

FISCAL YEAR

2024

ANNUAL REPORT

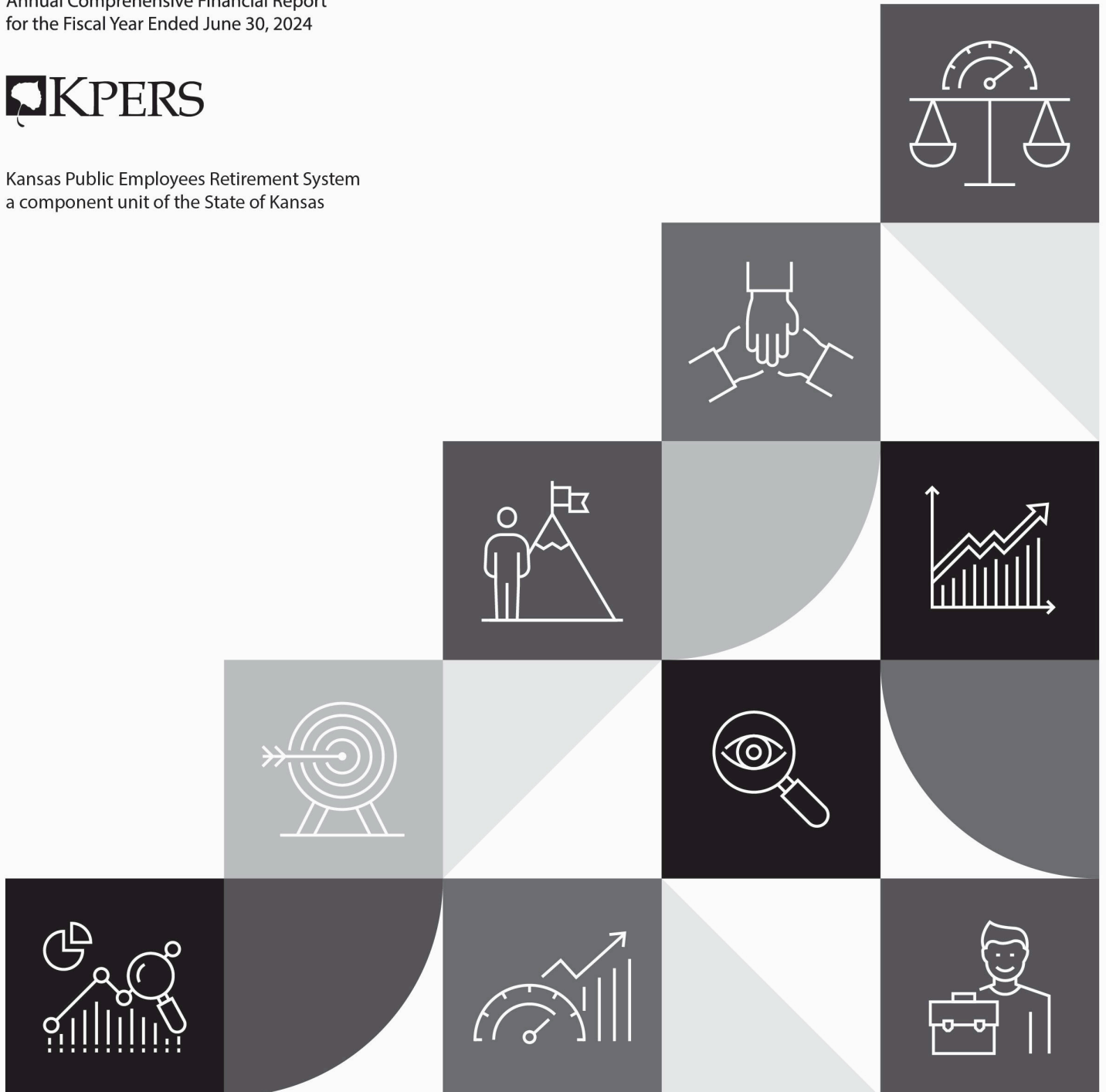
MAXIMIZING GROWTH

FOR THE BENEFIT OF OUR MEMBERS

Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024



Kansas Public Employees Retirement System
a component unit of the State of Kansas



2024 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Kansas Public Employees Retirement System
A component unit of the State of Kansas
For the Fiscal Year Ended June 30, 2024

Prepared by KPERS staff
611 S. Kansas Ave., Ste 100 | Topeka, KS 66603-3869

Alan D. Conroy, Executive Director
Judy McNeal, Chief Fiscal Officer

OUR MISSION

KPERS, in its fiduciary capacity, exists
to deliver retirement, disability and
survivor benefits to its members
and their beneficiaries.

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Introductory

Section



TRANSMITTAL LETTER



KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

October 31, 2024

We are pleased to present the Kansas Public Employees Retirement System's (KPERS) Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2024 to the KPERS Board of Trustees, members and employers. Our annual report fulfills KPERS' reporting responsibilities as defined in Kansas statute. Printed copies are readily available to the public and a full version is posted on our website, kpers.org.

As the first item in the ACFR, this transmittal letter provides a high-level overview of the Retirement System. The Management's Discussion and Analysis section provides a narrative introduction and analysis of our financial activities over the past fiscal year. This letter is intended to complement the Management's Discussion and Analysis, and they should be read together.

ENSURING ACCURACY

Responsibility for the preparation, accuracy and completeness of this report, including all disclosures, rests firmly with KPERS' management. Information is presented in accordance with generally accepted accounting principles. To the best of our knowledge, the included data is accurate in all material respects and fairly presents our financial position and operating results.

The Retirement System maintains a framework of internal controls to establish reasonable assurance that KPERS safeguards assets, completes transactions accurately, and has fair and reliable financial statements. We also have an internal audit program that reports to the Board of Trustees. There are inherent limitations to internal controls, and risk cannot always be foreseen or completely eliminated. KPERS' objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements, since the cost of internal control should not exceed the benefits obtained. In addition

to internal controls, the independent certified public accounting firm Moss Adams conducted an independent audit of the Retirement System's financial statements for Fiscal Year 2024.

OUR PROFILE

The Kansas Legislature created the Kansas Public Employees Retirement System in 1962 to secure a financial foundation for those spending their careers in Kansas public service. The Retirement System provides disability and death benefits while employees are still working, and a dependable pension benefit when they retire.

KPERS is a statewide, cost-sharing multiple employer defined benefit retirement plan consisting of three groups:

- Public Employees (State, School and Local)
- Kansas Police and Firefighters
- Judges

More than 1,500 state and local employers offer Retirement System benefits. KPERS has over 346,000 members, including active, inactive and retired members. The Retirement System paid \$2.2 billion in retirement benefit payments for Fiscal Year 2024. Over 88 percent of those benefits remained in Kansas. Retirement System assets totaled \$27.5 billion on June 30, 2024.

Along with the defined benefit plan, KPERS also oversees two voluntary supplemental plans, KPERS 457 and KPERS 401(a). KPERS 457 is a voluntary deferred compensation plan. All State of Kansas employees are eligible to participate, as well as members at 440 local public employers. In Fiscal Year 2023, KPERS 457 added 13 new affiliated employers. The 401(a) plan has 30 employers, including 11 new employers in Fiscal Year 2024. It is an employer-sponsored retirement plan that allows for both employee and employer contributions.

The KPERS 457 plan has over 27,564 total and 14,319 actively contributing participants. Total plan assets equaled about \$1.54 billion at the end of Fiscal Year 2024. The KPERS 457 plan's financial information is not included in this annual report.

A nine-member Board of Trustees oversees the Retirement System: four are appointed by the Governor; one is appointed by the President of the Kansas Senate; one is appointed by the Speaker of the Kansas House of Representatives; two are elected by Retirement System members; and one is the statewide elected State Treasurer. The Board appoints an executive director who manages a staff to carry out daily operations. The Board approves the System's annual operating budget. As a component unit of the State of Kansas, the budget is also approved by the Kansas Legislature and Governor as part of the regular legislative budgetary process.

INVESTMENTS

KPERS' assets are invested according to the "prudent expert standard of care" for the sole purpose of providing benefits to members and beneficiaries. We have designed our investment portfolio to withstand short-term market volatility and economic downturns, as well as to benefit from strong economic and market environments.

Over time, solid investment performance is an important component to sound funding. Our actuarial projections assume an average, long-term net investment return of 7.00 percent. In some years, returns will be below that rate and, in other years, returns will exceed it. As of June 30, 2024, KPERS' 25-year annualized total return average was 6.9 percent.

For Fiscal Year 2024, the Retirement System's broadly diversified investment portfolio produced a total return of 9.7 percent, compared to the Policy Index benchmark of 11.0 percent for the fiscal year.

The Retirement System's investment portfolio ended the fiscal year at approximately \$27.5 billion in assets. For more information about KPERS diversified and disciplined approach to executing our investment strategy, please refer to the investment section in this report, beginning on page 54. This section also provides details about our asset allocation and a general overview of each asset class and its performance.

KPERS contracts for the services of various independent consultants essential to the effective and professional operation of the System. A list of the consultants and advisors is included in the Introductory Section on page 14. In the Investments Section a schedule of entities to whom KPERS paid broker commissions is on page 65.

FINANCIAL POSITION AND FUNDING OUTLOOK

KPERS has faced a long-term funding shortfall for many years. This is mainly attributed to two recessions and KPERS receiving less than the required employer contributions for 25 years. Unfunded benefit

enhancements and changes to actuarial assumptions are also contributing factors.

However, in the last decade, Kansas Governors and the Kansas Legislature have taken steps to the long-term funding shortfall. This includes pension funding bonds, increasing member contributions, creating a cash balance plan for new members, and increasing employer contributions over time.

For the sixth year in a row, the Governor and the Legislature have authorized full payment of the actuarially required employer contributions to KPERS. Consistent and full employer contributions over time are one of the most important factors for plan funding and critical to improving the System's funded status.

KPERS' funded ratio has increased 18 percent since the lowest funded ratio of 56 percent in 2012 to the current 74.0 percent, up from 73.4 percent with the 2022 valuation. As of the 2023 actuarial valuation, the State is on a funding plan for the KPERS State/School group to reach the 80 percent funded ratio mark in 2032, if all actuarial assumptions are met.

It is important to remember that continued funding improvement hinges on meeting our investment target over time, in addition to consistent employer contributions matching actuarial funding requirements year after year.

For information on KPERS' funding projections by plan and group, please see the actuarial section beginning on page 67.

UNFUNDED ACTUARIAL LIABILITY

The unfunded actuarial liability (UAL) amount is the gap between the actuarial value of assets and the actuarial liability for service already earned by public employees.

According to the December 31, 2023, actuarial valuation, the System's UAL increased by about \$119 million to \$9.7 billion. The UAL was previously \$9.6 billion as of December 31, 2022. KPERS' actuary projects the UAL will decrease in the coming years with employers consistently making full actuarial required contributions and continued positive investment experience.

FUNDED RATIO

The funded ratio is the ratio of assets to future liabilities. The last valuation showed the System's funded ratio at 74 percent, up from 73.4 percent the previous year, and up from a low of 56 percent in 2012. Over the long term, the funded ratio is expected to improve steadily if assumptions are met and scheduled contributions are made.

