsworth	78--Kiowa	80--Nemaha	75--Saline
73--Atchison	77--Ford	82--Labette	63--Osage	79--Sedgwick
75--Barber	64--Franklin	80--Leavenworth	80--Osborne	78--Smith
63--Butler	63--Geary	68--Lincoln	82--Ottawa	68--Stafford
72--Cherokee	69--Greenwood	77--Lynn	79--Pottawatomie	81--Stevens
71--Clark	80--Harper	72--McPherson	82--Pratt	72--Sumner
64--Cowley	69--Harvey	70--Marion	73--Reno	70--Wilson
63--Dickinson	72--Kingman	67--Meade	73--Rice	64--Woodson
63--Doniphan	82--Kearny	80--Mitchell	80--Riley	64--Wyandotte

Hospitals -- 17

67--Anderson County	80--Harper Dist. No. 5	74--Rice County	74--Stafford County
82--Ark City Memorial	69--Miami County	76--Russell City	82--Wamego City
65--Coffeyville	73--Morris County	75--SW Med. Ctr.	68--Wm. Newton Mem.
75--Dickinson County	75--Norton County	77--St. Lukes Hosp.	69--Wilson County
75--Graham County			

Instrumentalities -- 18

67--Atchison City Water Works, Inc.	80--NW Kansas Municipal Energy
65--Coffeyville Memorial Auditorium	74--Riley County Law Enforcement Agency
65--Johnson County Park and Recreation District	81--Consolidated RWD No. 1, Shawnee County
76--Kansas Association of Counties	81--RWD No. 1, Miami Co.
80--Kansas City, Kansas Port Authority	81--RWD No. 3, Miami Co.
67--Kansas Turnpike Authority	81--RWD No. 2, Mitchell Co.
63--League of Kansas Municipalities	70--Saline County-City Building Authority
75--North East Animal Control Commission Johnson County	74--Topeka Metro Transit Authority
	77--Topeka-Tecumseh Fire District, Shawnee County
	64--Waterworks Board, City of Leavenworth

Improvement District -- 1

66--Park City Improvement District, Sedgwick County

Recreation Commission -- 22

80--Abilene	73--Coffeyville	73--Great Bend	80--Kingman	62--Salina
65--Arkansas City	75--Dodge City	81--Hays	62--Manhattan	79--Stafford
80--Burlington	69--Emporia	81--Holcomb	72--Newton	70--USD No. 353
74--Chanute	62--Garden City	68--Hutchinson	62--Parsons	Wellington
		69--Independence	64--Pittsburg	71--Winfield

Joint Boards of Health -- 11

64--Butler-Greenwood Bi-County	67--Manhattan-Riley County
78--Junction City-Geary County	73--NEK Multi-County
62--Kansas City-Wyandotte County	72--Salina-Saline County
62--Lawrence-Douglas County	72--SEK Multi County
80--Liberal Seward Joint Bd. of Health	72--Sumner County--Wellington
64--Lyon County-Emporia City	

Library Boards -- 74

65--Abilene	62--Garden City	74--Lane County	79--Pottawatomie--
66--Arkansas City	77--George Smith (Junction City)	62--Lawrence	Wab. Regional
67--Atchison		71--Leavenworth	62--Pratt
79--Augusta City	*75--Girard	69--Liberal	63--Russell
78--Belleville	66--Graham Co.	62--Lyons	62--Salina
62--Beloit	68--Grant County	62--McPherson	62--Seneca
63--Burlington	72--Great Bend	62--Manhattan	74--So. Central Kans.
68--Central Kansas	63--Harper	72--Minneapolis	68--SE Kansas
75--Chanute	82--Hays Public	66--Morrill (Hiawatha)	75--SW Kansas
73--Cherryvale	67--Hoisington	78--Morton Co.	64--Stafford
72--Chetopa	77--Horton	62--Newton	67--Stevens
64--Coffeyville	63--Hutchinson	76--NW Kansas	73--Stockton
75--Columbus	62--Independence	62--Norton	63--Topeka
62--Dodge City	63--Iola	72--Olathe	72--Wamego
62--El Dorado	62--Johnson City	72--Osborne	73--Wellington
63--Emporia	81--Johnston	63--Ottawa	71--Wellsville
73--Eureka	73--Kearny County	71--Paola	68--Wichita Co.
62--Fort Scott	66--Kinsley	77--Pioneer Mem. (Colby)	72--Winfield
	81--Kiowa County	63--Pittsburg	70--Wm. Rankin Memorial
			72--Wyandotte

Mental Health Centers -- 4

65--Central Kansas	66--Northeast Kansas Guidance Clinic
73--North Central Kansas Guidance Center	68--Southwest Guidance Center

Townships--39

64--Aubry, Johnson County	72--Grasshopper, Atchison County	70--Oxford, Johnson County
72--Belpre, Edwards County	69--Hamlin, Brown County	78--Palmyra, Douglas County
71--Big Creek, Russell County	69--Hiawatha, Brown County	80--Riverside, Sedgwick County
71--Center, Atchison County	71--Irving, Brown County	69--Robinson, Brown County
74--Center, Russell County	76--Kechi, Sedgwick County	76--Sedgwick, Harvey County
68--Clay, Reno County	78--Bloom Township, Ford Co.	70--Sherman, Clay County
65--Eagle, Sedgwick County	72--Lincoln, Edwards County	63--Smokey Hill, McPherson County
63--East Cooper, Stafford County	69--Little Walnut, Butler County	71--Soldier, Shawnee County
64--El Dorado, Butler County	63--McCamish, Johnson County	63--Spring Hill, Johnson County
71--Eudora, Douglas County	63--Marysville, Marshall County	76--Tecumseh, Shawnee County
75--Franklin, Edwards County	73--Mission, Brown County	77--Valley Center, Sedgwick County
70--Gardner, Johnson County	63--Mission, Shawnee County	62--Wayne, Edwards County
71--Grant, Douglas County	69--Morrill, Brown County	72--Windsor, Cowley County

School Districts -- 345

71--307 Unified School Districts	71--19 County Community Junior Colleges
71-- 4 Area Vocational Technical Schools	71--15 Educational Cooperatives

Watershed Districts -- 3

73--Big Caney Watershed Joint District No. 31	74--Wakarusa Watershed District No. 35
73--Twin Caney Watershed Joint District No. 34	

