Testimony: Assessment of Proposed Kansas Retirement Investment and Savings Plan (SB 282)

Prepared for: Kansas Senate Committee on Financial Institutions and Insurance

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Chairman Dietrich and Members of the committee, thank you for the opportunity to offer our brief analysis of the Kansas Retirement Investment and Savings Plan proposed in Senate Bill 282.

My name is Zachary Christensen. I am the managing director of the Pension Integrity Project at Reason Foundation, a national 501(c)3 public policy think tank. Prior to that, I worked on public pension research for the Hoover Institution at Stanford University.

Through our pro-bono work with public officials and stakeholders looking to improve resiliency and promote retirement security of their retirement plans, the Pension Integrity Project has helped design and implement comprehensive and sustainable solutions that work for both government employers and their employees. Over the last decade, we have played a technical assistance role in over 50 state-level retirement system reforms in states like Texas, Michigan, Arizona, Colorado, South Carolina, Florida, and North Dakota.

Senate Bill 282 establishes the Kansas Retirement Investment and Savings Plan, which would offer a defined contribution (DC) retirement benefit for all state employees—excluding police, firefighters, judges, and correctional officers—hired on or after July 1, 2027. Since it would become the primary vehicle for providing a secure retirement for most public workers, it is important to assess the proposed DC plan's adequacy and ability to meet the needs of retirees and employers.

While decades of experience with public sector DC plans have demonstrated that they can be an effective means to providing adequate retirement income for public workers, not all governmental—nor even private sector—DC plans are the same. Not all DC plans fulfill the definition of an effective plan designed to ensure a secure retirement, and many could be enhanced by integrating best practices.

Upon review, the Pension Integrity Project found that the proposed DC retirement plan in SB 282 reflects a high-quality public sector retirement plan design that incorporates best practices from national experience.

First and foremost, the plan proposed in this bill does not reduce funding for existing legacy retirement plans and requires that previously promised pension benefits remain adequately funded. This will facilitate a smooth transition from past retirement offerings to the proposed future benefits. Due to specific provisions in SB 282, current employees and retirees will continue to have their benefits funded at the same levels as before, and the establishment of this new plan will not impact the state's commitment to benefits already promised to public workers.

On the subject of cost and risk, establishing a DC plan as the primary retirement vehicle for new hires would significantly reduce the growth of Kansas' pension liabilities. This would go a long way toward eventually achieving full funding of promised benefits. Slowing the growth of pension-related liabilities reduces the risk of unexpected costs to government budgets and taxpayers, which lawmakers should consider when evaluating this proposal.

SB 282, importantly, avoids the shortcomings of many retirement plans by providing a formal statement of legislative intent and plan objective for the Retirement Investment and Savings Plan that is consistent with retirement best practices. This language will help members understand the goals of the plan and will serve as a foundation for future decisions by policymakers and plan administrators.

The proposed plan also satisfies the critical best practice of providing adequate contributions. Retirement experts agree that a total contribution rate of between 10% and 15% is necessary over a career to adequately fund retirement (when combined with Social Security and personal savings). The contribution design of 10% (6% from employees and 4% from the employer) with potential additional contributions and matching through the supplemental deferred compensation retirement plans offered by employers will meet these best practice contribution standards.

One common concern about DC plans is ensuring protection against longevity risk, which is the risk that beneficiaries outlive their retirement savings. SB 282 directly addresses this risk by requiring the offering of robust lifetime income options for purchase. Providing a variety of in-plan life insurance annuities as distribution options allows retirees to mitigate the risk of outliving their retirement savings.

The proposed Retirement Investment and Savings Plan is also well-suited for a public sector workforce that is increasingly mobile. It will complement the needs of government employers who are now more reliant on shorter-tenured, non-full-career workers. As employees change jobs more frequently and remain in positions for shorter periods, the modern workforce values more individualized and portable retirement benefits that align better with private sector retirement plan offerings. Since the plan proposed in SB 282 is inherently a portable retirement benefit, it would serve as an appropriate default retirement plan that matches the overall dynamics of your public workforce.

On the subject of making this a valuable retirement plan for the modern workforce, we have identified one possible area of improvement for the proposed Retirement Investment and Savings Plan. As currently structured, SB 282 would require five (5) years of employment before members will be able to vest into the contributions made by employers. Our experience indicates that this is a vesting period longer than most DC plans, and it may lead to many public employees missing out on a critical part of their compensation.