For public pension plans like KPERS, funding over 80 percent and rising is generally good. Funding below 60 percent is poor and needs prompt

attention. While the System does not have an immediate crisis, long-term funding requires ongoing, careful oversight.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Pension Administration System and Business Processes Modernization Initiative

KPERS continued efforts toward a future full-scale modernization project in Fiscal Year 2024. The project will improve KPERS' pension administration system with efficient business processes, tools for increased organization productivity, and the highest quality interactions with our members and employers. Staff anticipate the modernization project will be completed in about five years. In the meantime, KPERS will continue to use the current system. To that end, efforts in Fiscal Year 2024 included:

- Understanding needs and forecasting resources for project demands and operational workloads
- Analyzing root causes of system issues and recommended solutions
- Designing tracking tools for more accountability and efficiency
- Strengthening our internal technology and project management teams
- Ensuring proper documentation of business procedures and common software development life cycle practices
- Publishing a request for proposals to engage a pension administration system technology vendor and, ultimately, build a new pension administration system database, member web portal and employer web portal
- Setting business and technology priorities to provide ongoing support for the current pension administration system throughout the modernization process
- Conducting a data cleansing effort to prepare for modernization

In the later part of Fiscal Year 2024, staff members focused on finalizing a contract with the chosen vendor, then began developing the business phases of preparing for the pension administration system modernization, resource alignment and related activities intended to digitally transform KPERS' delivery of services and improve operational efficiencies.

Progress on KPERS' Data Governance Program

KPERS continued its data governance implementation, with the goal of ensuring accurate and dependable data in Fiscal Year 2024.

As part of the program, staff seeks to have better reporting, more reliable and accurate data, and one trusted source of information that best serves our members, employers, and employees. Part of that involves making it easier to share information across our organization and further increase data security. Data governance aligns people, processes, and technology to support overall business goals and objectives.

In Fiscal Year 2024, KPERS continued to build the program and transform the way we do business. This included establishing a business glossary for commonly used terms and acronyms, reviewing data issues related to the pension administration system, completing root cause analysis, and making recommendations for dealing with data quality issues. Efforts also involved database profiling, reviewing core business concepts with subject matter experts, establishing a "business vault" of KPERS' data to prepare for data transformation and cleansing, and creating a vendor-neutral data store for use during migration to the new pension administration system.

Data governance will be an ongoing effort for years to come, with the goal of integrating it across the organization anytime a task or project includes member and employer data.

2024 Legislative Changes for Working After Retirement, Retiree Death Benefit and Alternative Investments Cap

The 2024 Legislature enacted House Bill 2711, which provided for changes to working after retirement, increased the retiree death benefit, and increased KPERS' alternative investments cap. All changes were effective July 1, 2024.

The bill increased the 30 percent threshold on working after retirement employer contributions from \$25,000 to \$40,000 and raised KP&F retirees' earnings limits from \$25,000 to \$40,000. It also created certain exemptions for nurses and direct support workers at Community Developmental Disability Organizations.

HB 2711 also included an increase to the retiree death benefit from \$4,000 to \$6,000. This benefit was last changed in 1993. Retirees can name a person, estate, trust or a funeral establishment to receive this taxable benefit. A retiree's beneficiary must apply for the benefit when the time comes, as it is not paid automatically.

In late Fiscal Year 2024, KPERS implemented the operational aspects for these changes within the pension administration system. Staff distributed member and employer communications to educate these stakeholders about the changes.

Lastly, HB 2711 increased the cap on KPERS' alternative investments (such as private equity, infrastructure and real estate) from 15% to no more than 25% of total Trust Fund assets. The increased cap lets the KPERS Board diversify and manage risk within Trust Fund investments. Staff began work to implement all changes and technology related to this legislation in late Fiscal Year 2024.

BY THE NUMBERS—IN FISCAL YEAR 2024:

- About 1.4 million retirement benefit payments paid totaling \$2.2 billion
- 5,100 pension inceptions completed
- 22,150 beneficiary designations processed
- \$33.8 million in life insurance benefits paid

- 38,100 member enrollments and transfers processed
- 10,600 withdrawals paid totaling \$65.4 million
- \$14.1 million in benefits paid to 1,600 disabled employees
- 100,376 incoming calls with an average of 400 a day answered with an average wait time of 31 seconds to reach customer service
- 25,200 emails answered

AWARDS & ACKNOWLEDGMENTS

KPERS participated in a benchmarking survey conducted by CEM Benchmarking, Inc. When compared with other public pensions in the 2023 survey, KPERS earned an overall service score of 76, which was lower than the peer median score of 82. KPERS' peer group is a high service group that includes the top scoring retirement systems in the CEM database. In addition, we measured very favorably with regard to cost. KPERS' administrative cost per member is \$84, well below the peer median cost of \$94. Benchmarking results continue to show KPERS is delivering good customer service for a low, economical cost.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Retirement System for the Fiscal Year 2023 ACFR. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, the contents of which must conform to program standards. The annual comprehensive financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The Retirement System has received the Certificate of Achievement for each

of the last 30 fiscal years. We believe our current report again conforms to the program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

In addition to the GFOA certificate, KPERS also earned the Public Pension Standards Award for Funding and Administration in 2024 from the Public Pension Coordinating Council (PPCC). The standards serve as a benchmark by which to measure public defined benefit plans in the areas of benefits, actuarial valuation, independent audit, investments, communications and long-term funding.

The annual report continues to be the product of team effort, both KPERS staff and advisors. We thank the Board for its leadership and our entire dedicated staff whose work this report represents. The report is an important asset to our organization, and we use the information in this report to make key decisions. It helps us honor our fiduciary commitment and provide members with the service they need to get the most from their benefits.

Sincerely,



Alan D. Conroy,
Executive Director



Judy McNeal
Chief Fiscal Officer

BOARD OF TRUSTEES

JAMES ZAKOURA, CHAIRPERSON

Overland Park, Special Counsel, Foulston Siefkin LLP
Appointed by the Governor

BRAD STRATTON, VICE-CHAIRPERSON

Overland Park, President and CEO, Overland Park Wealth Management
Appointed by the Governor

ERNIE CLAUDEL

Olathe, Retired Teacher
Elected Member – School

EMILY HILL

Lawrence, Partner, Bowersock Capital Partners
Appointed by the Governor

STEVEN JOHNSON

Assaria, Kansas State Treasurer
Statutory Member

DEREK KREIFELS

Shawnee, Co-founder and CEO, State Financial Officers Foundation
Appointed by the Speaker of the House

RYAN TRADER

Olathe, Firefighter/Paramedic, Olathe Fire Department
Elected Member – Non-School

SAM WILLIAMS

Retired CFO and Managing Partner for Sullivan, Higdon, and Sink Agency, former CPA and State of Kansas Secretary of Revenue
Appointed by the President of the Senate

JO YUN

Prairie Village, Vice President of Finance/Operations and Chief Financial Officer, Reach Healthcare Foundation in Kansas City
Appointed by the Governor

OUR ORGANIZATION

BOARD OF TRUSTEES

EXECUTIVE DIRECTOR

Alan D. Conroy

ADMINISTRATION

General Counsel, Laurie McKinnon
Internal Audit, Janette Martin
Planning and Research, Jarod Waltner
Human Resources, Julie Baker
KPERS 457, Arlen Zentner
Project Management, Susan Hancock
Information Security, Steve Gutierrez
Communications, Emily Wilson

INVESTMENTS

Chief Investment Officer, Bruce Fink
Equity Investments
Real Estate Investments
Fixed Income Investments
Alternative Investments

FISCAL SERVICES

Chief Fiscal Officer, Judy McNeal
Corporate Accounting
Employer Reporting
Investment Accounting
Employer Auditing

BENEFITS AND MEMBER SERVICES

Chief Benefits Officer, Mary Beth Green
Disability and Death Benefits
Retirement Benefits
Withdrawal Benefits
InfoLine
Education and Training

INFORMATION TECHNOLOGY

Chief Information Officer, John Cahill
Application and Data Management
Cyber-Security
Operations

KPERS STAFF

Joshua Aguirre
 Kelly Alexander
 Michael Arvidson Jr
 Paige Ashley
 Julie Baker
 Jack Barker
 Yohonna Barraud
 Bharath Bashetti
 Kristen Basso
 Kavitha Bellamkonda
 A. Kathleen Billings
 Candace Blythe
 Anita Bradley
 Breanna Briggs
 Amy Brown
 Jennifer Brownlow
 Tracy Brull
 Annika Bush
 John Cahill
 Tyler Caleb
 Andryana Campbell
 Blaine Clark
 Tiana Claspill
 Amanda Cobler
 Alan Conroy
 Scott Crider
 Michael Cumming
 Becky Dekat
 Kali Delka
 Stephanie Dial
 Athena Dickson
 Ardith Dunn
 Amy Dunton
 Tisha Eastman
 Yarlenis Ensley
 Kelley Ferris
 Melissa Findlay
 Bruce Fink
 Crystal Fischer
 Amy Fishback
 Alex Foster
 Shelly Fruits
 Elaine Gaer
 Sue Gamblian
 Marquese Garrett
 Jessica Gatzemeyer
 Raymond Gentry
 Billie-Jo Gerisch
 Michael Gilliland
 Shlomo Ginsburg
 Taryn Gonzales
 Lisa Gonzales-Engert
 Mary Beth Green
 Madi Griffiths
 Kyle Grimes
 Steve Gutierrez
 Hannah Haid
 Melinda Hall
 Susan Hancock
 Alec Hawley
 Jordan Hecker
 Connor Henrichs

Kelsey Herl
 Lorie Hernandez
 Liza Hoffman
 John Hooker
 Mirel Howard
 Kaylie Hughes
 Brittany Hulse
 Marais Johnson-Herl
 Teresa Jurgens
 Vanessa Katra
 Casey Kidder
 Shannon Kuehler
 Les Lauber
 Denise Leahey
 Lindsey Leslie
 Debra Lewis
 Danica Loftin
 Candi Luat
 Jack Martin
 Janette Martin
 Kurt Mathews
 Heather McHardie
 Laurie McKinnon
 Jason McKinzie
 Judy McNeal
 Madison Metzger
 Noble Morrell
 Lesa Moyer
 Erika Nash
 Lisa Ngole
 Dawn Nichols
 Shawn Nix
 Erica O'Sullivan
 Sonja Parry
 Christopher Parsons
 Amy Paslay
 Katherine Phelps
 Alissa Powell
 Sarah Putman
 Sheila Putman
 Tyler Pyle
 Justin Quick
 Kimberley Raines
 Norm Remp
 Matthew Renyer
 Marla Rivas
 Dean Roney
 Jamie Rose
 Rika Rowe
 Teresa Ryan
 Ashley Sage
 Alley Salmon
 Stacy Sanchez
 Nathan Schmidt
 Crystal Schnacker
 Annette Scott
 Ciera Seele
 Adam Sester
 Luke Shepherd
 Hallie Shermoen
 Rhonda Shumway
 Cherie Smith

Derek Smith
 Brecken Stadler
 Curtis Stafford
 Marsha Stafford
 Lindsey Stamps
 Kale Stone
 Raquel Talavera
 Amber Tarrant
 Carmen Torres
 Lacey Treinen
 Jessica Tufts
 Jason Van Fleet
 Jackie VandeVelde
 Kylie VanWinkle
 Kelly Vu
 Daniel Wadsworth
 Lanette Wagner
 Michael Walker
 Jarod Waltner
 Barbara Warhurst
 Ashley Warren
 Emily Washington
 Michaela Watson
 Kelsea Watts
 Lisa Wehrly
 Jessica Wiley
 Amy Whitmer
 Megan Wilk
 Emily Wilson
 Krystal Yegon
 Leah Zeller
 Arlen Zentner
 Pat Zimmerman