Cities -- 244

62--Abilene	68--Council Grove	65--Hill City	66--Marion	62--St. John
66--Alma	68--Deerfield	67--Hillsboro	67--Marysville	62--St. Marys
62--Altamont	63--Derby	67--Hoisington	76--McLouth	72--Sabetha
62--Altoona	68--DeSoto	63--Holton	75--Medicine Lodge	62--Salina
66--Anthony	75--Dighton	72--Holyrood	68--Merriam	69--Satanta
65--Arkansas City	62--Dodge City	62--Horton	80--Milford	67--Scandia
74--Arlington	74--Downs	69--Hoxie	65--Minneapolis	67--Scott City
62--Arma	81--Edwardsville	62--Hugoton	63--Mission	80--Scranton
74--Ashland	72--Effingham	62--Humboldt	80--Mission Hills	62--Sedan
63--Atchison	62--El Dorado	62--Hutchinson	81--Montezuma	76--Sedgwick
78--Attica	74--Elkhart	62--Independence	82--Mound City	62--Seneca
76--Atwood	63--Ellinwood	62--Iola	66--Moundridge	80--Severy
64--Augusta	73--Ellis	69--Jamestown	79--Mount Hope	70--Sharon Springs
74--Baldwin City	75--Ellsworth	63--Jetmore	65--Mulvane	68--Shawnee
69--Belle Plaine	62--Emporia	63--Johnson City	63--Natoma	70--Smith Center
69--Belleville	69--Erie	62--Junction City	62--Neodesha	70--South Hutchinson
62--Beloit	71--Eudora	77--Kanorado	62--Ness City	82--Spearville
76--Bennington	80--Eureka	62--Kansas City	62--Newton	71--Spring Hill
79--Bird City	73--Fairway	66--Kinsley	77--Nickerson	62--Stafford
70--Bonner Springs	81--Florence	62--Kingman	62--Norton	73--Sterling
78--Buffalo	62--Fort Scott	77--Kiowa	82--Nortonville	62--Stockton
73--Buhler	71--Fredonia	72--LaCrosse	64--Oakley	68--Strong
62--Burlingame	63--Frontenac	74--Lake Quivira	75--Oberlin	77--Sylvia
71--Burlington	73--Galva	62--Lakin	64--Olathe	67--Syracuse
70--Bushton	62--Garden City	63--Larned	68--Osage City	78--Thayer
63--Caldwell	80--Garden Plain	62--Lawrence	64--Osawatomie	68--Tonganoxie
69--Cahey	68--Gardner	64--Leavenworth	68--Osborne	62--Topeka
74--Canton	62--Garnett	69--Leawood	71--Oswego	80--Toronto
73--Carbondale	79--Gas	73--Lebo	63--Ottawa	78--Towanda
75--Cawker City	78--Geneseo	62--Lenexa	66--Overland Park	70--Tribune
72--Centralia	62--Girard	69--Lenora	69--Oxford	79--Troy
62--Chanute	71--Glasco	77--Leon	64--Paola	81--Turon
75--Chapman	76--Glen Elder	67--Leoti	82--Park City	75--Udall
77--Cheney	81--Goessel	73--Lewis	62--Parsons	69--Ulysses
72--Cherryvale	76--Goddard	68--Liberal	62--Peabody	69--Valley Center
67--Chetopa	64--Goodland	64--Lincoln Center	81--Perry	73--Victoria
67--Cimarron	63--Greensburg	70--Lindsborg	68--Phillipsburg	69--WaKeeney
72--Claflin	62--Halstead	76--Louisburg	62--Pittsburg	62--Wakefield
62--Clay Center	68--Hanover	71--Lucas	70--Plainville	64--Wamego
62--Clearwater	81--Hardtner	68--Luray	79--Pomona	68--Washington
64--Coffeyville	63--Harper	77--Lyndon	63--Potwin	81--Waterville
68--Colby	74--Hartford	62--Lyons	73--Prairie Village	71--Wathena
71--Coldwater	72--Haven	62--McPherson	62--Pratt	63--Wellington
79--Colony	62--Hays	75--Macksville	78--Quinter	70--Wellsville
74--Columbus	63--Haysville	64--Madison	74--Ransom	69--Westwood
80--Colwich	70--Herington	80--Maize	70--Roeland Park	71--Wilson
68--Concordia	64--Hesston	62--Manhattan	74--Rolla	65--Winfield
80--Conway Springs	68--Hiawatha	68--Mankato	62--Russell	70--Yates Center
75--Cottonwood Falls	81--Highland	77--Manter	71--St. Francis	

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
LIST OF SECURITIES OWNED AS OF JUNE 30, 1982

COMMON STOCKS

Shares	Description	Cost	Market
2,200	A M F Inc	\$ 40,930	\$ 33,825
900	AMP Inc	53,081	46,575
49,750	ARA Services Inc	1,738,806	1,368,125
2,900	Abbott Lab	90,566	83,012
25,000	Advanced Fuel Systems	125,000	37,500
2,200	Aetna Life & Casualty Co	96,480	77,000
2,000	Alcan Alum Ltd	39,209	35,000
900	Allied Corp	31,256	27,225
1,800	Aluminum Co of Amer	45,638	40,950
1,500	Amax Inc	44,032	31,687
40,000	Amdahl Corp	1,229,850	750,000
1,600	American Brands Inc	70,167	66,800
75,600	American Broadcasting Cos Inc	2,660,958	2,901,150
41,200	American Cyanamid Co	1,206,863	1,122,700
5,800	American Electric Power	107,183	96,425
62,500	American Express Co	2,816,353	2,515,625
600	American Express Co Warrants	6,693	6,375
3,700	American Home Prods Corp	141,562	140,137
1,100	American Hosp Supply Corp	49,615	48,675
1,500	American Intl Group Inc	107,219	87,375
95,400	American Telephone & Tel	5,300,277	4,865,400
110,000	Anderson Clayton Corp	3,245,094	3,190,000
1,300	Anheuser Busch Cos Inc	66,273	67,275
7,500	Arhcer-Daniels-Midland Co	119,612	101,250
104,000	Arkla Inc	817,881	1,911,000
1,500	Armco Inc	29,969	25,687
29,000	Asarco Inc	616,209	638,000
101,800	Atlantic Richfield Co	3,976,036	3,753,875
1,200	Automatic Data Processing	30,875	29,250
20,000	Avco Corp	437,966	322,500
1,800	Avon Prods Inc	48,113	42,300
1,600	Baker Intl Corp	50,567	38,000
98,400	Bally Mfg Corp	2,891,641	2,915,100
100,000	Baltimore Gas & Electric	2,537,500	2,525,000
50,000	Bandag Inc	1,189,742	1,225,000
4,200	Bankamerica Corp	80,240	71,400
101,700	Baxter Travenol Labs	2,738,668	3,699,337
700	Becton Dickinson & Co	32,098	29,050
2,900	Beatrice Foods	57,941	56,187
1,300	Bethlehem Steel Corp	30,198	20,475
2,300	Black & Decker Mfg Co	32,728	30,762
1,600	Blue Bell Inc	39,967	39,200
2,400	Boeing Co	49,451	37,200
1,500	Boise Cascade Corp	44,594	32,437
101,600	Bristol Myers Co	3,934,497	5,651,500
27,400	Brock Hotel Corp	379,565	383,600
1,000	Browning Ferris Inds Inc	33,854	27,875
2,300	Brunswick Corp	41,066	47,725
167,900	Bucyrus Erie Co	3,822,939	2,119,737
1,300	Burlington Northern Inc	64,973	57,850
21,000	Burroughs Corp	1,451,967	661,500
78,500	Business Mens Assurance of America	2,461,475	1,923,250
115,000	Butler Manufacturing Co	3,239,162	2,328,750
1,000	C B S Inc	42,104	37,250
1,200	C S X Corporation	57,425	46,800
15,000	Campbell Taggart Inc	320,712	386,250
51,000	Capital Holding Corp of Del	1,035,351	1,249,500
2,100	Caterpillar Tractor	99,707	77,962
179,296	Central LA Elec Corp	2,046,926	2,510,144
170,400	Central LA Energy Corp	2,600,454	2,896,800
3,100	Champion Intl Corp	51,862	37,975
1,000	Chase Manhattan Corp	57,354	41,625
59,400	Cheseborough Ponds Inc	2,160,951	1,930,500
800	C I G N A Corp	40,108	27,200
1,200	Cincinnati Milacron	32,075	24,150
3,400	Citicorp	100,231	85,425
45,000	Cities Service Company	1,988,417	2,486,250

