

MEMORANDUM

To: Joint Committee on Pensions, Investments, and Benefits

From: Alan D. Conroy, ^{A.D.C.} Executive Director

Date: December 19, 2014

Subject: Actuarial Cost Studies

The Chairperson of the Joint Committee requested cost information on plans to reduce the employer contribution rates in upcoming fiscal years. Attached are the following cost information:

- Cost study for impact of adding pension obligation bonds proceeds in the amounts of:
 - \$1.0 billion in net proceeds with debt service from non-KPERS source; and
 - \$1.5 billion in net proceeds with debt service from non-KPERS source;
- Re-amortizing the unfunded actuarial liability for an additional 10 years based on the CY 2013 actuarial valuation and utilizing the lower employer contribution rate in FY 2016 and FY 2017; and
- Using the market value of assets in the CY 2012 and CY 2013 actuarial valuations and eliminating the 5-year smoothing of assets going forward.