CONSULTANTS AND ADVISORS

Auditors: Moss Adams LLP, Overland Park, KS

Accounting: KPMG LLP, Chicago, IL

Actuaries: Cavanaugh Macdonald, Bellevue, NE
Milliman, Inc, Portland, ME

Information Technology: The Segal Company, New York, NY

INVESTMENT CONSULTANTS

Mercer Alternatives, LLC, El Dorado Hills, CA
Meketa Investment Group, Portland, OR
The Townsend Group, Cleveland, OH

INVESTMENT MANAGERS

Adrian Lee & Partners, Dublin, Ireland
Baillie Gifford Overseas Limited, Edinburgh, Scotland
Beach Point Capital Management, Santa Monica, CA
BlackRock Institutional Trust Company, San Francisco, CA
CenterSquare Investment Management Inc., Plymouth Meeting, PA
Insight Investment Inc., New York, NY
JP Morgan Investment Management Inc., New York, NY
Lazard Asset Management, LLC, New York, NY
Loomis Sayles & Company, LP, Boston, MA

MacKay Shields LLC, New York, NY
Mellon Capital Management Corporation, San Francisco, CA
Molpus Timberlands Management, Jackson, MS
Oaktree Capital Management, Los Angeles, CA
Payden & Rygel Investment Counsel, Los Angeles, CA
Russell Investment Group, Tacoma, WA
T Rowe Price Associates, Inc., Baltimore, MD
Wellington Management Company, Boston, MA
Western Asset Management Company, Pasadena, CA

Investment Custodian: State Street Bank and Trust, Boston, MA

Life Insurance: Standard Insurance Company, Portland, OR

Long-Term Disability: Self Insured, Administered by Davies Life & Health, Inc., Springfield, MA

Brokers: See the "Schedule of U.S. Equity Commissions" on page 65.

GFOA CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to KPERS for the 2023 annual report. KPERS has received the award for each of the last 30 consecutive fiscal years.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Kansas Public Employees Retirement System

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

PPCC PUBLIC PENSION STANDARDS AWARD

The Public Pension Coordinating Council (PPCC) awarded the Public Pension Standards Award for Funding and Administration to KPERS for 2024.



Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2024

Presented to

Kansas Public Employees Retirement System

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'. The signature is fluid and cursive, with the first name 'Alan' being more prominent than the last name 'Winkle'.

Alan H. Winkle
Program Administrator

Financial

Section





MOSSADAMS

Report of Independent Auditors

Board of Trustees
Kansas Public Employees Retirement System

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the pension plan and custodial funds of the Kansas Public Employees Retirement System (the System) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the pension plan and custodial funds of the Kansas Public Employees Retirement System as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the System present the fiduciary net position and changes in fiduciary net position of the State of Kansas that are attributable to the transactions of the System. The financial statements do not present fairly the financial position of the State of Kansas as of June 30, 2024, the changes in its financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the employers' net pension liability, schedule of employers' net pension liability, schedule of employer's contributions, schedule of investment returns, and notes to required supplementary information (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The schedule of contributions, administrative expenses, investment income by asset class, and investment management fees and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections (collectively, other information) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.



Overland Park, Kansas
October 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's discussion and analysis of the Kansas Public Employees Retirement System's financial performance for the fiscal year ended June 30, 2024. It is presented as a narrative overview and analysis in conjunction with the Executive Director's letter of transmittal.

The Kansas Public Employees Retirement System (KPERS, the Retirement System, or the System) is the administrator of a cost sharing defined-benefit pension plan (Pension Plan) providing pension benefits to the following three statewide pension groups under one plan, as provided by chapter 74, article 49 of the Kansas Statutes:

- Public Employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

FINANCIAL HIGHLIGHTS

The System's net position increased approximately \$1.7 billion or positive 6.5 percent to \$27.5 billion as of June 30, 2024, compared to an increase of \$1.3 billion or approximately 5.4 percent, from \$24.5 billion to \$25.8 billion as of June 30, 2023.

The System's June 30, 2024, financial actuarial valuation calculated a total pension liability at June 30, 2024, of \$37.8 billion, compared to \$36.5 billion as of June 30, 2023, an increase of \$1.3 billion or 3.5 percent. The net pension liability at June 30, 2024, was \$10.3 billion, a decrease over the prior year of approximately \$402.1 million. The discount rate used to determine the total pension liability was 7.00 percent at the current measurement date, June 30, 2024.

On a fair value basis, this year's money-weighted rate of return on investments was 9.25 percent, compared to last year's return of 7.02 percent.

Monthly retirement benefits paid to retirees and beneficiaries increased 4.1 percent to approximately \$2.2 billion for Fiscal Year 2024, compared to \$2.1 billion in Fiscal Year 2023.

The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer \$1.125 billion from the State General Fund (SGF) directly to KPERS in Fiscal Years 2022 and 2023. The first \$253.9 million paid off outstanding accounts

receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019 ("layering payments") while the remaining \$871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, \$600 million was transferred in May and June 2022, and in Fiscal Year 2023 \$271.1 million was transferred to KPERS.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the System's financial status, which comprise the following components:

- Financial statements
- Notes to the financial statements
- Required supplementary information
- Other supplementary schedules

The information available in each of these sections is summarized as follows.

FINANCIAL STATEMENTS

A Statement of Fiduciary Net Position as of June 30, 2024, and a Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2024, are presented in this report. These financial statements reflect the resources available to pay benefits to retirees and other beneficiaries.

NOTES TO THE FINANCIAL STATEMENTS

The financial statement notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information consists of schedules and related notes concerning the financial status of the Retirement System (Pension Plan).

OTHER SUPPLEMENTARY SCHEDULES

Other schedules include detailed information on contributions by employer coverage groups, administrative expenses, an investment income summary, and a schedule of investment fees and expenses.

CONDENSED FINANCIAL INFORMATION OF THE RETIREMENT SYSTEM

The System provides benefits to State of Kansas and other local and school employees. Benefits are funded by member and employer contributions and by investment earnings. Net position at June 30, 2024, amounted to \$27.5 billion. Following are two summary schedules, Fiduciary Net Position and Changes in Fiduciary Net Position, showing information for Fiscal Years 2024 and 2023 for the pension plan.

SUMMARY STATEMENT OF FIDUCIARY POSITION

	As of June 30, 2024	As of June 30, 2023
Assets		
Cash and Deposits	\$ 26,718,214	\$ 11,999,888
Receivables	379,677,273	349,322,051
Investments at Fair Value	27,279,178,377	25,668,939,738
Capital Assets and Supplies Inventory	1,721,747	1,489,393
Total Assets	<u>27,687,295,611</u>	<u>26,031,751,070</u>
Liabilities		
Administrative Costs	3,445,013	2,909,476
Benefits Payable	9,960,020	7,305,861
Securities Purchased	199,444,158	220,876,105
Total Liabilities	<u>212,849,191</u>	<u>231,091,442</u>
Net Position Restricted for Pensions	<u>\$ 27,474,446,420</u>	<u>\$ 25,800,659,628</u>

SUMMARY STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Year Ended June 30, 2024	Year Ended June 30, 2023
Additions		
Contributions	\$ 1,630,245,774	\$ 1,842,059,753
Net Investment Income	2,343,613,661	1,698,368,273
Other Miscellaneous Income	801,736	890,489
Total Additions	<u>3,974,661,171</u>	<u>3,541,318,515</u>
Deductions		
Monthly Retirement Benefits	2,169,445,171	2,083,604,625
Refunds	93,619,779	92,056,272
Death Benefits	13,039,363	12,821,438
Administrative Expenses	24,770,066	24,252,656
Total Deductions	<u>2,300,874,379</u>	<u>2,212,734,991</u>
Net Increase	<u>1,673,786,792</u>	<u>1,328,583,524</u>
Fiduciary Net Position Beginning of Year	<u>25,800,659,628</u>	<u>24,472,076,104</u>
Fiduciary Net Position End of Year	<u>\$ 27,474,446,420</u>	<u>\$ 25,800,659,628</u>

FINANCIAL ANALYSIS OF THE RETIREMENT SYSTEM

Additions to the System’s fiduciary net position restricted for pensions include employer and member contributions, as well as investment income. Total contributions to the Retirement System were approximately \$1.6 billion in Fiscal Year 2024, compared to approximately \$1.8 billion in Fiscal Year 2023. One reason for the decrease in Fiscal Year 2024 contributions was the 2022 legislation Senate Bill 421. This bill transferred \$271.1 million to the System for the KPERS-School unfunded actuarial liability in Fiscal Year 2023.

The System recognized net investment income of \$2.3 billion for Fiscal Year 2024. The total time-weighted return for the portfolio, net of fees, was 9.3 percent, compared to the benchmark return of 11.0 percent. System investments at fair value amounted to \$27.5 billion at June 30, 2024. The Retirement System’s time-weighted one- , three- , five- , ten- and 25-year investment performance returns, net of fees, are shown in the following table. The actuarial assumed rate of return is 7.00 percent.

2024				
1 Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 25 Years
9.3%	3.6%	7.3%	6.7%	6.6%

The System recognized net investment income of \$1.7 billion for the 2023 Fiscal Year. System investments at fair value amounted to \$25.8 billion at June 30, 2023.

At June 30, 2024, the System held \$13.6 billion in US equity and international equity securities. US equity and international equity securities earned net returns of approximately 23.0 percent and 10.4 percent, respectively, for Fiscal Year 2024.

At June 30, 2023, the System held \$12.3 billion in US equity and international equity securities. US equity and international equity securities earned returns of approximately 18.9 percent and 15.9 percent, respectively, for Fiscal Year 2023.

The System held \$6.4 billion in US debt and international debt securities at June 30, 2024. The net performance of the System’s fixed income securities during Fiscal Year 2024 was 3.1 percent. Real estate investments amounted to \$3.4 billion at June 30, 2024, and returned approximately negative 9.5 percent for the 2024 Fiscal Year. The System held \$2.8 billion in alternative investments, which earned a return of approximately 4.5 percent for the 2024 Fiscal Year. At June 30, 2024, the pension plan held \$970.7 million in short-term investments and the custodial funds held \$224.7 million. Cash and deposits include investment cash and foreign currencies held at the custodial bank as of June 30, 2024, totaling approximately \$26.6 million.

The System held \$6.0 billion in US debt and international debt securities at June 30, 2023. The net performance of the System’s

fixed income securities during Fiscal Year 2023 was negative 0.7 percent. Real estate investments amounted to \$3.6 billion at June 30, 2023, and returned approximately negative 10.4 percent for the 2023 Fiscal Year. The System held \$2.8 billion in alternative investments, which earned a return of approximately 1.3 percent for the 2023 Fiscal Year. At June 30, 2023, the pension plan held \$866.9 million in short-term investments and the custodial funds held \$158.7 million. Cash and deposits include investment cash and foreign currencies held at the custodial bank as of June 30, 2023, totaling approximately \$11.8 million.