TABLE VIII

TABLE VIII Cont'd

Shares	Description	Cost	Market
53,300	Coca-Cola Co	\$ 2,128,101	\$ 1,798,875
140,000	Coleman Inc	3,577,447	3,080,000
2,500	Colgate Palmolive Co	47,762	42,187
1,200	Combustion Engr Inc	31,325	28,800
4,800	Commonwealth Edison Co	107,903	102,600
3,600	Computer Sciences Corp	43,577	44,100
37,500	Conagra	761,622	834,375
2,500	Consolidated Edison Co NY	96,199	89,062
27,500	Consolidated Foods	938,477	979,687
20,000	Continental Illinois Corp	584,500	462,500
4,000	Continental Tel Corp	69,419	65,000
1,000	Control Data Corp Del	31,385	24,375
1,100	Cooper Inds Inc	41,915	30,250
1,100	Corning Glass Wks	52,365	47,712
36,100	Cray Research Inc	826,408	857,375
20,000	Crown Zellerbach Corp	997,500	387,500
1,500	Dart & Kraft Inc	80,219	78,000
2,000	Datapoint Corp	42,209	24,250
81,700	Deere & Co	3,257,140	2,042,500
28,300	Delta Airlines Inc Del	591,285	962,200
50,000	Dickey-John Corp	970,018	612,500
26,300	Digital Equipment Corp	2,224,051	1,837,712
61,700	Dillon Companies Inc	1,204,888	1,318,837
16,000	Disney Productions	839,979	940,000
3,300	Dr Pepper Co	40,771	44,550
2,700	Dome Mines Ltd	30,320	17,550
4,700	Dow Chemical Co	112,118	97,525
1,900	Dresser Industries	42,236	33,962
37,100	Duckwall-Alco Stores Inc	110,408	278,250
3,800	Duke Power Co	89,698	81,700
800	Dun & Bradstreet Corp	54,483	53,800
5,700	Dupont & Co	205,085	188,100
18,100	Eastern Gas & Fuel Assoc	488,915	307,700
64,000	Eastman Kodak	3,966,160	4,720,000
2,700	El Paso Co	67,189	49,275
26,600	Emerson Electric Co	1,023,637	1,190,350
36,400	Empire District Electric	568,750	436,800
614,000	Energy Reserves Group	6,207,175	2,609,500
3,400	Enserch Corp	70,056	62,050
900	Esmark Inc	42,506	40,275
3,500	Evans Products Co	43,242	26,687
90,800	Exxon Corp	2,591,109	2,519,700
800	Federal Express Corp	42,783	35,900
43,000	Federated Dept Stores	1,566,519	1,838,250
4,100	First Charter Finl Corp	42,455	41,512
50,000	Fleetwood Enterprises	822,675	825,850
83,600	Florida Power & Light Co	2,482,225	2,685,650
111,900	Fluor Corp	1,931,060	1,888,312
3,800	Ford Motor Co	89,698	91,200
2,500	Foster Wheeler Corp	32,762	30,312
1,600	Gannett Inc Del	59,567	52,000
10,000	Gas Service Co	134,802	108,750
135,600	Gates Learjet Corp	2,296,397	1,644,150
45,000	Gatx Corp	1,423,987	1,063,425
72,800	General Dynamics	1,984,364	2,038,400
75,500	General Electric Corp	3,922,871	4,803,687
1,500	General Foods	56,782	56,625
1,500	General Mills Inc	61,844	62,812
7,700	General Motors Corp	338,151	343,612
35,000	General Signal Corp	1,133,165	1,220,625
5,100	General Telephone & Elect	160,547	140,250
3,500	Georgia Pacific Corp	61,179	49,000
19,000	Getty Oil Co	1,309,687	945,250
1,100	Gillette Co	39,440	38,362
2,600	Goodyear Tire & Rubber Co	60,397	63,700
2,000	Gould Inc	49,209	47,250
1,200	Grace W R & Co	48,725	38,700
3,600	Great Western Finl Corp	40,877	41,850
29,800	Gulf Canada Ltd	685,400	320,350
93,600	Gulf Oil Co	3,374,106	2,550,600
2,700	Gulf & Western Inds Inc	41,458	34,762
3,000	Halliburton Company	107,655	84,375
36,000	Harris Corp	1,331,378	886,500
1,500	Hercules Inc	31,890	27,187

TABLE VIII Cont'd

Shares	Description	Cost	Market
165,000	Hesston Corp	\$ 2,095,267	\$ 1,196,250
1,000	Heublin Inc	39,729	37,250
3,000	Hewlett Packard Co	135,405	127,500
1,100	Hilton Hotels Corp	42,327	35,887
61,500	Holiday Inns Inc	1,464,582	1,691,250
1,200	Homestake Mng Co	30,875	25,050
15,500	Honeywell Inc	1,038,677	1,038,500
1,300	Hospital Corp of America	44,011	37,700
2,300	Household Intl Inc	43,653	43,125
49,300	Hughes Tool Co	797,403	930,537
1,300	Humana Inc	34,625	32,500
24,000	E F Hutton Group Inc	883,870	600,000
350,625	ICP Inc	385,687	385,687
100,000	Interco Inc	4,139,696	4,012,500
163,376	International Business Mach	10,327,703	9,904,670
2,300	Intl Flavors & Fragrances	42,216	50,025
61,000	Intl Mineral & Chem Corp	2,264,642	1,616,500
1,700	Intl Paper Co	63,928	62,687
3,100	International Tel & Teleg Corp	82,087	73,237
4,500	Johnson & Johnson	179,909	177,750
1,200	Joy Mfg Co	32,225	27,000
4,800	K-Mart Corp	94,703	88,200
71,000	Kaiser Aluminum & Chemicals Co	1,890,535	896,375
2,200	Kaiser Cement Corp	40,105	39,050
119,500	Kansas City Southern Ind	3,167,534	3,316,125
70,000	Kansas Gas & Elec Co	1,192,850	1,120,000
212,500	Kansas Power & Light Co	3,933,901	4,568,750
100,000	The Kroger Co	1,314,249	3,450,000
1,800	Levi Strauss & Co	42,263	43,650
1,800	Eli Lilly & Co	117,188	103,050
20,000	Lincoln National Corp	725,440	760,000
1,000	Litton Inds Inc	53,010	43,125
27,800	Lockheed Corp	1,403,066	1,476,875
1,000	Louisiana Ld & Expl Co	31,135	27,375
2,500	Louisiana Pac Corp	50,887	42,500
52,500	Lowe's Cos Inc	597,625	761,250
1,400	M A Com Inc	31,996	24,500
800	MCA Inc	41,583	47,600
30,000	MCI Communications Corp	846,250	1,361,250
4,000	M E I Corp	136,840	149,000
3,100	Manville Corp	42,656	34,487
245.11	Mapco Inc	7,292	7,108
10,000	Marion Labs Inc	166,838	307,500
1,100	Marriott Corp	42,602	37,950
1,100	Martin Marietta Corp	32,565	28,050
75,760	Maryland Cup Corp	1,805,321	2,841,000
52,870	Matsushita Elec Indl Ltd Adr	2,682,092	2,141,235
1,300	McDermott Inc	31,050	23,887
1,100	McDonald Corp	76,015	78,787
1,000	McDonnell Douglas Corp	38,104	35,000
50,000	Medtronic Inc	1,751,210	2,368,750
31,800	Merck & Co	2,517,557	2,194,200
50,000	Merrill Lynch & Co Inc	1,848,750	1,287,500
1,900	Mesa Pete Co	29,944	26,362
5,700	Middle South Utilities	78,260	74,100
46,000	Minnesota Mining & Mfg	2,637,671	2,449,500
90,200	Mobil Corp	1,087,586	2,018,225
115,000	Mohawk Data Sciences Corp	1,750,612	1,322,500
1,000	Monsanto Corp	66,354	58,875
1,100	Morgan P J & Co Inc	64,190	56,925
800	Motorola Inc	52,083	49,000
600	N C R Corp	29,387	31,575
21,600	N L Industries Inc	415,216	442,800
1,400	N L T Corporation	40,571	50,050
1,800	National Distillers & Chem	41,588	37,800
20,000	National Medical Care	446,600	127,500
1,800	Natl Med Enterprises	30,788	26,100
68,100	National Semiconductor	2,264,305	1,413,075
800	Newmont Mng Co	30,083	25,900
63,500	Nicor Inc	2,015,269	1,722,437
44,496	Nomura Securities Co Ltd	972,929	739,746
51,000	Norfolk Southern Corp	1,912,618	2,320,500
44,000	Novo Industries Inc	1,579,500	1,776,720
900	Northern Telecom Ltd	41,606	32,737

