Neutral Testimony on Kansas Senate Bill 282

March 13, 2025

Brandon Converse joining via WebX

Chairman Dietrick, Vice Chairman Fagg, Ranking Fransico, and Committee members:

With thirteen years in the defined contribution and defined benefit arena, my team serves more than 100 company retirement plans and 600 households in Kansas. I appreciate the opportunity to provide a neutral testimony for Kansas Senate Bill 282 and hope to be a resource to the Chairman and Committee members.

Reasons for Support:

- Flexibility and portability of the KRISP system similar to a 401(k)/403(b). Providing a modernized retirement savings option should help Kansas retain skilled workers.
  - Roth contributions
  - Increased contribution capabilities
  - Flexibility of investments with participant driven elections – Good for the state and Member.
- Many private pension plans continue to shut down and look for buyout options for businesses to remove the liabilities from their books.
- Opportunity for additional financial training to Members through third-party vendors.
- Belief that a defined contribution plan is a better option for long-term success when employees do take charge of their own savings.

Reasons for Concern:

- Redundancy with Existing Retirement Systems – Adding KRISP as an optional plan for new employees after 7/1/2027 adds additional complexity to the system. I would suggest the state doesn't have an option for choosing KPERS or KRISP for future hires. If the objective is to transition, move forward and don't look back. A line has to be drawn in the sand and having two plans with no termination date in sight will continue to burden the tax payer and just add more complexity for administration. If you have both options, the state is kicking the can down the road for someone else to make the hard decision of where to break ties.
- Increased Financial Burden on the State - The creation and administration of KRISP would introduce additional costs to the state. Establishing a new retirement plan requires funding for oversight, management, and operational expenses. With Kansas already facing budgetary constraints, diverting resources to this initiative could strain public finances and lead to higher long-term costs.
- 30 day window for current KPERS 3 to rollover. While feasible, this is a tight window that will require a lot of leading education to persuade/educate existing Members about moving their KPERS account.

- Tracking of KPERS rollovers and the Member tax impact: KPERS rollovers should not be commingled with pre-tax assets and cannot be mixed with Roth assets as only state tax has been paid. The rollovers into KRISP could create a larger opportunity for Members to incur double state taxation for future distributions if not handled correctly. Since the KRISP account is transferrable, Members, advisors, and CPAs would need to understand the taxation for future distributions from any plan type these KPERS accounts roll into.
- 5 year cliff vest. While similar to KPERS, no public sector can utilize a vesting schedule restrictive to employees/Members. I would be more in favor of a graded vest for employees.

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