



November 3, 2023

**To:** Joint Committee on Pensions, Investments and Benefits

**From:** Steven Wu, Managing Fiscal Analyst

**Re:** Regional Public Retirement Plans

This memorandum outlines and compares the public retirement plans of states surrounding Kansas, including Colorado, Iowa, Missouri, Nebraska, and Oklahoma. For purposes of comparison, this memorandum focuses on general plans that are open to new state employees that would not otherwise be covered by a specialized plan, such as judges or public safety employees.

***Surrounding State Pension Plans—Overview***

State	Funded Ratio		Unfunded Actuarial Liability (UAL)		
	Percent	Rank	Amount	Share of Personal Income	
			(in Millions)	Percent	Rank
Kansas	76.4 %	27	\$ 8,270.6	5.7 %	26
Colorado	72.2	33	26,397.4	7.3	23
Iowa	90.9	8	4,339.7	3.7	41
Missouri	81.6	21	17,675.9	5.7	26
Nebraska	96.1	5	665.9	1.1	45
Oklahoma	77.9	25	10,430.5	4.1	38

Source: [Council of State Governments](#)

State	State Pension Plan Membership Comparison (2022 Survey)			
	Total Population	Total Membership	Membership as Percent of Population	Rank
Kansas	2,937,150	682,244	23.2 %	17
Colorado	5,839,926	1,532,646	26.2	8
Iowa	3,200,517	807,770	25.2	11
Missouri	6,177,957	1,347,390	21.8	19
Nebraska	1,967,923	303,716	15.4	43
Oklahoma	4,019,800	651,012	16.2	40

Source: [U.S. Census Bureau – Annual Survey of Public Pensions \(2022\)](#)

## State Pension Plans

<b>Colorado Public Employees Retirement Association – State Division</b>	
<p>The Colorado Public Employees Retirement Association (PERA) administers retirement benefits for state employees, public school teachers, and employees (except non-public safety personnel) of political subdivisions that elected to participate. As of December 31, 2022, PERA has 206,646 active members systemwide.</p> <p>The majority of state employees participate in the State Division. New state hired may select between a defined benefit plan or a defined contribution plan.</p>	
Active Members	50,892 as of December 31, 2022
Participation	Membership is automatic for eligible employees. Certain members may elect to participate in either a defined benefit or defined contribution plan. All others are enrolled in a defined benefit plan by default.
Retirement Eligibility	Members hired on or after January 1, 2020, may retire at (a) age 60 with 5 years of service, or (b) age 55 with 25 years of service.
Retirement Benefits	Normal retirement benefits are determined by the (a) highest average salary, (b) amount of service credits accrued, and (c) age at retirement. Monthly benefits are determined by a formula that using highest average salary, years-of-service, and a percentage modifier.
Vesting Requirements	Membership vests after five years of service.
Contribution Rates	PERA sets contribution rates on an annual basis, not to exceed 0.5 percent each year. For the year ending December 31, 2023, member contribution rates total 11.0 percent of compensation and employer contribution rates total 11.4 percent.
Post-Retirement Adjustments	<p>Retirees and benefit recipients receive annual increases to monthly benefits based on the lesser of a percentage cap or the average Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers for the previous calendar year. Annual increases cannot exceed 10.0 percent of the membership group's annual increase reserve.</p> <p>Additionally, PERA has an automatic adjustment provision that modifies member contributions, employer contributions, state funding, and annual increases based on progress towards full funding.</p>

### Iowa Public Employees Retirement System – Regular Membership

The Iowa Public Employees Retirement System (IPERS) administers retirement benefits for public entities in the state, including state employers, school districts, and local units of government. Membership is comprised of three groups: Regular Membership, Sheriffs and Deputies, and Protection Occupations. As of June 30, 2022, IPERS has 176,147 active members systemwide.

The majority of state employees participate in the Regular Membership plan.

Active Members	167,004 as of June 30, 2022
Participation	Membership is automatic and includes permanent employees not otherwise excluded as a part of a special service group. Certain temporary employees may become eligible if an ongoing relationship with an IPERS-covered employer is established.
Retirement Eligibility	Members may retire at (a) age 65, (b) age 62 with 20 years of eligible service, or (c) age 55 if the member's age and years-of-service equals 88 or more.
Retirement Benefits	Normal retirement benefits include an annuity equal to 2.0 percent of the average salary for each year of service up to 30 years, plus 1.0 percent of the average salary for each of the next 5 years of service.
Vesting Requirements	Membership vests after seven years of service or at age 65 working in covered employment, whichever occurs first.
Contribution Rates	The IPERS Board of Trustees sets contribution rates each year, based on the results of the most recent actuarial valuation study. Rates are split between employees (40.0 percent) and employers (60.0 percent). Changes in contribution rates cannot exceed 1.0 percent each year from the rate set by the Board. For the year beginning July 1, 2023, the employee rate was 6.29 percent and the employer rate was 9.44 percent.
Post-Retirement Adjustments	IPERS does not provide for cost-of-living adjustments.

