



members were assumed to be granted four additional years of service only for purposes of satisfying the retirement eligibility requirements (age 62 with 10 years of service or age 65 for Tier 1 and age 60 with 30 years of service or age 65 with 5 years of service for Tier 2). For purposes of retirement under the Rule of 85 for Tier 1 members, they were assumed to be granted eight additional points (four years of service and four years of age). This assumption was made to estimate the impact that future years of service after January 1, 2014, would have on satisfying the retirement eligibility requirements. This is a rough estimation that will require modification before the final calculations are performed. If changes are made to any of the assumptions, the resulting lump sum values to be transferred will also change.

A summary of our findings for the legislators group of KPERS is shown below:

	Estimated Transfer Amount
Highest	\$660,870
Lowest	5,901
Median	112,631
Mean	151,751
Total	\$21,548,700
Count	142

The graph attached to this letter shows the distribution of the estimated transfer amounts at December 31, 2013. If additional detail is needed, please let us know.

We are not attorneys and have not considered any legal ramifications of the proposed change on which these calculations are based. We recommend you consult qualified legal counsel to obtain a legal opinion regarding this proposal.

These estimated transfer values have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries.

We, Patrice A. Beckham, FSA, and Brent A. Banister, FSA, are consulting actuaries with Cavanaugh Macdonald Consulting, LLC. We are members of the American Academy of Actuaries, Fellows of the Society of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have questions, please let me know.

Sincerely,

Handwritten signature of Patrice Beckham in cursive script.

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Handwritten signature of Brent A. Banister in cursive script.

Brent A. Banister, PhD, FSA, EA, FCA, MAAA
Senior Actuary

Distribution of Legislator Transfer Amounts