TABLE VIII Cont'd

Shares	Description	Cost	Market
1,400	Northwest Airs Inc	\$ 43,021	\$ 39,550
500	Northwest Inds Inc	33,552	26,187
1,900	Norton Simon Inc	40,336	31,587
42,100	Owens-Corning Fiberglass Corp	1,077,120	668,337
1,700	Owens Illinois Inc	43,103	39,525
1,300	P P G Inds Inc	44,173	43,225
4,700	Pacific Gas & Elec Co	109,768	111,625
44,000	Penn Central Corp	1,152,590	1,144,000
2,700	J C Penney	99,508	101,250
62,500	Pepsico Inc	2,187,037	2,406,250
1,300	Perkin, Elmer Corp	31,011	23,075
82,500	Petrie Stores Corp	1,625,470	1,815,000
122,300	Pfizer Inc	5,559,600	6,757,075
1,100	Phelps Dodge Corp	29,815	25,712
67,008	Phibro Corp	826,291	1,650,072
3,200	Philip Morris Inc	170,032	164,000
3,600	Phillips Petroleum Co	115,127	107,100
98,000	Pillsbury Co	4,364,472	3,785,250
1,600	Pittston Co	30,616	24,200
2,100	Polaroid Corp	39,332	37,800
157,800	Potomac Electric Power Co	2,580,081	2,445,900
17,100	Proctor & Gamble Co	1,451,646	1,419,300
12,000	Provident National Corp	476,125	280,500
120,000	Public Service Co of Colorado	1,632,895	1,860,000
10,000	Public Service Co of N Mex	248,300	241,250
136,000	Puritan-Bennett Corp	3,161,917	2,516,000
2,700	R C A Corp	60,020	45,900
3,400	Ralston Purina Co	44,131	45,050
2,000	Raytheon Co	72,459	72,750
1,400	Revlon Inc	40,264	37,275
2,700	R J Reynolds Ind	131,908	122,512
54,000	Rio Grande Ind Inc	2,509,571	1,890,000
1,900	Rockwell International	59,336	59,850
900	Rolm Corp	31,031	20,812
129,900	Rorer Group Inc	2,334,177	2,289,487
6,400	Royal Dutch Pete Co	226,577	200,000
27,100	Rubbermaid Inc	612,743	1,111,100
2,400	Safeway Stores Inc	68,051	74,400
2,900	Santa Fe Industries	47,429	43,500
49,300	Schering Plough Corp	1,723,990	1,448,187
6,900	Schlumberger Ltd	331,924	263,925
1,500	Scientific Atlanta Inc.	30,532	18,000
157,300	Southern Company	2,030,966	1,966,250
210,000	Southwestern Public Serv	2,498,616	2,861,250
1,000	Sperry Corp	29,229	22,500
75,000	Square D Co	2,108,025	1,865,625
1,200	Squibb Corp	43,325	41,250
75,000	Standard Motor Prod Inc	1,321,880	1,396,875
130,200	Standard Oil Co Calif	2,712,254	3,743,250
7,100	Standard Oil of Indiana	301,607	286,662
5,900	Standard Oil Co of Ohio	210,069	185,850
100,000	Stanley Works	1,071,734	1,412,500
1,500	Sterling Drug Inc	42,344	31,312
1,200	Storage Technology Corp	31,625	25,200
2,900	Sun Inc	101,079	95,700
3,000	Superior Oil Co	101,564	84,000
161,000	Teco Energy Inc	2,989,625	3,018,750
800	T R W Inc	41,683	40,400
30,000	Tampax Inc	1,110,000	1,005,000
2,800	Tandy Corp	93,743	77,000
120,000	Techamerica Group Inc	1,043,595	585,600
600	Tektronix Inc	33,062	31,575
500	Teledyne Inc	63,427	49,750
4,500	Tenneco	123,659	111,375
6,200	Texaco Inc	190,680	181,350
70,000	Texas Gas Transmission Corp Co	1,903,441	1,618,750
13,100	Texas Instruments Inc	1,616,085	1,134,787
2,300	Texas Oil & Gas Corp	70,103	58,362
4,200	Texas Utils Co	97,040	91,350
50,000	Textron Inc	1,302,442	943,750
5,900	Tiger Intl Inc	46,344	45,725
1,500	Time Inc	51,719	44,062
1,100	Times Mirror Co	49,615	46,750
2,100	Transamerica Corp Com	45,370	39,900

TABLE VIII Cont'd

Shares	Description	Cost	Market
102,600	Travelers Corp	\$ 1,883,404	\$ 2,154,600
2,000	Tymshare Inc	41,209	28,500
37,900	UAL Inc	941,625	696,412
1,000	Unilever, NV	60,354	52,625
1,700	Union Carbide Corp	82,415	72,037
4,200	Union Oil Co of Calif	141,665	135,450
2,600	Union Pac Corp	97,772	88,075
3,100	United State Home Corp	42,175	35,650
194,200	United States Steel Corp	3,556,205	3,592,700
1,300	United Technologies	51,811	51,025
81,773	United Telecommunications	1,314,368	1,431,027
700	Upjohn Co	33,760	29,400
5,500	Virginia Elect & Power	73,617	69,437
3,200	Walker Hiram Res Ltd	42,335	41,600
2,300	Walter Jim Corp	43,653	46,000
1,400	Wang Labs Inc, C1' B	45,646	38,675
1,700	Warner Communications Inc	95,854	82,025
1,900	Warner Lambert Co	47,936	38,475
106,400	Waste Management	614,429	2,979,200
32,100	Westinghouse Electric	1,120,456	830,587
38,700	Weyerhaeuser Co	1,368,638	967,500
145,000	Whirlpool Corp	2,949,631	4,531,250
41,700	White Consolidated Ind	1,086,848	1,032,075
40,000	Williams Cos	1,107,700	615,000
109,000	Wilson Food Corporation	721,250	517,750
103,200	Wisconsin Electric Power Corp	3,201,401	3,186,300
3,800	Woolworth F W & Co	65,948	72,200
108,100	Xerox Corp	8,203,583	3,472,712
3,300	Zenith Radio Corp	48,196	37,950
80,000	Zimmer Homes Corp	764,309	1,040,000
	Total	<u>\$283,569,650</u>	<u>\$273,169,222</u>

U. S. GOVERNMENT NOTES AND BONDS

Face	Description	Amortized Cost	Market Value
	U S Treasury Notes		
\$ 200,000	8.375% Due 09/30/1982	\$ 200,000	\$ 197,250
1,000,000	13.875% Due 11/30/1982	996,818	998,120
3,000,000	15.875% Due 07/31/1983	3,036,710	3,033,750
2,000,000	16.25% Due 08/31/1983	1,999,347	2,031,880
1,000,000	7.25% Due 02/15/1984	1,000,000	904,060
2,500,000	9.25% Due 05/15/1984	2,315,069	2,287,500
3,000,000	13.25% Due 05/15/1984	2,996,298	2,928,750
2,000,000	14.375% Due 11/15/1984	1,968,888	1,985,000
5,000,000	14% Due 06/30/1985	4,942,708	4,909,350
500,000	8.25% Due 08/15/1985	468,373	424,060
2,000,000	11.75% Due 11/15/1985	1,998,360	1,851,240
2,500,000	7.875% Due 05/15/1986	2,305,926	2,029,675
6,000,000	14.875% Due 06/30/1986	5,985,700	5,986,860
2,800,000	8% Due 08/15/1986	2,811,743	2,262,736
1,000,000	12.75% Due 02/15/1987	996,008	938,750
3,000,000	13.75% Due 08/15/1987	2,931,915	2,904,360
5,000,000	12.375% Due 01/15/1988	4,957,069	4,606,250
5,000,000	14.625% Due 01/15/1989	5,034,418	4,996,850
2,000,000	9.25% Due 05/15/1989	1,827,268	1,583,740
11,200,000	10.75% Due 11/15/1989	10,287,556	9,394,000
3,500,000	10.75% Due 08/15/1990	2,965,227	2,909,375
250,000	13% Due 11/15/1990	237,862	233,592
2,000,000	14.875% Due 08/15/1991	2,017,415	2,028,740
10,500,000	14.25% Due 11/15/1991	10,827,421	10,375,260
5,000,000	14.625% Due 02/15/1992	5,058,745	5,031,250
32,300,000	13.75% Due 05/15/1992	31,805,608	31,341,013
	U S Treasury Bonds		
2,000,000	8.625% Due 08/15/1993	1,820,071	1,402,500
2,500,000	9% Due 02/15/1994	2,528,084	1,807,025
3,000,000	12.625% Due 05/15/1995	2,840,363	2,743,110
4,000,000	11.50% Due 11/15/1995	3,280,952	3,385,000