**Missouri State Employees Retirement System – Missouri State Employee Plan 2011**

The Missouri State Employees Retirement System (MOSERS) administers retirement benefits for most state employees, statewide elected officials, and judges. As of June 30, 2022, MOSERS has 42,010 active members systemwide.

The majority of members participate in the Missouri State Employee Plan (MSEP), which is organized into three tiers that are largely based on when a member began employment. Two of those tiers, MSEP and MSEP 2000, are closed to new members, while MSEP 2011 remains open and is the default retirement plan new state employees are enrolled in. As of June 30, 2022, there are 41,595 active members in all MSEP groups.

Active Members	23,304 as of June 30, 2022
Participation	Membership is automatic and includes state employees that (a) begin service on, or after, January 2011, and (b) are not otherwise covered by another MOSER plan.
Retirement Eligibility	Members may retire at (a) age 67 with a least 5 years of credited service, or (b) age 55 if the member's age and years-of-service equals 90 or more.
Retirement Benefits	Retirees receive benefits equal to 1.7 percent of average compensation multiplied by years of credited service. Legislative members and other statewide elected officials utilize a different formula to calculate benefits.
Vesting Requirements	Membership vests after five years of service. Legislative members and other statewide elected officials vest at six and four years respectively.
Contribution Rates	Members contribute 4.0 percent of final average earnings, calculated as the average annual compensation for three consecutive years of service which pay was the highest, excluding non-recurring lump sum payments. Employer contributions are determined using a level percent-of-payroll funding objective. As of June 30, 2022, the employer contribution rate totaled 27.3 percent.
Post-Retirement Adjustments	Retirees receive a cost-of-living adjustment applied as an annual percentage increase equal to 80.0 percent of the CPI increase or 5.0 percent, whichever is lower.

### **Nebraska Public Employees Retirement System – State Employees Cash Balance Plan**

The Nebraska Public Employees Retirement System (NPERS) administers three defined benefit plans for judges, school employees, and state patrol employees. Additionally, Nebraska also administers cash balance benefits plans for state and county employees. As of June 30, 2022, NPERS has 72,828 active members system-wide.

New state employees are enrolled in a cash balance plan.

Active Members	15,075 as of June 30, 2022.
Participation	Membership mandatory for permanent, full-time employees and certain part-time employees hired on or after January 1, 2003.
Retirement Eligibility	Members may retire at age 55 or above.
Retirement Benefits	Retirees receive an interest credit rate, defined as either 5.0 percent or the applicable federal mid-term rate plus 1.5 percent, whichever is greater.
Vesting Requirements	Membership vests after three years of service.
Contribution Rates	Contribution rates are statutorily determined, using a level percent-of-payroll funding objective. Members contribute 4.8 percent of annual compensation. Employer are statutorily required to total 156.0 percent of member contribution rates. As of June 30, 2022, the employer contribution rate totals 7.49 percent.
Post-Retirement Adjustments	Pursuant to statute, NPERS may grant a dividend in addition to regular interest credit if the Unfunded Accrued Actuarial Liability (UAAL) is less than \$0 and the actuarial contribution after the dividend is no more than 90.0 percent of the scheduled contribution rate.

### Oklahoma Public Employees Retirement System – Pathfinder

The Oklahoma Public Employees Retirement System (OPERS) administers two defined benefit plans, for certain state employees, elected officials, and judicial personnel, and two defined contribution plans, including a voluntary 457/401(a) plan. The majority of state employees participate in the Pathfinder defined contribution plan.

Active Members	Detailed membership data for Pathfinder is not readily available. OPERS has 29,912 active members systemwide as of July 1, 2022.
Participation	Membership is mandatory for state employees hired on or after November 1, 2015.
Retirement Eligibility	Members may retire (a) at age 62, or (b) if the member's age and years-of-service totals 90 or more.
Retirement Benefits	Normal retirement benefits include 2.0 percent of final average compensation multiplied by years of service.
Vesting Requirements	Membership vests after eight years of service.
Contribution Rates	Other than state elected officials and certain employees that work in hazardous industries, members contribute 3.5 percent of annual compensation. For members hired on or after July 1, 2013, final average compensation is defined as the average of the 60 highest months of compensation earned within the last 10 years of participating service. Employers contribute 16.5 percent of annual compensation.
Post-Retirement Adjustments	Pathfinder does not provide for cost-of-living adjustments.