Deductions from fiduciary net position restricted for pensions include retirement benefits, refunds, survivor benefits and administrative expenses. For the 2024 Fiscal Year, retirement benefits amounted to approximately \$2.2 billion, an increase of \$85.8 million or 4.1 percent from Fiscal Year 2023. For the 2024 Fiscal Year, System administrative expenses amounted to \$24.8 million, an increase of \$0.5 million from Fiscal Year 2023. The ratio of System administrative expenses to the number of members continues to be very cost-efficient compared to other statewide retirement plans.

NET PENSION LIABILITY

The annual financial actuarial valuation for the System, as of June 30, 2024, estimates the total pension liability in accordance with requirements established by GASB Statement No. 67, Financial Reporting Standards for Pension Plans, as amended. The total pension liability (TPL) is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of plan member service. The net pension liability (NPL) is the total pension liability, net of the pension plan’s fiduciary net position. As of June 30, 2024, the pension plan’s fiduciary net position as a percentage of the total pension liability was 72.75 percent.

PENSION PLAN

In response to KPERS’ long-term funding shortfall, the 2012 Legislature made changes to future benefits and contributions, affecting both current members and employers, to improve KPERS long-term sustainability. The Governor signed Senate Substitute for HB 2333 into law on June 1, 2012. This legislation affects new hires, current members and employers. Beginning in 2014, the statutory cap on employer contributions was increased. For Fiscal Year 2017 and beyond, the statutory cap is 1.2 percent. The changes are expected to improve KPERS long-term funding and help all three groups reach full funding by 2033. The actual funding progress will be heavily dependent on the actual investment experience of the System in future years.

The 2015 Legislature passed and the Governor approved Senate Bill 228 authorizing the issuance of \$1.0 billion in pension obligation bonds. The bonds were successfully issued in August 2015 and the proceeds transferred to the Retirement System.

The 2021 Legislature passed House Bill 2405, which authorized the State of Kansas to issue pension obligation bonds, series 2021K, net proceeds of \$500 million to fund a portion of the School-Group's unfunded actuarial liability. The bond proceeds were received by KPERS on August 26, 2021 and are reflected in the Fiscal Year 2022 financial statements.

The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer \$1.125 billion from the State General Fund (SGF) directly to KPERS in Fiscal Years 2022 and 2023. The first \$253.9 million paid off outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019 ("layering payments") while the remaining \$871.1 million was applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, \$600 million was transferred in May/June 2022.

In addition, Senate Bill 421 authorized two additional transfers in Fiscal Year 2023 which totaled \$271.1 million. The first transfer of

\$146.1 million was received August 1, 2022. The second transfer of \$125.0 million was received December 1, 2022.

The Legislature and the Governor are ultimately responsible for benefits and funding. As a fiduciary devoted to the best financial interest of members, KPERS will continue to advocate for policies that promote the long-term financial health of the Retirement System.

This financial report is designed to provide a general overview of the Kansas Public Employees Retirement Systems' finances for all interested parties. An electronic copy of this report is available at the System's website, kpers.org. Requests for a printed copy of this report should be directed to the System as follows:

Kansas Public Employees Retirement System
611 S. Kansas Ave., Suite 100
Topeka, KS 66603-3869
1-888-275-5737

STATEMENT OF FIDUCIARY NET POSITION

As of June 30, 2024

	Pension Plan	Custodial Funds
Assets:		
Cash	\$ 95,110	\$ 8,459,484
Cash at Custodial Bank	26,623,104	-
Deposits with Insurance Carrier	-	51,006
Total Cash	26,718,214	8,510,490
Receivables:		
Contributions	156,619,708	12,818,876
Investment Income	118,624,600	996,413
Sale of Investment Securities	104,432,965	-
Total Receivables	379,677,273	13,815,289
Investments at Fair Value:		
Domestic Equities	8,331,297,462	-
International Equities	5,303,956,661	-
Short Term	970,663,021	224,697,739
Fixed Income	6,442,470,788	-
Alternative Investments	2,823,843,342	-
Real Estate	3,406,947,103	-
Total Investments	27,279,178,377	224,697,739
Capital Assets and Supplies Inventory	1,721,747	-
Total Assets	27,687,295,611	247,023,518
Liabilities:		
Administrative Costs	3,445,013	31,773
Benefits Payable	9,960,020	5,982,273
Securities Purchased	199,444,158	-
Total Liabilities	212,849,191	6,014,046
Net Position		
Restricted for:		
Pensions	27,474,446,420	-
Individuals, Organizations, and Other Governments	-	641,106
Postemployment Benefits Other than Pensions	-	240,368,366
	\$ 27,474,446,420	\$ 241,009,472

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Fiscal Year Ended June 30, 2024

	Pension Plan	Custodial Funds
Additions:		
Contributions:		
Member Contributions	\$ 534,682,273	\$ 8,318,375
Employer Contributions	1,095,563,501	95,315,039
Total Contributions	<u>1,630,245,774</u>	<u>103,633,414</u>
Investments:		
Net Appreciation in Fair Value of Investments	1,845,915,882	-
Interest	252,374,667	10,619,800
Dividends	248,359,768	-
Real Estate Income, Net of Operating Expenses	129,686,416	-
Other Investment Income	29,017,513	-
	<u>2,505,354,246</u>	<u>10,619,800</u>
Less Investment Expense	161,740,585	-
Net Investment Income	<u>2,343,613,661</u>	<u>10,619,800</u>
Other Miscellaneous Income	<u>801,736</u>	<u>362,917</u>
Total Additions	<u>3,974,661,171</u>	<u>114,616,131</u>
Deductions:		
Monthly Retirement Benefits Paid	2,169,445,171	-
Refunds of Contributions	93,619,779	-
Death Benefits	13,039,363	-
Insurance Premiums and Disability Benefits	-	46,768,184
Administrative Expenses	24,770,066	1,151,832
Total Deductions	<u>2,300,874,379</u>	<u>47,920,016</u>
Net Increase in Fiduciary Net Position	<u>1,673,786,792</u>	<u>66,696,115</u>
Fiduciary Net Position Restricted for Pensions, Individuals, Organizations, and Other Governments and Postemployment Benefits Other than Pensions		
Beginning of Year	<u>25,800,659,628</u>	<u>174,313,357</u>
End of Year	<u>\$ 27,474,446,420</u>	<u>\$ 241,009,472</u>

The accompanying notes to financial statements are an integral part of this statement.

NOTE 1 – ORGANIZATION AND PLAN DESCRIPTION

The Kansas Public Employees Retirement System (KPERS, the Retirement System, or the System) is a body corporate and an instrumentality of the State of Kansas. KPERS is governed by a nine-member board of trustees of which: four trustees are appointed by the Governor, one by the President of the Senate, one by the Speaker of the House of Representatives, two are elected by Retirement System members and one is the elected State Treasurer. The Board of Trustees appoints the executive director, who is the System's managing officer. KPERS is a component unit of the State of Kansas.

KPERS is the administrator of a cost-sharing defined-benefit pension plan (Pension Plan) for the State of Kansas providing pension benefits to the following three statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public Employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

KPERS pays Death and Disability Plan benefits to members on behalf of employers as provided by K.S.A. 74, article 4927. KPERS also collects and pays premiums for the optional group life insurance plan, as authorized by K.S.A. 74, article 4927. This plan provides additional employee paid life insurance coverage for active members. These benefits are not administered through qualifying trusts based on the criteria in Governmental Accounting Standards Board (GASB) Statement No. 74. Accordingly, the activity for these benefits are presented in custodial funds.

PLAN MEMBERSHIP BY EMPLOYEE GROUP

Participating membership by statewide pension group as of December 31, 2023, (most recent actuarial valuation date) is as follows:

MEMBERSHIP BY RETIREMENT SYSTEMS ⁽¹⁾

	KPERS	KP&F	Judges	Total
Retirees and beneficiaries				
currently receiving benefits ⁽²⁾	108,991	6,349	331	115,671
Terminated employees				
entitled to benefits but not yet receiving them	31,192	299	10	31,501
Inactive members, deferred disabled	1,298	206	-	1,504
Inactive members not entitled to benefits	41,332	2,049	-	43,381
Current employees	145,378	8,284	286	153,948
Total	<u>328,191</u>	<u>17,187</u>	<u>627</u>	<u>346,005</u>

(1) Represents System membership at December 31, 2023.

(2) Number of retirement payees as of December 31, 2023.

NUMBER OF PARTICIPATING EMPLOYERS

	KPERS	KP&F	Judges
State of Kansas	1	1	1
Counties	105	48	-
Cities	370	85	-
Townships	62	-	-
School Districts	286	-	-
Libraries	123	-	-
Conservation Districts	84	-	-
Extension Councils	59	-	-
Community Colleges	19	-	-
Educational Cooperatives	21	-	-
Recreation Commissions	46	1	-
Hospitals	27	-	-
Cemetery Districts	13	-	-
Other	219	-	-
Total	<u>1,435</u>	<u>135</u>	<u>1</u>

PLAN BENEFITS

Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years or any age with 36 years of service). Monthly retirement benefits are based on a statutory formula that

includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50 percent of the actuarial present value of the member's lifetime benefit. Their monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

For active members (except Police and Firemen) in cases of death as a result of an on-the-job accident for Public Employees, there is a \$50,000 lump-sum benefit and a monthly benefit payable to a spouse, minor children or dependent parents (in this order). Service-connected accidental death benefits are in addition to any life insurance benefit. There is a \$4,000 death benefit payable to the beneficiary(ies) when a retired member dies from any group.

CONTRIBUTIONS

Member contribution rates are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation for each of the three statewide pension groups. The contributions and assets of all three groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement groups are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS

employers, which includes the state, school and local employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2 percent of total payroll.

The actuarially determined employer contribution rate and the statutory contribution rates are as follows:

	Actuarial Employer Rate	Statutory Cap Rate
State Employee ⁽¹⁾	9.38%	12.57%
School Employee ⁽¹⁾	13.38	12.57
Judges ⁽¹⁾	16.48	16.48
Local Government Employee ⁽²⁾	9.26	9.26
Police and Firemen ⁽²⁾	23.10	23.10

(1) Rates shown for KPERS State, School and Judges represent the rates for fiscal year ending June 30.
(2) KPERS Local and KP&F rates are reported for the calendar year.

Employee contribution rates as a percentage of eligible compensation in Fiscal Year 2024 were 6.0 percent for Public Employees, 7.15 percent for Police and Firemen and 6.0 percent or 2.0 percent for Judges.

NOTE 2 – SUMMARY OF
SIGNIFICANT ACCOUNTING
POLICIES

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with US generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). KPERS' financial statements include the pension fund and custodial funds.

The pension fund is accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Contributions are recognized as revenues when due pursuant to statutory requirements, regardless of when the contributions are received. Benefits and refunds are recognized when due and payable and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

The custodial funds are custodial in nature and account for the assets and liabilities held by KPERS by using the economic resources measurement focus. Death and disability benefits are paid on behalf of other governments and Optional Group Life Insurance premiums are paid on behalf of employees when due and payable.

SHORT TERM INVESTMENTS

The Retirement System considers Short Term Investments to include both Money Market Investments (MMI) and Short Term Investment Funds (STIF). MMI are highly liquid debt instruments purchased with a duration of one year or less, including US Treasury and Agency obligations. A security's duration is determined by a third-party pricing agency. Asset-backed securities, derivatives and structured notes are not included in MMI.

