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KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Prepared Testimony in
**Opposition to Changes to the KPERS Plan Design
Before the House Pensions and Benefits Committee
Kansas House of Representatives**

March 20, 2013

Terry Forsyth
Kansas National Education Association

Dear Chairman Johnson and Members of the House Pensions and Benefits Committee; thank you for the opportunity to share our concerns regarding proposed changes in the KPERS plan design. I am Terry Forsyth and I represent The Kansas National Education Association.

We oppose the suggested Plan Design changes to KPERS because the changes:

- are not needed, the fiscal issues with KPERS have been addressed with HB 2333
- do not address the Unfunded Actuarial Liability
- will have as yet to be determined administrative costs

The 2012 Legislature passed, and Governor Brownback signed into law, a new landmark cash balance reform measure that puts KPERS on a path to stability while also addressing the unfunded liability issue.

As the Executive Director of KPERS recently testified before the House Appropriations Committee, the cash balance plan shores up the system and positions Kansas to extinguish the unfunded liability by 2033, seventeen years sooner than the Governor's new plan.

If allowed to go into effect, the 2012 cash balance law will ensure dedicated public employees, whether they are state road workers, local fire fighters, or school teachers, a chance to have an adequate retirement they can count on.

There is not enough time left in this legislative session to conduct a thoughtful and deliberative review of various KPERS plan design proposals. This is a huge decision with long-term deep financial implications for the State, our public employees, and our taxpayers. Any plan design change deserves transparent, careful, and thorough consideration.

The managed defined contribution plan being promoted by Dimensional Advisors is only a theory. No track record for the plan exists and the only private sector company of substantial size that uses this plan is located in the Netherlands.

No public sector entities of any type are using the plan proposed by Dimension Funds. This will be yet another experiment for Kansas.

No projections of administrative costs to the state were submitted for review by the House committee. No projections of costs for individuals were submitted for review by the House committee or potentially impacted beneficiaries and stakeholders.

Nothing was submitted for the House committee to consider regarding potentially unexpected costs related to shifting the state towards a defined contribution plan. Nothing was submitted regarding the cost to the current system when losing future employees to a new design plan.

As per testimony before the House committee, it was made clear that defined contribution plans were not designed to be a stand-alone pension plan for employees.

We encourage you to continue the course set by HB 2333 and defeat any proposed changes to the KPERS plan design.