TABLE VIII Cont'd

Face	Description	Amortized Cost	Market Value
	U S Treasury Bonds		
\$ 1,300,000	7.875% Due 02/15/2000	\$ 1,259,626	\$ 786,903
2,500,000	8.375% Due 08/15/2000	1,908,388	1,600,000
6,000,000	14.25% Due 02/15/2002	6,088,840	6,030,000
1,000,000	8.25% Due 05/15/2005	1,000,000	628,120
2,000,000	9.125% Due 05/15/2009	1,926,642	1,361,880
7,500,000	12.75% Due 11/15/2010	6,907,968	6,907,950
15,000,000	13.875% Due 05/15/2011	14,918,906	14,918,850
17,000,000	14% Due 11/15/2011	17,403,986	17,104,040
<u>\$178,050,000</u>	Total	<u>\$173,856,293</u>	<u>\$166,848,789</u>

U. S. GOVERNMENT AGENCIES
NOTES AND BONDS

Face	Description	Amortized Cost	Market
\$ 1,000,000	Farmers Home Admin 9% Due 04/23/1989	\$ 1,004,603	\$ 745,000
1,000,000	Federal Farm Credit Banks 13.75% Due 09/01/1983	1,000,000	985,000
2,000,000	15.15% Due 07/21/1986	1,940,033	1,987,500
2,500,000	11.70% Due 07/20/1988	2,188,768	2,156,250
1,000,000	14.70% Due 07/22/1991	1,000,000	973,750
2,000,000	Federal Home Loan Bank 11.75% Due 02/27/1984	2,000,000	1,901,240
2,000,000	15.30% Due 02/25/1986	2,033,450	1,990,000
701,000	8.20% Due 09/15/2007	698,405	492,452
2,056,000	8.85% Due 03/15/2008	1,692,556	1,444,340
2,607,500	10.25% Due 03/15/2009	2,256,380	2,033,850
1,000,000	Federal Natl Mtg Assn 18% Due 05/10/1983	1,000,000	1,021,870
5,000,000	14.10% Due 08/12/1985	5,000,000	4,837,500
1,000,000	7.65% Due 06/10/1987	761,930	741,250
500,000	8.55% Due 09/12/1988	349,962	370,000
1,000,000	7.05% Due 06/10/1992	1,000,000	600,000
1,510,440	F H A Mortgage Note Clinton Place 7.50% Due 02/01/2021	860,530	808,085
505,920	Concordia Apt 7.50% Due 11/01/2018	359,324	270,667
348,524	Golden Plains Inc Complex 14.25% Due 12/18/1995	348,524	300,602
1,955,499	Greenway Park Apts 7.50% Due 10/01/2019	1,373,848	1,046,192
5,596,584	Meadows II 7.50% 02/20/2021	3,195,067	2,994,172
4,564,221	Mt. Carmel Village 7.43% Due 07/01/2021	2,536,320	2,441,858
600,844	Northbrooke Townhouses 7.50% Due 05/01/2019	429,162	321,452
1,658,635	Overland Park Estates 7.50% Due 01/01/2020	1,187,882	887,369
1,181,874	Park Plaza Tower 7.50% Due 02/14/2018	982,159	632,302
964,678	Pine Manor 7.50% Due 10/01/2020	548,243	516,102
1,799,938	Shady Brook Estates 7.50% Due 01/02/2020	1,289,112	962,967
2,487,114	Shady Way Plaza 7.50% Due 08/01/2020	1,387,497	1,330,606
2,218,632	Somerset Plaza Tower 7.50% Due 03/01/2019	1,431,064	1,186,968
1,342,094	Western Well & Pump 15.34% Due 12/18/1996	1,361,551	1,352,160
2,430,774	Willow Creek Manor 7.50% Due 11/16/2019	1,709,468	1,300,464
1,702,523	Windsor Court 7.50% Due 07/24/2018	1,414,602	910,850
1,476,407	Govern Natl Mtg Assn Pool 13.75% Due 05/15/1996	1,442,411	1,304,302
486,079	13.75% Due 06/15/1996	467,019	429,417
2,004,331	8% Due 02/15/2004	1,298,464	1,243,927
1,823,149	8.05% Due 10/15/2005	1,385,078	1,136,041
475,631	8% Due 09/15/2006	307,967	295,186
1,514,333	8% Due 10/15/2006	980,920	939,825
203,376	8% Due 12/15/2006	132,035	126,219
973,901	8% Due 08/15/2007	632,180	604,422
850,119	8% Due 09/15/2007	551,821	527,601
22,243	8% Due 01/15/2008	14,437	13,804
934,991	8% Due 03/15/2008	606,850	580,274
500,580	8% Due 04/15/2008	324,893	310,670
1,846,273	Govern Natl Mtg Assn Pool 9% Due 01/15/2009	1,728,263	1,231,433
1,930,019	9% Due 04/15/2009	1,802,677	1,276,225

TABLE VIII Cont'd

Face	Description	Amortized Cost	Market Value
\$ 1,951,189	Govern Natl Mtg Assn Pool	\$ 1,822,393	\$ 1,290,223
730,453	9% Due 05/15/2009	519,666	497,621
31,901	9.50% Due 06/15/2009	22,695	21,733
428,879	9.50% Due 07/15/2009	337,953	292,173
1,067,458	9.50% Due 08/15/2009	759,396	727,206
1,721,928	9.50% Due 09/15/2009	1,337,442	1,173,063
953,663	9.50% Due 10/15/2009	678,426	649,683
979,166	13.50% Due 05/15/2010	847,638	856,153
936,484	11.50% Due 07/15/2010	827,290	730,458
2,923,554	11% Due 08/15/2010	2,370,699	2,210,938
1,974,575	11.50% Due 10/15/2010	1,643,736	1,540,168
2,094,274	12% Due 10/15/2010	1,618,756	1,685,220
207,052	13% Due 11/15/2010	169,778	176,253
1,015,696	12.50% Due 12/15/2010	834,060	842,387
831,351	13% Due 12/15/2010	682,358	707,688
977,334	13% Due 01/15/2011	876,525	831,955
996,310	13% Due 02/01/2011	880,261	848,109
1,005,555	11.50% Due 02/15/2011	747,492	784,333
2,236,497	13% Due 02/15/2011	1,988,980	1,903,818
3,238,864	13% Due 03/15/2011	2,840,774	2,757,083
1,036,276	13.50% Due 03/15/2011	823,856	906,089
2,950,378	13% Due 04/15/2011	2,638,915	2,511,509
44,880	13.50% Due 04/15/2011	38,845	39,242
1,024,583	12% Due 05/15/2011	805,452	824,461
1,025,787	13% Due 05/15/2011	841,670	873,201
2,991,047	13.50% Due 05/15/2011	2,563,826	2,615,281
1,006,724	14% Due 05/15/2011	887,318	898,179
1,195	11.50% Due 06/15/2011	915	932
1,037,389	12% Due 06/15/2011	816,206	834,766
943,615	13.50% Due 06/15/2011	816,712	825,069
5,086,692	14% Due 06/15/2011	4,603,769	4,538,245
1,551,912	12% Due 07/15/2011	1,220,011	1,248,793
1,020,173	14% Due 07/15/2011	989,981	910,178
997,089	11.50% Due 08/15/2011	780,213	777,729
87	14% Due 08/15/2011	77	77
1,015,563	13% Due 09/15/2011	856,881	864,498
997,831	11.50% Due 10/15/2011	780,776	778,308
1,010,669	13% Due 10/15/2011	874,616	860,332
245,045	14% Due 10/15/2011	230,731	218,625
170	14% Due 12/15/2011	164	151
1,524,284	13% Due 02/15/2012	1,351,920	1,297,547
779,724	14% Due 02/15/2012	734,172	695,654
3,121,205	13% Due 03/15/2012	2,763,872	2,656,925
1,999,468	14% Due 03/15/2012	1,808,999	1,783,885
2,937,842	14% Due 04/15/2012	2,727,518	2,621,084
5,182,079	14% Due 05/15/2012	4,856,485	4,623,347
1,982,667	14% Due 06/15/2012	1,836,741	1,768,896
1,000,000	International Bk for Recon & Dev. Washington DC NT 16.625% Due 11/01/1991	1,000,000	1,028,750
<u>\$140,090,817</u>	Total	<u>\$115,472,450</u>	<u>\$107,090,217</u>

