

## **KPERS Tier 3 Plan Modified; HB 2533**

**HB 2533** makes retirement plan design changes for future tier 3 members of the Kansas Public Employees Retirement System (KPERS) plan to be implemented on January 1, 2015, to include most newly hired public employees. The provisions of the bill:

- Change the base year from 2016 to 2015 for initial calculation of interest credits on annuity savings accounts and on retirement annuity accounts;
- Reduce the minimum guaranteed crediting rate from 5.25 percent to 4.0 percent for both types of accounts. The bill also revises the formula for determining the additional discretionary interest credits for both types of accounts; and
- Revise the initial annuity interest rate credit of 6.0 percent at time of retirement to an interest rate equal to 2.0 percent less than the actuarial assumed investment rate of return, as established by the KPERS Board of Trustees upon the member's annuity start date. The current earnings assumption is 8.0 percent, as adopted by the KPERS Board of Trustees in 1987.