All that said, the Pension Integrity Project finds the plan established in SB 282 to meet the primary objectives of retirement best practices, meaning it would serve its members well while meeting the needs of the state and its employers.

Thank you again for your time, and I would be happy to answer any questions.

Does the Kansas Retirement Investment and Savings Plan (SB282) Meet Retirement Best Practices?

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Gold Standard	Senate Bill 282 (2025)
Defined Plan Objectives *Ensures plan objectives are defined in writing as part of a comprehensive benefits policy statement.*	YES
Communication and Education *Ensures members are educated on the available choices and have all relevant information to make competent retirement choices.*	YES
Auto Enrollment *Enrolls new employees into the Kansas Retirement Investment and Savings Plan (KRISP) by default.*	YES
Adequate Contributions *Replaces approximately 80% of a worker's final salary.*	YES
Retirement Specific Portfolio Design *Offers "one-touch" investment options for employees who are not sophisticated investors and do not want to avail themselves of in-plan investment advice.*	YES
Benefit Portability *Safeguards the ability to recruit highly mobile 21st Century employees.*	YES *(BUT COULD IMPROVE W/ SHORTER VESTING PERIOD)*
Offer Distribution Options *Provides members with a variety of asset distribution methods while limiting borrowing.*	YES
Disability Coverage *Offers a separate disability insurance benefit from a quality insurer.*	YES

Analysis by Pension Integrity Project at Reason Foundation

Objective	Gold Standard	*Senate Bill 282 (2025)*
Defined Plan Objectives	Defines objectives in writing as part of a comprehensive "benefits policy statement" or at least within a "retirement plan policy statement."	*Senate Bill 282 would provide a formal statement of legislative intent and plan objective that is consistent with best practices: "The plan and related trust shall be established with the primary objective of providing a share of the retirement income needed to replace a member's preretirement standard of living throughout retirement following a full career of employment and to meet participating employers' objectives for recruiting and retaining qualified employees."*
Communication and Education	Educates members on the available choices and relevant information needed to make competent retirement decisions.	*The current communication and education offerings from the Kansas Public Employees Retirement System (KPERS) are solid and consistent with best practices. Changes would be needed to reflect the new retirement-income-focused objective of SB282 and the portability features of the KRISP, but if current standards are continued, members should be provided with the most timely and pertinent information.*
Auto Enrollment	Defaults members into a defined contribution retirement plan.	*After July 2027, new hires would be auto-enrolled into the new Senate Bill 282-created Retirement Investment and Savings Plan. Active employees would have a 30-day option to transfer assets from the current retirement plan to the new KRISP.*
Adequate Contributions	Replaces approximately 80% of a worker's final salary.	*Retirement experts agree that a total contribution rate of between 10% and 15% is necessary over a career to adequately fund retirement when combined with Social Security and personal savings. The KRISP contribution design of 10% (6% employee/4% employer) with potential additional contributions and matching through the deferred compensation option would meet these best practice contribution standards.*
Retirement Specific Portfolio Design	Offers "one-touch" investment options for employees who are not sophisticated investors and do not want to avail themselves of in-plan investment advice.	*Senate Bill 282 would provide substantial guidelines by authorizing the use of a wide variety of investments under the plan, including annuities, mutual funds and other similar investment products and professionally managed portfolio options.*
Benefit Portability	Safeguards the ability to recruit highly mobile 21st Century employees.	*Employer contributions into the Kansas Retirement Investment and Savings Plan would fully vest after five (5) years of service. While the five-year vesting parallels the vesting period for the state's cash balance plan, a shorter requirement would make this new plan more useful to modern employees. Full and immediate vesting would be preferred.*
Offer Distribution Options	Provides members with a variety of asset distribution methods while limiting borrowing.	*The distribution methods offered under the KRISP would depend on the vendor but would generally include a wide variety of options that will meet best practice standards, including annuities, full or partial lump-sum withdrawals, and periodic payments.*
Disability Coverage	Offers a separate disability insurance benefit from a quality insurer.	*Disability coverage in the KRISP would mirror the current coverage of the current retirement plan. Employers are required to make separate contributions to help fund the benefit, in line with best practices.*

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