CORPORATE BONDS

Face	Description	Amortized Cost Value	Market Value
\$ 2,000,000	Acf Inds Inc Equip Tr Ctfs 14.50% Due 12/01/1996	\$ 1,957,951	\$ 1,852,500
1,000,000	Alaska Housing Finance Corp 15.25% Due 06/01/1002	992,562	967,500
1,000,000	Alaska St Hsg Fin Corp Htg Bds 18.375% Due 12/01/2001	970,995	1,100,000
1,000,000	American Cyanamid 8.375% Due 03/15/2006	983,095	541,250
900,000	American Express Credit Corp 11.25% Due 07/01/2000	758,138	648,000
500,000	American Home Finance Corp 15% Due 02/28/2012	500,000	500,000

TABLE VIII Cont'd

Face	Description	Amortized Cost Value	Market Value
\$ 1,000,000	Arkansas Pwr & Lt 16.125% Due 12/01/1986	\$ 1,003,515	\$ 991,250
1,000,000	Associates Corp of NA Notes 13.875% Due 11/15/1990	1,000,000	900,000
1,000,000	Associates Corp. North Amer 14.50% Due 02/01/1990	993,000	917,500
500,000	Atchison Topeka & Santa Fe RR 12.875% Due 11/01/1984	498,836	477,500
500,000	Baker Intl Bd Rting AA/A Plus 6% Due 03/15/2002	225,563	228,750
500,000	Bank America Corp 7.875% Due 12/01/2003	341,027	272,500
991,445	Bank Amer Natl Tr & Svgs Assn 9.50% Due 12/01/2008	669,621	629,568
500,000	Beneficial Corp Deb 8% Due 06/15/2001	498,663	462,500
700,000	8.35% Due 02/15/1988	700,000	514,500
1,000,000	Boeing Co Conv Sub Debs 8.875% Due 06/15/2006	1,000,000	630,000
4,900,000	British Columbia Hydro & Pwr 15.50% Due 11/15/2011	4,854,453	4,777,500
500,000	Carter Hawley Hale Stores Inc 9.45% Due 12/15/2000	504,635	300,625
1,650,000	Central Tel Co Del 8.25% Due 07/01/2007	1,650,000	919,875
5,000,000	Chrysler Corp Notes 10.35% Due 06/01/1990	4,841,666	3,825,000
2,000,000	Chrysler Corp US Guaranteed 11.40% Due 07/15/1990	2,000,000	1,660,000
1,000,000	C I T Finl Corp Deb 14.75% Due 12/01/1991	1,000,000	978,750
500,000	Citicorp Conv Debs 5.75% Due 06/30/2000	490,285	327,500
2,238,000	Comdisco Inc Cov Sub Debs 13% Due 06/15/2001	2,229,985	2,355,495
500,000	Commercial Credit Notes 8.75% Due 03/15/1988	493,290	376,250
500,000	Commonwealth Edison 6.25% Due 02/01/1998	386,372	233,125
1,000,000	17.50% Due 11/01/1988	996,607	1,048,750
3,000,000	Connecticut Light & Power 14.375% Due 09/01/2010	2,401,060	2,467,500
500,000	Cons Natural Gas Debs 8.375% Due 09/01/1996	481,284	315,625
500,000	Continental Group SF Debs 8.85% Due 05/15/2004	500,000	310,000
500,000	Crystal Oil Conv Debs 11.375% Due 04/15/2000	469,900	430,000
1,400,000	Crystal Oil Sub Debs 13.75% Due 07/15/2000	1,290,339	1,025,500
1,000,000	Dayton-Hudson Corp NT 15.25% Due 11/15/1991	995,294	977,500
400,000	Dayton Pwr & Light 8.125% Due 08/01/2001	399,295	220,500
500,000	Detroit Edison Co Gen Ref 6% Due 12/01/1996	450,067	210,000
2,000,000	Didde-Glasser Inc 9% Due 10/01/1992	2,000,000	1,285,000
1,000,000	Dow Chemical Co Debs 7.625% Due 07/01/2003	654,620	527,500
1,500,000	Duke Power Co 12% Due 07/01/1990	1,492,677	1,290,000
5,000,000	Dupont De Nemours & Co Note 14% Due 12/01/1991	5,000,000	4,775,000
1,000,000	Dupont E I De Nemours & Co 6% Due 12/01/2001	484,021	447,500
1,000,000	Dequesne Light Co 16.25% Due 05/01/2012	1,000,000	957,500
500,000	Ensearch Corp SF Deb 8.75% Due 10/01/2001	473,498	295,000
1,583,156	Farmland Industries Inc #10 12% Due 07/30/1998	1,583,156	1,244,756
1,962,500	#11 12% Due 07/30/1998	1,962,500	1,543,015

TABLE VIII Cont'd

Face	Description	Amortized Cost Value	Market Value
\$ 275,000	Florida Gulf Realty Tr Con Deb 10.75% Due 04/30/2001	\$ 275,000	\$ 220,000
1,000,000	Florida Pwr & Lt Co 15.75% Due 11/01/2011	985,251	953,750
5,000,000	16.375% Due 06/01/2012	4,981,250	4,943,750
500,000	Florida Power Corp 13.30% Due 11/01/1990	497,373	450,000
1,000,000	Gatx Corp Equip Tr Ser 75 9% Due 11/15/1998	989,999	620,000
3,700,000	Gelco Corp Conv Debs 14% Due 02/01/2001	3,430,894	3,043,250
1,000,000	General Elect Credit Corp 8.125% Due 01/15/1985	1,000,000	860,500
3,000,000	Graphic Scanning Corp 10% Due 12/01/2001	3,000,000	2,760,000
500,000	Guaranteed Mortgage Corp 15% Due 01/28/2012	500,000	490,000
3,270,000	Gulf Oil Corp Var Rate Debs 13.75% Due 06/01/2009	3,033,146	2,791,762
1,000,000	Harris Corp SF Debs 7.75% Due 12/15/2001	823,578	530,000
500,000	Honeywell Finance Inc SF Deb 8.20% Due 12/15/1998	500,000	293,750
800,000	Household Finance Corp Debs 7.85% Due 10/01/1986	800,000	604,000
500,000	Household Finance Corp Fltng Rt Due 3/1/87	496,315	495,000
1,000,000	Houston Power & Light 13.875% Due 02/01/1991	992,426	932,500
1,000,000	Hughes Tool CO SF Debs 9% Due 11/01/2008	964,666	627,500
2,025,000	Humana Inc SF Debs 11.70% Due 06/30/1998	1,780,545	1,498,500
1,000,000	Hydro-Quebec 12.50% Due 10/15/1987	1,000,000	896,250
1,000,000	16.25% Due 07/15/1991	997,731	1,021,250
1,000,000	17.375% Due 09/01/1991	1,048,826	1,066,250
1,000,000	16.875% Due 11/01/1987	998,488	1,033,750
1,000,000	I T T Financial Corp SR Debs 8.875% Due 06/15/2003	979,072	760,000
1,675,000	Illinois Power Co. 11.375% Due 08/01/1987	1,670,629	1,515,875
1,000,000	Imperial Oil Ltd Deb 9.75% Due 09/15/2009	684,526	632,500
5,000,000	15.50% Due 12/01/2011	4,998,770	4,837,500
250,000	Indiana & Michigan Electric Co 4.375% Due 08/01/1993	249,731	109,687
664,062	Inter-Collegiate Press Inc 15% Due 08/01/1992	664,062	410,057
1,000,000	International Business Machs 14.375% Due 07/15/1986	997,912	985,000
2,000,000	Intl Harvester Credit Corp 13.50% Due 08/01/1988	2,000,000	960,000
1,000,000	General Mtrs Accept Corp 9.75% Due 03/30/1984	965,609	914,300
500,000	8.125% Due 06/15/1986	499,506	399,375
800,000	8.15% Due 08/15/1986	800,000	624,000
600,000	7.35% Due 01/15/1987	600,000	453,000
5,000,000	16% Due 03/06/1987	5,000,000	5,000,000
2,000,000	16% Due 03/02/1987	2,000,000	2,000,000
1,000,000	7.25% Due 03/01/1995	948,609	556,250
2,000,000	General Tel Co Calif 1st Mtg 16.50% Due 06/01/2011	1,960,606	1,945,000
500,000	International Paper Sinking Fund 8.85% Due 12/15/2000	507,415	306,250
800,000	J P Morgan Co Conv Debs 4.75% Due 11/01/1998	758,092	496,000
500,000	J P Morgan Notes 8% Due 03/15/1986	498,428	397,500
500,000	Kansas City Power & Light Co 7.125% Due 02/01/1999	499,157	259,375
500,000	7.75% Due 06/01/2001	492,532	271,875
2,000,000	8.125% Due 12/01/2006	1,957,668	1,095,000