STIF is an open-end mutual fund provided and operated by the custodian bank, that serves the daily cash needs of specific investment managers. The STIF funds are not a 2a-7 like investment pool. As such, the unit of account is each share held, and the value of the position is the fair value of the total fund's price multiplied by the number of shares held.

More information regarding the measurement of the fair value of the MMI and STIF Funds is available in Note 5 – Fair Value Measurement.

METHODS USED TO VALUE INVESTMENTS AND INVESTMENT TRANSACTIONS

Investments are reported at fair value. The fair value of active, publicly traded securities are quoted market prices. Securities traded on a national or international securities exchange are valued at the last reported sales price at current exchange rates. The fair value of real estate investments is based on independent annual appraisals. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Fair values of the limited partnership investments are based on valuations of the partnerships as reported by the general partner. As the information provided by the general partner is less timely than public traded securities information, estimates of fair value of limited partnerships investments are generally based on information that is quarter-lagged and cash-adjusted using cash flows subsequent to the latest report available. Therefore, there could be differences between the valuation of the limited partnerships and real estate trusts reported by the respective general partners and the valuation included in the financial statements for these investments.

Sales of investments and foreign exchange contracts are recorded on the trade date. Receivables are recorded when the sale has occurred but are pending final settlement. Purchases of investments and foreign exchange contracts are recorded on the trade date. Payables are recorded when the sale has occurred but are pending final settlement. Dividends are recorded on the ex-dividend date.

More information regarding the measurement of the fair value of investments is available in Note 5 – Fair Value Measurements.

INVESTMENTS

Investments and the investment process are governed by K.S.A. 74-4921. The Board of Trustees maintains a formal Statement of Investment Policy, which addresses the governing provisions of the law, as well as specifying additional guidelines for the investment process.

Statutory authority for the Retirement System's investment program is provided in K.S.A. 74-4901 et seq., effective July 1, 1993. The Retirement Act addresses the following areas:

- Establishes the structure of the Board of Trustees, defines the responsibilities of the Board and imposes the prudent expert rule upon the Trustees' actions with respect to managing the assets of the Retirement System.
- Requires that the assets be invested to preserve capital and solely to provide benefits to members and the members' beneficiaries.
- Limits the possible allocation of common stock to 60.0 percent of the total book value of the fund.
- Limits the annual net commitment to alternative (non-publicly traded) investments to 5.0 percent of the total market value of investment assets of the fund as measured from the end of the preceding calendar year.
- Establishes limits on the structure of future investments in alternative investments.
- Requires that the Board develop investment policies and objectives to invest fund assets.
- Authorizes the Board to hire qualified professionals/ firms to assist in investing the fund and requires that such professionals/ firms obtain errors and omissions insurance coverage and fidelity bond insurance coverage.
- Authorizes the Board to pay for the services of retained professionals/firms at the rates fixed by the Board, excluding any reimbursement for expenses and subject to the provisions of the appropriations act.
- Provides for an annual audit and requires that the Board annually examine the investment program, specific investments and its policies and practices.

In fulfilling its responsibilities, the Board of Trustees has contracted with 18 investment management firms and a master global custodian. The Retirement System has six permissible investment categories: 1) equities, 2) real estate, 3) fixed-income securities, 4) derivative products, 5) cash equivalents, and 6) alternative investments.

The Pension Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Trustees. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following was the Board of Trustee's adopted asset allocation policy as of June 30, 2024:

Asset Class	Interim Target Allocations
Domestic Equities	22.0%
International Equities	22.0
Yield Driven ⁽¹⁾	12.0
Real Return ⁽²⁾	3.0
Fixed	13.0
Short Term Investments	3.0
Real Estate	14.0
Alternatives	11.0
	<hr/> 100.0%

(1) The Yield Driven asset class above is reported in domestic equities and fixed income on the Statement of Fiduciary Position.

(2) The Real Return asset class above is reported in fixed income and real estate on the Statement of Fiduciary Position.

The Systems target allocation is to have 22.0 percent of assets in dedicated international equities. At June 30, 2024, the System utilized two currency overlay managers to reduce risk by hedging up to 100 percent of the developed foreign currency market for international equity portfolios. At June 30, 2024, the System's total foreign currency exposure was 56.8 percent hedged.

Equities are considered to be common or preferred corporate stocks; warrants or rights; corporate bonds, debentures or preferred stock which are convertible into common stock; investment trusts; or participation in commingled (equity) funds managed by a bank, insurance company or other professional equity investment manager. These stocks are listed on well-recognized or principal exchanges of the United States or foreign countries.

Fixed income securities are considered to be US and foreign treasury or government agency obligations; US or foreign corporate bonds; asset backed securities such as CMOs, mortgage-backed securities, and segments of these types of vehicles; or participation in commingled (fixed income) funds, managed by a bank, insurance company or other professional fixed income investment manager.

Alternative investments are those investments that do not trade publicly on an organized exchange. Examples include, but are not limited to, partnership funds that focus on private equity, private credit, venture capital, buyout, mezzanine financing or special situations, natural resources, infrastructure, commodities or hedge funds. Prospective investment in any alternative investments are subject to the following requirements:

- There are at least two other sophisticated investors.
- The System's portion of an investment will not be more than 20.0 percent of the total investment.
- Any individual investment (standing alone or within a pool) must not be more than 2.5 percent of the Fund's total alternative investment commitments.
- A favorable recommendation has been received from an independent expert.
- The investment is consistent with the Investment Policy Statement.
- The Board has received and considered the due diligence findings regarding the investment.
- Criteria have been established that will be used as a guideline to determine when no additional investments will be made and when the investment will be liquidated.

Real estate investments are investments in real property on a direct ownership basis, through a realty holding corporation, joint partnership, participation in commingled real estate funds (managed by a bank, insurance company or other professional real estate investment manager) or through debt secured by real estate. Any real estate investment shall support the System's intent to hold a real estate portfolio that is diversified by geographic location, property type, stage of development and degree of leverage.

RECEIVABLES

In addition to statutorily determined contractually required contributions, certain agencies also make payments through an additional component of their required employer contribution rate or annual installment payments, both options include interest at 8.0 percent per year, for the cost of service credits granted retroactively when the agency initially joined the Retirement System. As of June 30, 2024, the outstanding balance was \$1,222,980. These payments are due over various time periods up through December 31, 2032.

CAPITAL ASSETS

Furniture, fixtures, equipment, and other capital assets are reported on the Statement of Fiduciary Net Position at historical cost, net of accumulated depreciation/amortization. These assets are depreciated on a straight-line basis over an average useful life of three to ten years. The book value of capital assets as of June 30, 2024, was \$26,127,944, with accumulated depreciation of \$24,424,508. In Fiscal Year 1999, the Retirement System purchased an office building and garage in Topeka, Kansas. Over sixty percent of the floor space of the office building is used as the System's administrative headquarters and the remaining portion is leased as a real estate investment. The administrative portion of the building and garage are reported on the Statement of Fiduciary Net Position as a capital asset and are being depreciated. Accumulated depreciation on the administrative portion of the building and garage as of June 30, 2024, was \$3,237,382. The office building and garage are being

depreciated over a period of 33 years on an accelerated method. At June 30, 2024, the carrying value of the System's administrative headquarters was \$380,775.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires the System's management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities and the total pension liability at the date of the financial statements. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

The System invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

FEDERAL INCOME TAX

The System is a qualified pension plan under Section 401(a) of the Internal Revenue Code (IRC) and, as such, is required to withhold federal income tax from member and benefit recipient payments in accordance with IRC. As a public entity, the System is not required to file a federal income tax return with the Internal Revenue Service.

NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 102, Certain Risk Disclosures. The objective of this Statement is to establish financial reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. Retirement management has reviewed this statement and believes it isn't applicable to the System.

GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Retirement management is currently evaluating GASB Statement No. 103 to determine its applicability to the System.

GASB Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users with certain additional information regarding capital assets to be presented by major class in the note disclosures. Retirement management is currently evaluating GASB Statement No. 104 to determine its applicability to the System.

NOTE 3 – CASH AND INVESTMENTS

CASH

The System advances cash deposits to a disability administrator for monthly disability benefits and death benefits for members who are disabled. As of June 30, 2024, the System's deposits with its disability administrator were \$51,006. The System does not have a deposit policy for custodial credit risk associated with these deposits.

INVESTMENTS

The following table presents a summary of the Retirement System's investments by type as of June 30, 2024, at fair value:

Investment Type	Fair Value
Domestic Equities	\$ 8,331,297,462
International Equities	5,303,956,661
Fixed Income:	
US Government	1,560,392,539
US Agencies	854,434,071
US Corporate	4,024,798,245
Foreign Fixed Income	2,845,933
Short Term Investments	1,195,360,760
Real Estate:	
Partnerships	1,197,263,724
Commingled Funds	2,176,746,338
Separate Accounts	32,937,041
Alternatives	2,823,843,342
Total	<u>\$ 27,503,876,116</u>

CUSTODIAL CREDIT RISK

The custodial credit risk for investments is the risk that, in the event of the failure of the custodial counterparty to a transaction, the System will not be able to recover the value of investments or collateral securities that are in the possession of the custodial bank. At June 30, 2024, the System had US Dollar and foreign currency balances at custodial banks with a net value of \$26.6 million. This is primarily foreign currency deposits facilitating international investments in the respective local markets. The System's deposits of \$8.6 million held at the State Treasury were fully collateralized at fiscal year end by FDIC insurance or pledged collateral (government securities or FHLB letters of credit).

CONCENTRATION OF CREDIT RISK

No single issuer represents 1.0 percent or more of System assets other than the US Government (4.9 percent) and Agencies (3.7 percent). KPERS' investment policy does not prohibit holdings above 5.0 percent in the debt securities of US government issuers. Government sponsored enterprises (GSEs, such as FNMA) are considered government issuers for the purpose of implementing KPERS investment policy.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The System does not have a formal investment policy that limits its exposure to foreign currency risk.

The following table presents the foreign currency risk by type of investment as of June 30, 2024:

FOREIGN CURRENCY RISK				
USD Equivalent				
Currency	Fixed	Equity	Total	Percent
Australian Dollar	\$ -	\$ 40,693,246	\$ 40,693,246	0.75%
Brazilian Real	-	498,939	498,939	0.01
British Pound Sterling	2,845,933	764,273,516	767,119,449	14.20
Canadian Dollar	-	424,489,652	424,489,652	7.86
Danish Krone	-	277,535,005	277,535,005	5.14
Euro Currency	-	2,004,585,462	2,004,585,462	37.10
Hong Kong Dollar	-	94,555	94,555	0.00
Indonesian Rupiah	-	66,528,423	66,528,423	1.23
Israeli New Shekel	-	27,237,881	27,237,881	0.50
Japanese Yen	-	832,192,803	832,192,803	15.40
Mexican New Peso	-	89,109,805	89,109,805	1.65
New Taiwan Dollar	-	278,066,526	278,066,526	5.15
Norwegian Krone	-	3,886,298	3,886,298	0.07
Singapore Dollar	-	29,880,061	29,880,061	0.55
South African Rand	-	18,916,337	18,916,337	0.35
South Korean Won	-	192,796,746	192,796,746	3.57
Swedish Krona	-	140,544,440	140,544,440	2.60
Swiss Franc	-	192,646,180	192,646,180	3.57
Thailand Baht	-	16,149,349	16,149,349	0.30
	<u>\$ 2,845,933</u>	<u>\$ 5,400,125,224</u>	<u>\$ 5,402,971,157</u>	<u>100.00%</u>

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to a debt investment will not fulfill its obligations. Each fixed portfolio manager is required to maintain a reasonable risk level relative to its benchmark.

