

February 10, 2017

The Honorable Jim Kelly, Chairperson
House Committee on Financial Institutions & Pensions
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Kelly:

SUBJECT: Fiscal Note for HB 2266 by House Committee on Financial Institutions & Pensions

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2266 is respectfully submitted to your committee.

For members who have retired from more than one KPERS plan, HB 2266 would allow a member's beneficiary to receive a lump-sum death benefit of \$4,000 for each plan from which the member retired. However, the member would be limited to receiving benefits from no more than two plans.

According to KPERS, the fiscal effect from HB 2266 would derive from two sources: the effects on the unfunded actuarial liability (UAL) of each plan and the cost of future members who would be eligible for two death benefits.

The bill is estimated to increase KPERS unfunded actuarial liability by \$656,938, or less than 0.01 percent of the current UAL. For the Kansas Police & Fireman's (KP&F) plan, the increase in the actuarial liability would be \$607,163, or 0.08 percent of the plan's current UAL. For the Judges plan (Judges), it is estimated that the liability would increase by \$132,450, which is 1.25 percent of the current UAL for Judges.

The estimated effect that future members receiving two death benefits might have on the KPERS actuarial required contribution rate is less than 0.0005 percent. For KP&F the effect is 0.001 percent, and for Judges it is 0.008 percent. The combined effect of the UAL increases and the costs of members receiving an additional benefit in terms of the actuarial required contribution rate would be 0.00 percent for KPERS, 0.01 percent for KP&F, and 0.04 percent for Judges.

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KPERS reports that any expenditures associated with implementing the bill could be handled within existing resources. Any fiscal effect associated with HB 2266 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Faith Loretto, KPERS