TABLE VIII Cont'd

Face	Description	Amortized Cost Value	Market Value
\$ 500,000	Kansas City Power & Light Co 9.25% Due 06/01/2008	\$ 478,155	\$ 305,625
4,000,000	16.50% Due 12/15/2011	3,960,668	3,965,000
1,100,000	Kansas Gas & Electric 5.625% Due 05/01/1996	940,479	471,625
493,000	Kansas Nebr Natural Gas Debs 9% Due 01/01/1996	491,328	326,612
1,750,000	Kansas Power & Light 8.125% Due 06/01/2007	1,714,016	980,000
500,000	Kerr-McGee Corp 8.50% Due 06/01/2006	345,633	281,250
1,000,000	7% Due 11/01/2011	509,259	460,000
500,000	Liggett & Meyers Grp SF Deb 8.625% Due 04/15/2001	500,000	273,750
1,000,000	Long Island Lighting Co 8.625% Due 05/01/2007	885,952	560,000
1,100,000	18% Due 12/01/2011	1,080,649	1,105,500
2,000,000	M C I Communications Corp 15% Due 08/01/2000	2,000,000	1,777,500
3,275,000	14.125% Due 04/01/2001	2,796,453	2,685,500
820,000	MacMillan Bloedel Ltd Ser F 8.75% Due 07/01/1994	820,000	459,200
700,000	Merck & Co Notes 7.875% Due 06/15/1985	697,751	587,125
1,000,000	Michigan Wis Pipe Line Co. 17.75% Due 10/01/1991	1,000,000	1,047,500
500,000	Missouri Pacific Corp Equip Trust Ctf 8.75% Due 11/01/1987	500,000	380,625
4,000,000	Natl Coop Refinery Assn 10.25% Due 09/30/1994	4,000,000	2,680,000
1,000,000	Natl Rural Utilities Coop 15.75% Due 08/15/1991	981,292	1,001,250
2,000,000	National Medical Enterprises 12.75% Due 06/15/2000	1,647,440	1,515,000
1,000,000	New Brunswick Prov Canada Debs 8.375% Due 12/15/1998	991,595	597,500
400,000	New England Tel & Tel Debs 4.625% Due 04/01/1999	299,225	183,000
190,000	4.50% Due 07/01/2002	187,625	66,025
1,000,000	Niagara Mohawk Pwr Gen Mtg Bds 7.75% Due 08/01/2002	905,993	533,750
1,000,000	Northern Ill Gas 8.50% Due 04/01/1983	1,000,000	950,000
400,000	4.50% Due 08/01/1989	332,283	242,500
700,000	6% Due 08/01/1991	608,950	425,250
395,000	Northern Indiana Pub Service 4.875% Due 02/15/1990	325,289	233,543
1,000,000	8.90% Due 04/01/2004	666,213	602,500
1,000,000	Northern Telecom Ltd Notes 12.25% Due 10/01/1990	849,331	830,000
500,000	Northwest Bancorporation 7.75% Due 03/15/2003	500,000	246,250
4,175,000	Oak Industries Inc S. F. Deb 13.65% Due 04/01/2001	3,639,560	3,407,843
1,050,000	Ohio Edison Co 1st Mtg 18.75% Due 10/01/1991	1,050,000	1,135,312
500,000	Ontario Prov CDA Deb 7.125% Due 08/01/1998	454,822	261,250
500,000	PPG Industries Inc SF Debs 8.50% Due 02/15/2000	496,471	290,000
2,000,000	Pacific Tel & Tel Co Notes 11.35% Due 07/15/1990	2,000,000	1,600,000
1,000,000	13.625% Due 11/01/1990	996,666	912,500
1,150,000	5.125% Due 02/01/1993	896,943	577,875
1,000,000	Penn Pwr & Lt Co 14% Due 12/01/1990	993,687	905,000
1,000,000	16.126% Due 04/01/1992	994,022	988,750
1,000,000	Pepsico Capital Resources Inc 0% Due 04/01/2003	77,049	62,500
1,000,000	0% Due 04/01/2004	69,811	56,250
1,000,000	0% Due 04/01/2005	63,392	50,000
1,000,000	0% Due 04/01/2006	57,708	45,000
1,000,000	0% Due 04/01/2007	52,669	41,250

TABLE VIII Cont'd

Face	Description	Amortized Cost Value	Market Value
\$ 1,000,000	Pepsico Capital Resources Inc 0% Due 04/01/2008	\$ 48,171	\$ 40,000
1,000,000	0% Due 04/01/2009	44,172	32,500
1,000,000	0% Due 04/01/2010	40,603	35,000
1,000,000	0% Due 04/01/2011	37,400	35,000
1,000,000	0% Due 04/01/2012	34,543	23,750
500,000	Pepsico Inc Notes 8.25% Due 01/15/1985	498,249	427,500
1,500,000	Philadelphia Electric Co 13.75% Due 10/15/1992	1,475,347	1,306,875
300,000	4.50% Due 05/01/1994	301,473	128,250
1,000,000	7.375% Due 12/15/2001	451,418	457,500
1,000,000	Philip Morris Inc Debs 9.125% Due 07/15/2003	983,620	630,000
500,000	Proctor & Gamble SF Debs 7% Due 05/15/2002	313,305	265,625
1,300,000	Public Service Co Colo 16.25% Due 12/01/2011	1,285,344	1,268,449
500,000	Public Service Co of Indiana 9.50% Due 05/01/1985	459,254	457,500
1,000,000	14.75% Due 02/01/2011	888,509	920,000
750,000	Public Service Co of Indiana 15.75% Due 12/01/2011	743,131	726,562
1,235,000	Recognition Equipment Conv Deb 11% Due 02/15/2006	1,235,000	691,600
500,000	Sears Roebuck & Co Debs 7.75% Due 03/01/1985	495,418	422,500
1,000,000	Shearson Loeb Rhoades Sub Note 15.25% Due 12/01/1990	1,000,000	985,000
500,000	Sohio B/P Trans Alaska Notes 8.625% Due 02/01/1983	487,770	480,155
1,000,000	Southern Bell Tel & Tel Debs 16% Due 11/01/2021	959,171	983,750
5,000,000	Southern Calif Edison Co 15.75% Due 12/01/2011	4,938,824	4,800,000
1,000,000	Southwestern Bell Bd 6.875% Due 02/01/2011	504,584	470,000
1,000,000	Southwestern Bell Tel Co 16.125% Due 09/18/2021	964,009	988,750
1,000,000	Standard Oil Co Ind Notes 14% Due 06/01/1991	922,657	942,500
550,000	Standard Oil Of Calif 7% Due 04/01/1996	424,140	312,125
280,000	Sun Inc Cov Sub Deb 10.75% Due 04/01/2006	280,000	259,000
1,000,000	Tenneco Inc Notes 13.375% Due 01/15/1991	854,038	917,500
1,000,000	Texas Oil & Gas Corp Notes 16.625% Due 10/15/1991	998,834	1,040,000
2,000,000	Transamerica Finl Corp Notes 8.50% Due 07/01/2001	1,974,355	1,735,000
1,000,000	USS Holdings Co Std Nt 12.50% Due 03/01/1994	768,706	775,000
1,000,000	Union Pacific Corp Notes 6% Due 03/01/1992	584,934	555,000
1,000,000	United Technologies Notes 9% Due 04/15/1985	908,958	865,000
1,000,000	Upjohn Co Notes 14% Due 06/01/1991	912,190	946,250
4,125,000	Utah Power & Light 1st Mtg 16.375% Due 12/01/2011	4,020,565	4,056,401
1,000,000	Wisconsin Electric Power Co 13.75% Due 12/01/1986	1,000,000	947,500
<u>\$209,322,165</u>	Total	<u>\$188,702,912</u>	<u>\$163,852,848</u>