In the following table, Short Term includes commercial paper, repurchase agreements and other short-term securities. Agency

securities are those implicitly guaranteed by the US Government. US Government securities are treasury securities and agencies explicitly guaranteed. Securities with a "not rated" quality rating are primarily bank loans, certificates of deposit and preferred stock. System assets as of June 30, 2024, subject to credit risk are shown with current credit ratings.

CREDIT RISK

Quality Rating	Short Term Investments	Corporate ⁽¹⁾	US Government	Agency	Total
Not Rated	\$ 884,770,447	\$ 170,446,661	\$ -	\$ -	\$ 1,055,217,108
AAA	4,492,040	125,996,088	-	-	130,488,128
AA	5,879,304	97,285,955	1,560,392,539	804,257,400	2,467,815,198
A	100,787,398	426,828,054	-	14,674,654	542,290,106
A-1/P-1	-	51,384,556	-	-	51,384,556
BBB	195,149,821	873,422,058	-	23,891,867	1,092,463,746
BB	3,787,569	824,293,628	-	10,277,220	838,358,417
B	-	1,147,752,224	-	1,332,930	1,149,085,154
CCC	494,181	272,104,678	-	-	272,598,859
CC	-	31,555,374	-	-	31,555,374
C	-	7,793,089	-	-	7,793,089
Total	<u>\$ 1,195,360,760</u>	<u>\$ 4,028,862,365</u>	<u>\$ 1,560,392,539</u>	<u>\$ 854,434,071</u>	<u>\$ 7,639,049,735</u>

(1) Includes preferred equities subject to credit risk.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investment policy requires all fixed portfolios maintain a reasonable risk level relative to their benchmarks. The same System assets as

above are also subject to interest rate risk. These are shown in the following table grouped by effective duration ranges. The weighted effective durations shown in the following table are grouped by asset category.

INTEREST RATE RISK

Effective Duration	Short Term Investments	Corporate ⁽¹⁾	US Government	Agency	Total
0 – 1 Yr	\$ 1,195,360,760	\$ 561,307,764	\$ 224,549,136	\$ 63,683,316	\$ 2,044,900,976
1 – 3 Yrs	-	1,056,470,096	120,477,079	29,576,810	1,206,523,985
3 – 5 Yrs	-	1,472,849,040	353,137,519	308,374,115	2,134,360,674
5 – 10 Yrs	-	700,585,500	551,787,671	449,665,975	1,702,039,146
> 10 Yrs	-	237,649,965	310,441,134	3,133,855	551,224,954
Grand Total	<u>\$ 1,195,360,760</u>	<u>\$ 4,028,862,365</u>	<u>\$ 1,560,392,539</u>	<u>\$ 854,434,071</u>	<u>\$ 7,639,049,735</u>

(1) Includes preferred equities subject to interest rate risk.

ANNUAL MONEY-WEIGHTED RATE OF RETURN

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.25 percent. This return was 7.02

percent for Fiscal Year 2023. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 4 – INVESTMENT DERIVATIVES

Derivative instruments are tools for use by the System's investment managers for the purposes of:

- Risk Management: Mitigating or managing portfolio risks through hedging or otherwise modifying specific risk exposure.
- Substitution: In substitution for "cash market" securities/positions, or for modifying portfolio positioning in lieu of cash market transactions.
- Derivative-based Strategies: As a structural part of an investment strategy.
- Efficiency/Cost Effectiveness: Efficiency and/or cost effectiveness in implementing: portfolio construction, trading, portfolio strategy or managing a portfolio's risk/return profile.

The following table summarizes the derivatives held by the Retirement System as of June 30, 2024:

INVESTMENT DERIVATIVE SUMMARY

	Asset Class ⁽¹⁾	Notional Value	Fair Value
Domestic Equity Futures	Domestic Equities	\$ 74,200,700	\$ -
International Equity Futures	International Equities	192,731,173	-
Credit Default Swaps	Fixed	13,000,000	811,595
Fixed Futures	Fixed	102,945,812	-
Foreign Currency Forwards	Fixed	3,325,447,851	14,301,338
To-be-announced (TBA) Agency Bonds ⁽²⁾	Fixed	51,491,131	51,491,131

(1) The Asset Class that the Fair Values and Revenues are included in other schedules. Futures and Options reflect the summed absolute values of the exposures.

(2) TBA Agency Bond notional values are equal to their fair values. KPERS investment policy allows managers to carry short TBA values as long as they have offsetting long holdings in similar securities with similar characteristics.

The following table summarizes the activity of the derivatives held by the Retirement System during the year ended June 30, 2024, at fair value:

INVESTMENT DERIVATIVE FAIR VALUES

	June 30, 2023	Increases	Decreases	June 30, 2024
Credit Default Swaps	\$ -	\$ 73,746,878	\$ (72,935,283)	\$ 811,595
Foreign Currency Forwards	29,025,907	18,937,011	(33,661,580)	14,301,338
Options Purchased	225	156,842	(157,067)	-
TBA Agency Bonds	100,210,484	1,072,636,757	(1,121,356,110)	51,491,131
	<u>\$ 129,236,616</u>	<u>\$ 1,165,477,488</u>	<u>\$ (1,228,110,040)</u>	<u>\$ 66,604,064</u>

FUTURES

Futures contracts are commitments for delayed delivery (liability) or receipt (asset) of securities in which the seller agrees to make delivery and the buyer agrees to take delivery at a specified future date, of a specified instrument, at a specified price. Market risk arises due to market price and interest rate fluctuations that may result in a decrease in the fair value of futures contracts. Futures contracts are traded on organized exchanges and require initial margin in the form of cash or marketable securities. Holders of futures contracts look to the exchange for performance under the contract. Accordingly, the credit risk due to nonperformance of counterparties to futures contracts is minimal. Daily, the net change in the futures contract value is settled in cash with the exchanges, making the fair values always equal to zero after the daily margin flow. At the close of business June 30, 2024, the System had total net margins receivable the next day of

\$0. Short-term investments in amounts necessary to settle the economic value of the futures contracts were held in the payable portfolio so that no leverage was employed in accordance with the Statement of Investment Policy. The daily margin flows affect cash assets held at broker. Realized gains/losses are recognized at contract maturity and included with underlying security type returns. Total gains of \$23.3 million were associated with futures for the year ending June 30, 2024.

OPTIONS

The Retirement System also participates in option contracts. These contractual agreements give the purchaser the right, but not the obligation, to purchase or sell a financial instrument at a specified price within a specified time. The option buyer has some counterparty risk in the event the seller cannot deliver when exercised. This involves opportunity cost and possible

loss of option fees. The option seller holds the securities and has minimal counterparty risk. Options strategies used by the Retirement System are designed to provide exposures to positive market moves and limit exposures to interest rate and currency volatility.

SWAPS

Interest rate swaps are agreements between two counterparties to exchange future cash flows. These are generally fixed vs. variable flows, and can be either received or paid. These swaps are used to adjust interest rate and yield curve exposure and substitute for physical securities. Long swap positions (receive fixed) increase exposure to long-term interest rates; short positions (pay fixed) decrease exposure. Counterparty risk is limited to monthly exchanged or netted cash flows.

Credit default swaps are used to manage credit exposure without direct purchase or sale of securities. Written credit default swaps increase credit exposure (selling protection) obligating the seller to buy the bonds from the counterparty in the event of a default. This creates credit risk, but has very little counterparty risk. Purchased credit default swaps decrease exposure (buying protection), providing the right to “put” bonds to the counterparty in the event of a default. This decreases credit risk, and has counterparty risk in the event the seller of protection fails to cover the defaulting security. Controls are established by the investment managers to monitor the creditworthiness of the counterparties.

TBA AGENCY BONDS

A TBA is a contract for the purchase or sale of agency mortgage-backed securities to be delivered at a future agreed-upon date; however, the actual pool identities or the number of pools that will be delivered to fulfill the trade obligation or terms of the contract are unknown at the time of the trade. A common practice is to buy a TBA security thirty to sixty days in advance of the issue date with the issue date as the trade settle date, then selling the security four days before issue date, with the same settle date. This allows the trader to realize a gain or loss on the security based on changes in interest rates, without taking possession of, or paying for, the security. The only cash cost is the broker cost of the trades. These have minimal credit risk, while this scenario is designed specifically to increase interest rate exposure.

FOREIGN CURRENCY FORWARDS

The Retirement System’s international investment managers use forward contracts to obtain currencies necessary for trade

execution and manage the exposure of the international investments to fluctuations in foreign currency. Active international investment managers use forward contracts to enhance returns or to control volatility. Currency risk arises due to foreign exchange rate fluctuations. Forward foreign exchange contracts are negotiated between two counterparties. The Retirement System could incur a loss if its counterparties failed to perform pursuant to the terms of their contractual obligations. Since the System holds the offsetting currency in the contract, and controls are established by the investment managers to monitor the creditworthiness of the counterparties, risk of actual loss is minimized. Fair value is reflected as unrealized gains or losses when currency rates fluctuate during the life of the contract.

The Retirement System utilizes two currency overlay managers to reduce, or partially hedge, the System’s exposure to foreign currencies through the international equities portfolio. At June 30, 2024, the fair value of international equities was \$5.3 billion. The overlay managers evaluate the System’s international equities exposure to currencies, and buy/sell inverse currency forwards in relation to the overall currency exposures. The inverse relationship of these hedging investment forwards uses their exposure to currency risks to reduce overall System exposure. The Statement of Investment Policy stipulates that the overlay manager should: “Take forward currency exchange contract positions which will have the intent and effect of hedging the currency exposure of the underlying international equity assets.” The Statement of Investment Policy further states the forward currency exchange contract positions be used to “maintain an acceptable risk level by reducing the negative volatility of the currency component of return.”

The forward contracts are purchased as needs are determined by the hedge manager, and mature quarterly. Gains/losses are realized during those periods and the contracts are rolled over to the next period as appropriate. Through these processes, hedging contracts can adapt to any changes to portfolio currency exposures. Since the hedging currency forwards track to the overall exposure, and they reference the same foreign exchange rates as the underlying portfolio, this hedge is known to be effective through consistent critical terms. An investment portfolio hedge such as this does not match the hedging forwards to any specific hedged security. The accessibility and liquidity of the currency forwards market allows these hedging forwards to roll forward and seamlessly hedge the ongoing foreign currency exposures.

