



**House Pensions and Investments Committee
Input on Cash Balance Plan
Terry Forsyth, Chairman
Keeping the Kansas Promise Coalition
March 7, 2012**

Chairman Holmes & Members of the Committee:

My name is Terry Forsyth and I appreciate the opportunity to provide input today regarding the proposed cash balance plan on behalf of the Keeping the Kansas Promise Coalition, an organization of public employees across the State of Kansas including, teachers, firefighters, police officers, state, city and county employees, formed to collectively advocate for fair and affordable reforms to the Kansas Public Employees Retirement System.

First, let me begin by saying the Coalition is not taking an out-right position of opposition to the cash balance approach at this time, but rather a neutral one. We acknowledge the issues being discussed are very complex and as the old saying goes "the devil is in the details". Members of the Committee, we are trying to determine those details. We are currently doing our due diligence to understand all the ramifications, all the numbers and percentages and the impact a cash balance plan will have on future KPERS members at various stages of service. We want to constructively work with Committee members to find a reasonable, affordable and equitable path forward. Unfortunately, we just don't have all the information we need to conclude whether a cash balance plan is that path.

Having said that, there are some concerns. Allowing for an adequate salary replacement at retirement is obviously important. Public employees aren't looking for "lavish" retirement benefits as some like to suggest, but rather a fair return for the years of hard work, sacrifices and risk many employees undertake in carrying out their duties. Also, setting an annual interest credit lower than that of the employee's contribution rate is inherently unfair as this would simply constitute a "tax" on employees. While there are other concerns that have been expressed, these are just a couple that stands out at this time.

I would be remiss if I did not commend the Committee for considering other alternatives and acknowledging the problems that exist with the KPERS Study Commission's Plan. The Coalition has always felt, and I believe many would agree, that the Study Commission's recommendations failed to address its basic charge - the basis of which rests on three fundamental principles. First, the defined-contribution plan fails to address the UAL. Second, it costs more than the current plan laid out in HB 2194, whether using present or future dollars. Third, it would not provide future KPERS members with an adequate retirement benefit, while shifting the entire risk to the employee.

Finally, let me conclude by reiterating that we want to constructively work with the Committee to find an equitable way forward, in hopes of taking Vice-Chairman Grange up on his offer to craft a plan that makes sense for all parties. The 280,000 current members of KPERS have worked hard and played by the rules. They are Kansans who patrol our streets, fight the fires, stand a post in our prisons, care for our most vulnerable citizens and teach our children. They have made their contributions toward their retirement each paycheck, year-after-year, never failing to miss a payment. Past failings of the Legislature cannot be rewritten. However, ask you now to work with us to ensure a fair and balanced compact that those who work hard, make the sacrifices and take the risks on behalf of all Kansans deserve.

Again, on behalf of the Keeping the Kansas Promise Coalition, thank you very much for the opportunity to provide input today.