TABLE VIII Cont'd

MUNICIPAL BONDS

Face	Description	Amortized Cost	Market
\$3,000	Elwood City, KS Water Works 4.75% Due 11/1/82	\$3,000	\$2,943
<u>\$3,000</u>	Total	<u>\$3,000</u>	<u>\$2,943</u>

INDUSTRIAL REVENUE BONDS

Face	Description	Amortized Cost	Market
\$ 4,000,000	Dodge City Ks Indl Dev Rev Bd 12.75% Due 05/01/2000	\$ 4,000,000	\$ 4,054,760
415,000	Great Bend Ks Ind Rev Bds--Fuller Brush Co 8.25% Due 10/01/1982	415,000	413,331
450,000	8.25% Due 10/01/1983	450,000	441,643
490,000	8.25% Due 10/01/1984	490,000	471,159
535,000	8.25% Due 10/01/1985	535,000	501,562
580,000	8.25% Due 10/01/1986	580,000	528,252
630,000	8.25% Due 10/01/1987	630,000	556,132
1,000,000	Hutchinson Ks Ind Rev Bd Ser Cargill Inc. 8.875% Due 04/01/2001	1,000,000	728,950
3,860,300	Junction City Ks Ind Rev Bds F. W. Woolworth Co. 9.40% Due 04/01/2004	3,860,300	2,750,850
45,000	Wichita Ks Ind Rev Bds - NCR 8.125% Due 08/01/1982	45,000	44,928
45,000	8.125% Due 08/01/1983	45,000	44,243
50,000	8.125% Due 08/01/1984	50,000	48,149
55,000	8.125% Due 08/01/1985	55,000	51,622
60,000	8.125% Due 08/01/1986	60,000	54,688
65,000	8.125% Due 08/01/1987	65,000	57,350
70,000	8.125% Due 08/01/1988	70,000	59,929
75,000	8.125% Due 08/01/1989	75,000	62,246
80,000	8.125% Due 08/01/1990	80,000	64,326
90,000	8.125% Due 08/01/1991	90,000	70,090
95,000	8.125% Due 08/01/1992	95,000	71,697
105,000	8.125% Due 08/01/1993	105,000	77,262
115,000	8.125% Due 08/01/1994	115,000	82,573
125,000	8.125% Due 08/01/1995	125,000	87,658
135,000	8.125% Due 08/01/1996	135,000	92,546
145,000	8.125% Due 08/01/1997	145,000	97,328
155,000	8.125% Due 08/01/1998	155,000	102,630
<u>1,797,170</u>	Wichita Ks Ind Rev Bonds Pizza Hut, Inc. 9.50% Due 12/01/1997	<u>1,797,170</u>	<u>1,617,453</u>
<u>\$15,267,471</u>	Total	<u>\$15,267,471</u>	<u>\$13,233,367</u>

OTHER INVESTMENTS

Face	Description	Cost	Market
\$ 4,093,628	Small Business Administration Guaranteed Loans	\$ 4,093,628	\$ 4,093,628
129,400,000	Kansas Liquidity Fund	129,400,000	129,400,000
14,514,088	Mortgage Loan Pass-Through Certificate, 1981 Series L-KS	14,514,088	14,514,088
<u>\$148,007,717</u>	Total	<u>\$148,007,717</u>	<u>\$148,007,717</u>

TABLE VIII Cont'd

TEMPORARY INVESTMENTS

Face	Description	Cost/Amort. Cost	Market
\$ 12,700,000	Certificates of Deposit	\$ 12,700,000	\$ 12,700,000
10,426,532	Commercial Paper	10,426,532	10,426,532
28,870	Money Market Pools	28,870	28,870
64,400,000	Repurchase Agreements	64,400,000	64,400,000
242,528,421	Short Term Invest. Fund	242,528,421	242,528,421
2,903,919	U. S. Treasury Bills	2,903,919	2,903,919
1,575,000	Variable Rate Notes	1,575,000	1,575,000
	Bonds With One (1) Year or Less to Maturity From Date of Purchase		
	Federal Farm Credit Banks		
5,250,000	14.30% Due 08/02/82	5,250,000	5,250,000
6,075,000	13.90% Due 09/01/82	6,075,000	6,075,000
6,500,000	14.50% Due 10/01/82	6,500,000	6,500,000
3,700,000	13.65% Due 11/01/82	3,700,000	3,700,000
	Federal Natl Mtg Assn Debs		
6,000,000	15.50% Due 08/10/82	6,000,000	6,000,000
	U S Merchant Marine Govt Gtd		
	Title II Bd Amer Prss Lines		
2,000,000	14.40% Due 10/15/82	2,000,000	2,000,000
<u>\$364,087,744</u>	Total	<u>\$364,087,744</u>	<u>\$364,087,744</u>

SUMMARY OF INVESTMENTS

Description	Cost	Market
Common Stocks	\$ 283,569,650	\$ 273,269,222
U. S. Government Notes and Bonds	173,856,293	166,848,789
U. S. Government Agencies Notes and Bonds	115,472,405	107,090,217
Corporate Bonds	188,702,912	163,852,848
Industrial Revenue Bonds	15,267,471	13,233,367
Municipal Bonds	3,000	2,943
Other Investments	248,007,717	248,007,717
Temporary Investments	364,087,744	364,087,744
	<u>\$1,388,967,192</u>	<u>\$1,336,392,847</u>

PUBLICATIONS

The following manuals, brochures and pamphlets are produced by the retirement system and are available to all members of all systems through their Designated Retirement Agent:

- 1) Retirement Act -- KPERS Nonschool & School
- 2) Retirement Act -- KP&F
- 3) Retirement Act -- Judges
- 4) Administrative Regulations -- KPERS
- 5) Administrative Regulations -- KP&F
- 6) Quarterly Reporting Manual -- KPERS
- 7) Quarterly Reporting Manual -- Special Instructions KP&F --
- 8) Quarterly Reporting Manual -- Electronic Data Processing
- 9) Employers Enrollment Manual -- Non-school (Currently being updated)
- 10) Employers Enrollment Manual -- School (Currently being updated)
- 11) Employers Enrollment Manual -- Special Instructions State Agencies
- 12) Employers Enrollment Manual -- KP&F
- 13) Affiliation Manual -- KP&F
- 14) Retirement Option Manual -- KP&F
- 15) Annual Report
- 16) Employees Information Manual--KPERS
- 17) Employees Information Manual--KP&F
- 18) Employees Information Manual--Judges
- 19) Brochure--Should I Vest or Withdraw
- 20) Brochure--So You Think You Want an Option?
- 21) Brochure--Membership & Service Credit
- 22) Brochure--Purchasing & Repurchasing Service Credit
- 23) Brochure--Group Insurance Information
- 24) Brochure - Optional Insurance Information
- 25) Annual Statement of Members Account
- 26) KPERS Papers

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

Marshall Crowther, Executive Secretary
Jayhawk Tower - 8th Floor
700 Jackson
Topeka, Kansas 66603