The following is a summary of the foreign currency forwards exposure at the fiscal year ended June 30, 2024:

INVESTMENT CURRENCY FORWARDS

	Notional Cost (USD)	Pending Foreign Exchange Receivables (USD)	Pending Foreign Exchange Payables (USD)	Fair Value June 30, 2024 (USD)
Australian Dollar	\$ 50,208,817	\$ 50,217,696	\$ (50,583,385)	\$ (365,689)
British Pound Sterling	323,283,660	323,182,650	(322,420,070)	762,580
Canadian Dollar	282,967,725	282,973,042	(284,111,183)	(1,138,141)
Danish Krone	66,022,568	66,022,568	(65,921,893)	100,675
Euro Currency	1,231,010,125	1,230,997,616	(1,228,830,497)	2,167,119
Hong Kong Dollar	99,726,510	99,726,510	(99,736,849)	(10,339)
Israeli New Shekel	44,885,451	44,442,131	(44,833,820)	(391,689)
Japanese Yen	732,182,697	732,181,661	(719,215,195)	12,966,466
New Zealand Dollar	105,965,796	105,625,652	(105,735,687)	(110,035)
Norwegian Krone	132,865,145	131,778,688	(132,865,145)	(1,086,457)
Singapore Dollar	13,260,355	13,260,355	(13,233,292)	27,063
South African Rand	1,288,488	1,284,721	(1,288,488)	(3,767)
Swedish Krona	67,209,393	67,209,393	(66,524,415)	684,978
Swiss Franc	171,429,577	171,237,252	(170,529,430)	707,822
Taiwan Dollar	3,141,544	3,141,544	(3,150,792)	(9,248)
	<u>\$ 3,325,447,851</u>	<u>\$ 3,323,281,479</u>	<u>\$ (3,308,980,141)</u>	<u>\$ 14,301,338</u>

Investment forwards counterparty exposure at June 30, 2024, is as follows:

INVESTMENT FORWARDS COUNTERPARTY EXPOSURE

Counterparty Name	Notional \$USD	Fair Value	Lowest Long-Term Rating
Australia & New Zealand Banking Group	\$ 212,749,667	\$ 66,023	AA-
Bank Of New York Mellon	133,270,363	1,234,424	A
Barclays Bank PLC Wholesale	375,096,313	604,594	A
BNP Paribas SA	1,862,032	706	A2
Citibank N.A.	155,617,611	589,553	A+
Credit Agricole CIB	136,755,899	1,202,192	A+
Goldman Sachs International	276,328,025	(1,225,644)	A+
HSBC Bank PLC	181,273,113	815,920	A-
Income Repatriation Boston IBS	971,804	(729)	NR
JP Morgan Chase Bank N.A. London	300,668,535	(760,856)	A+
Natwest Markets PLC	334,301,589	9,211,225	A
Royal Bank Of Canada (UK)	527,077,624	2,191,229	A1
State Street Bank & Trust Company	9,334,716	(492)	A
State Street Bank London	340,398,828	933,552	A
Toronto Dominion Bank	5,265,498	(16,547)	A
UBS AG	141,037,769	(426,945)	A+
Westpac Banking Corporation	193,438,465	(116,867)	AA-
	<u>\$ 3,325,447,851</u>	<u>\$ 14,301,338</u>	

NOTE 5 – FAIR VALUE MEASUREMENT

The Retirement System categorizes fair value measurements of investment assets and liabilities within the fair value hierarchy established by generally accepted accounting principles. As a pension fund, 100 percent of the System's custodied assets and liabilities are held primarily for income or profit for the purpose of paying current or future member benefits. These investments are valued through industry standard practices for the respective type of security at a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The hierarchy is based on the transparency of inputs to the valuation of the assets as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices for identical instruments in active markets.

Level 2 - Inputs other than quoted prices are observable, either directly or indirectly.

Level 3 - One or more significant inputs to the valuation methodology are unobservable.

The following table presents the Retirement System's recurring fair value measurements as of June 30, 2024:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE

		Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3
	Total			
<i>Investments by Fair Value Level</i>				
Debt Securities				
US Treasury	\$ 1,337,304,274	\$ 195,192,407	\$ 1,142,111,867	\$ -
GNMA	223,088,265	-	223,088,265	-
US Agency	802,942,940	-	802,942,940	-
US Corporate, Municipalities	3,567,647,077	-	3,566,038,016	1,609,061
Yankees	456,339,573	-	456,339,573	-
International	2,845,933	-	2,845,933	-
Total Debt Securities	6,390,168,062	195,192,407	6,193,366,594	1,609,061
Equity Securities				
Domestic Common Stock	8,329,202,922	8,317,305,838	-	11,897,084
Domestic Preferred	2,094,540	1,138,650	-	955,890
International Common	5,303,956,661	5,303,956,661	-	-
Total Equity Securities	13,635,254,123	13,622,401,149	-	12,852,974
Real Estate and Alternatives				
Separate Properties	30,871,734	-	-	30,871,734
Home Office Property, Rentable	2,065,307	-	-	2,065,307
Alternatives Distribution	139,550	-	-	139,550
Total Real Estate and Alternatives	33,076,591	-	-	33,076,591
Investments by Fair Value Level	20,058,498,776	13,817,593,556	6,193,366,594	47,538,626
<i>Derivatives by Fair Value</i>				
Swaps	811,595	-	811,595	-
TBA Agencies	51,491,131	-	51,491,131	-
Total Derivatives by Fair Value Level	52,302,726	-	52,302,726	-
Total Investments and Derivatives by Fair Value Level	\$ 20,110,801,502	\$ 13,817,593,556	\$ 6,245,669,320	\$ 47,538,626
		Unfunded	Transfer or	Transfer or
		Commitment	Redemption	Redemption
			Frequency	Notice
<i>Investments Measured at Net Asset Value (NAV)</i>				
Private Equity Partnerships	\$ 2,823,703,792	\$ 1,176,912,629	Quarterly	30 days
Real Estate Partnerships	1,197,263,724	377,849,918	Quarterly	30 days
Real Estate Core Funds	2,086,575,954	-	Quarterly	30 days
Real Estate Other Funds	90,170,384	-	Biannual	30 days
Total investments measured at NAV	6,197,713,854			
<i>Short Term Investments measured at amortized cost</i>				
STIF Funds	56,754,864			
Money Market Investments	1,138,605,896			
Total Short Term Investments	1,195,360,760			
Total Investment Value	\$ 27,503,876,116			

DEBT SECURITIES

Except for the Treasury Level 1 securities noted below, the majority of debt securities use Level 2 inputs priced by recognized third-party vendors based on actual prices of similar securities and utilizing industry standard models that consider various assumptions including time value, yield curves, volatility factors, default rates, credit rating and treasury rates. Significant inputs are observable in the marketplace, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Level 3 debt securities consist of securities that have defaulted or have little to no trading volume within the observable market.

US Treasury Level 1 assets were actively traded “on the run” on June 30, 2024. GNMA are those agencies explicitly guaranteed by the US government. Yankee bonds are international corporate and government bonds that qualify to be sold on domestic exchanges in US dollars.

Bonds in the international category are traded in local currencies and are subject to currency risk. See Note 3.

EQUITY SECURITIES

Equity securities include both direct interest in equities and equity funds. The fair value for those equity securities in Level 1 are based on quoted market prices of identical securities or equity funds traded on an established exchange. Level 3 equity securities are valued based on prices provided by investment managers or other unobservable pricing inputs.

REAL ESTATE AND ALTERNATIVES MEASURED AT FAIR VALUE

The Retirement System wholly owns two separate properties including timberland and its home office. These are valued according to annual independent professional appraisals and can be sold at any time. Appraisals utilize comparable sales, inventory estimates and present values of cash flows to determine respective property valuations. There are no unfunded commitments for these properties. In September 2021, the Board authorized the orderly divestiture of the two timberland properties, one has been fully divested. The home office property is partially System occupied and partially rentable space. This building was split into two units of account at purchase. The System's portion is included in capital assets. The alternatives distribution is valued based on general partner information that is unobservable.

DERIVATIVES

Currency forwards are not included in payables and receivables on the Statement of Net Fiduciary Position. For more information on these, see the Foreign Currency Forwards section in Note 4. Fair value for currency forwards are reflected by adjusting those payable/receivable values for daily fluctuations in currency

exchange rates. The System had \$3.3 billion in outstanding currency forward contract payables and receivables at June 30, 2024. The net fluctuation in currency rates at that time increased the unrealized fair value of those contracts by \$14,301,338.

Derivative instruments with a classification of Level 1 of the fair value hierarchy have values obtained from quoted prices in an actively traded market. Derivative instruments classified in Level 2 of the fair value hierarchy use a quoted price from a reputable third-party pricing source using the observable market inputs of identical securities. A Level 3 designation is given if there is not an active traded market for the security, thus pricing information from a reputable third-party source is not available. See Note 4 of these financial statements for more information on KPERS derivative investments.

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)

Private equity partnerships: For eighty-five (85) private equity partnerships the fair value of each investment has been determined using the NAV per share or its equivalent of the Retirement System's ownership interest in the partners' capital. All partnerships provided audited December 31, 2023, financial reports with unmodified opinions, along with unaudited quarterly or bi-annual reports. Net asset values of one quarter in arrears plus current quarter cash flows are used when recent information is not available. These partnerships are diversified across styles and vintage years. The expected term of each partnership is between seven to ten years. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent). Any sales of these would be on an inefficient secondary market that could result in values above or below those listed. Transfers to buyers are restricted to quarter end dates. No sales are contemplated.

Real estate partnerships: This type includes thirty-eight (38) real estate funds that invest in real estate across different strategies and property types, both domestic and international. The fair value of each investment has been determined using the NAV per share or its equivalent of the Retirement System's ownership interest in the partners' capital. All partnerships provided audited December 31, 2023, financial reports with unmodified opinions, along with unaudited quarterly or bi-annual reports. Net asset values of one quarter in arrears plus current quarter cash flows are used when recent information is not available. These partnerships are diversified across regions and vintage years. The expected term of each partnership is between seven to ten years. The nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the fund. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent). Any sales of these would be on an inefficient secondary market that could result in values above or below those listed. Transfers to buyers are restricted to quarter end dates. No sales are contemplated.

Real estate core & other funds: Eight real estate core funds hold domestic properties that are owned proportionately by investors. All fund properties have annual independent external appraisals, and the fair value of each fund has been determined using the NAV per share or its annual independent external appraisals. The fair value of each real estate core fund has been determined using the NAV per share or its equivalent of the Retirement System's ownership interest in the partners' capital. These investments are expected to have a long-term lifespan as opposed to only seven to ten years and they are expected to produce a steady current income in the form of investment yield while providing portfolio diversification and serving as an inflation hedge. Shares may be redeemed quarterly, with notice to the respective funds, subject to cash availability. One real estate core fund has been approved for full redemption by the Board in January 2020 and that fund is actively being redeemed. No further redemptions are contemplated.

The one real estate other fund is like the core funds except that it is an open-ended domestic private timberland investment vehicle. Its shares may only be redeemed biannually. No redemptions are contemplated.

SHORT TERM INVESTMENTS

STIF is an open-end mutual fund provided and operated by the custodian bank, that serves the daily cash needs of specific investment managers. The STIF funds are not a 2a-7 like investment pool and are reported at amortized cost. There are no redemption restrictions and shares were redeemable at \$1 per share as of June 30, 2024.

Money Market Investments are highly liquid debt instruments purchased within one year of maturity, including US Treasury and Agency obligations. Asset-backed securities, derivatives and structured notes are not included in money market investments. The amortized cost of the Money Market Investments is materially equivalent to fair value.

NOTE 6 – RESERVES

K.S.A. 74-4922, K.S.A. 74-4927 and K.S.A. 74-49,110 define the title and use of the required Retirement System reserves. This law requires the actuary to:

- Make an annual valuation of the Retirement System's liabilities and reserves.
- Make a determination of the contributions required to discharge the Retirement System's liabilities.
- Recommend to the Board of Trustees employer contribution rates required to maintain the System on an actuarial reserve basis.

The Members Accumulated Contribution Reserve represents the accumulation of member contributions, plus interest, credited to individual member accounts of non-retired members. At

the date of retirement, the individual member's account is transferred to the Retirement Benefit Payment Reserve. After ending employment and applying for withdrawal, employee contributions, plus accumulated interest, are charged to this reserve. Interest is credited to active member accounts on June 30 each year, based on the balance in the account as of the previous December 31. The interest-crediting rate, defined by statute as the actuarial interest assumption rate, is 7.00 percent for those who became members prior to July 1, 1993. For those who first became members after June 30, 1993, interest on employee contributions is credited at the rate of 4.0 percent per year.

The Retirement Benefit Accumulation Reserve represents the accumulation of employer contributions, net investment income not credited to any other reserve and the actuarially computed net pension liability not yet funded.

The Retirement Benefit Payment Reserve represents the actuarially computed present value of future benefits for retired members plus interest credited for the current fiscal year, based upon information as of the preceding January 1.

The Expense Reserve represents investment income, which is sufficient to maintain a year-end account balance at two times the most recent fiscal year's administrative expenses amount. The System's administrative expenses are financed from this reserve.

The Optional Term Life Insurance custodial fund accumulates employee contributions to pay their premiums for optional life insurance coverage. The balance at June 30, 2024 was \$641,106.

The KPERs Death and Disability Plan, a custodial fund, accumulates premium payments from employers for group life insurance for active members, plus employer contributions to fund the post-employment long-term disability (OPEB) benefit program available to all members. The balance at June 30, 2024 was \$240,368,366.

The balance of the System's pension reserves and the net pension liability at June 30, 2024, is as follows:

Reserves	Balance	Net Pension Liability	Pension Reserves
Members Accumulated			
Contribution Reserve	\$ 7,093,913,430	-	\$ 7,093,913,430
Retirement Benefit			
Accumulations Reserve	11,830,300,981	(10,290,865,809)	1,539,435,172
Retirement Benefit			
Payment Reserve	18,791,296,655	-	18,791,296,655
Expense Reserve	49,801,163	-	49,801,163
Totals	\$ 37,765,312,229	\$ (10,290,865,809)	\$ 27,474,446,420

NOTE 7 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the net pension liability of the participating employers at June 30, 2024, is as follows:

State	\$ 5,445,875,792
School	19,801,414,421
Local	7,508,529,336
KP&F	4,774,062,664
Judges	235,430,016
Total Pension Liability	\$ 37,765,312,229
Fiduciary Net Position	27,474,446,420
Employers' Net Pension Liability	\$ 10,290,865,809
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.75%

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price Inflation	2.75 percent
Salary Increase	3.50 to 15.50 percent, including price inflation
Investment Rate of Return	7.00 percent compounded annually, net of investment expense, and including price inflation

Mortality rates were based on the Pub 2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global Equities	43.0%	8.20%
Core Fixed Income	13.0	2.20
Yield Driven	12.0	5.30
Infrastructure	3.0	6.80
Real Estate	15.0	5.70
Alternatives	11.0	12.00
Short Term Investments	3.0	0.30

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial contribution rate. Based on legislation first passed in 1993, the employer contribution rates certified by the Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.0 percent for Fiscal Year 2015, 1.1 percent for Fiscal Year 2016 and 1.2 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of Fiscal Year 2015 as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017

in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 House Sub for SB 249 provided that the delayed contributions would be paid in full, with interest at 8 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it was to be paid back over a 20-year period, beginning in Fiscal Year 2020. Both reductions were accounted for as receivables by the System. The 2018 Legislature passed House Substitute for Senate Bill 109 that provided additional contributions to the school group of \$56 million in Fiscal Year 2018 and \$82 million in Fiscal Year 2019. The 2019 Legislature passed Senate Bill 9 that provided additional contributions to the school group of \$115 million in Fiscal Year 2019. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of \$51 million. The 2021 Legislature passed House Bill 2405, which authorized the State of Kansas to issue bonds with net proceeds of \$500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 from 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer \$1.125 billion from the State General Fund (SGF) directly to KPERS in Fiscal Years 2022 and 2023. The first \$253.9 million paid off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining \$871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, \$600 million was transferred to the System. In Fiscal Year 2023 Senate Bill 421 authorized two additional transfers which total \$271 million. These transfers are included in the cash flows.

Based on the employer contribution history described above, it is a reasonable assumption that the State/School group's contribution rate may not be certified at the statutory rate at some point in the future. It has been assumed that the contribution rates will be made within the same range as have been seen in the past few years. Using this assumption, actuarial

modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

The Local, Kansas Police and Firemen and Judges groups are contributing at the full actuarial contribution rate.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	\$ 14,942,217,651	\$ 10,290,865,809	\$ 6,396,725,371

NOTE 8 – PENSION OBLIGATION BONDS

In February 2004, the State of Kansas issued \$500 million in pension obligation bonds, and KPERS received net proceeds of \$440.2 million in March 2004. The proceeds have been invested to assist with financing the State and School group's unfunded actuarial liability. The debt service on the bonds will be paid by the State of Kansas in addition to the State's regular employer contributions to KPERS.

In August 2015, the State of Kansas issued \$1 billion in pension obligation bonds and KPERS received the full proceeds. The proceeds have been invested to assist with financing the State and School group's unfunded actuarial liability. The debt service on the bonds will be paid by the State of Kansas in addition to the State's regular employer contributions to KPERS.

In August 2021, the State of Kansas issued \$500 million in pension obligation bonds and KPERS received the full proceeds. The proceeds have been invested to assist with financing the State and School group's unfunded actuarial liability. The debt service on the bonds will be paid by the State of Kansas in addition to the State's regular employer contributions to KPERS.

NOTE 9 – CONTINGENCIES

As of June 30, 2024, the Retirement System was committed to additional funding of capital expenditures on separate account real estate holdings, commitments on private equity, and capital calls on core and noncore real estate property trust investments, as disclosed in Note 5 – Fair Value Measurement.

The Retirement System is a defendant in legal proceedings and claims arising out of the ordinary course of business. The Retirement System believes it has adequate legal defenses and that the ultimate outcome of these actions will not have

a material adverse effect on the Retirement System's financial position.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 31, 2024, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION – RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last Ten Fiscal Years (\$ in Thousands)

	2024	2023	2022	2021	2020
Total Pension Liability:					
Service Cost	\$ 748,384	\$ 710,959	\$ 666,910	\$ 608,798	\$ 581,722
Interest	2,476,240	2,380,618	2,321,174	2,257,132	2,217,512
Changes of Benefit Terms	-	26,651	-	101	-
Differences Between Expected and Actual Experience	522,106	479,358	192,192	113,131	110,055
Changes of Assumptions	(198,974)	-	962,890	1,001,426	529,310
Benefit Payments, Including					
Refunds of Member Contributions	(2,276,104)	(2,188,482)	(2,112,655)	(2,006,981)	(1,906,848)
Net Change in Total Pension Liability	1,271,652	1,409,104	2,030,511	1,973,607	1,531,751
Total Pension Liability – Beginning	36,493,661	35,084,557	33,054,046	31,080,439	29,548,688
Total Pension Liability – Ending (a)	37,765,312	36,493,661	35,084,557	33,054,046	31,080,439
Plan Fiduciary Net Position:					
Contributions – Employer	1,095,564	1,062,707	1,025,928	1,007,571	1,008,544
Contributions – Member	534,682	508,218	481,840	459,314	451,568
Contributions – Non-Employer ⁽¹⁾	-	271,134	1,100,000	-	51,000
Total Net Investment Income	2,343,614	1,698,368	(1,295,608)	5,185,034	347,464
Other Miscellaneous Income	802	890	37,474	19,967	20,699
Benefit Payments, Including					
Refunds of Member Contributions	(2,276,105)	(2,188,482)	(2,112,655)	(2,006,981)	(1,906,848)
Administrative Expenses	(24,770)	(24,253)	(19,498)	(17,184)	(13,607)
Net Change in Plan Fiduciary Net Position	1,673,787	1,328,582	(782,519)	4,647,721	(41,180)
Plan Fiduciary Net Position – Beginning	25,800,660	24,472,076	25,254,595	20,606,874	20,648,054
Plan Fiduciary Net Position – Ending (b)	27,474,446	25,800,660	24,472,076	25,254,595	20,606,874
Employers' Net Pension Liability (a) - (b)	\$ 10,290,866	\$ 10,693,001	\$ 10,612,481	\$ 7,799,451	\$ 10,473,565

See accompanying independent auditors' report.

(1) Pension obligation bond proceeds 2015H received in Fiscal Year 2016, pension obligation bond 2021K issued in Fiscal Year 2022, \$500 million. Additional contributions for the School group in 2018, 2019, 2020, 2022 and 2023.

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY (CONTINUED)

Last Ten Fiscal Years (\$ in Thousands)

	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ 563,297	\$ 552,423	\$ 570,703	\$ 571,263	\$ 571,944
Interest	2,146,531	2,084,822	2,046,674	1,985,329	1,926,405
Changes of Benefit Terms	-	-	713	-	1,467
Differences Between Expected and Actual Experience	75,441	(47,143)	(154,326)	(133,493)	(135,542)
Changes of Assumptions	-	-	574,844	-	(53,014)
Benefit Payments, Including					
Refunds of Member Contributions	(1,833,297)	(1,755,854)	(1,686,676)	(1,627,032)	(1,524,380)
Net Change in Total Pension Liability	951,972	834,248	1,351,932	796,067	786,880
Total Pension Liability – Beginning	28,596,716	27,762,469	26,410,538	25,614,471	24,827,591
Total Pension Liability – Ending (a)	29,548,688	28,596,716	27,762,469	26,410,538	25,614,471
Plan Fiduciary Net Position:					
Contributions – Employer	925,352	831,735	761,610	739,184	690,564
Contributions – Member	437,353	420,285	414,538	404,856	382,058
Contributions – Non-Employer ⁽¹⁾	213,543	56,000	-	1,000,000	-
Total Net Investment Income	1,216,685	1,516,929	2,060,925	49,171	561,174
Other Miscellaneous Income	5,488	5,734	(97,873)	2,904	1,076
Benefit Payments, Including					
Refunds of Member Contributions	(1,833,297)	(1,755,854)	(1,686,676)	(1,627,032)	(1,524,380)
Administrative Expenses	(13,280)	(12,460)	(11,116)	(12,172)	(10,768)
Net Change in Plan Fiduciary Net Position	951,845	1,062,369	1,441,408	556,911	99,724
Plan Fiduciary Net Position – Beginning	19,696,209	18,633,840	17,192,432	16,635,521	16,535,797
Plan Fiduciary Net Position – Ending (b)	20,648,054	19,696,209	18,633,840	17,192,432	16,635,521
Employers' Net Pension Liability (a) - (b)	\$ 8,900,634	\$ 8,900,507	\$ 9,128,629	\$ 9,218,106	\$ 8,978,950

See accompanying independent auditors' report.

(1) Pension obligation bond proceeds 2015H received in Fiscal Year 2016, pension obligation bond 2021K issued in Fiscal Year 2022, \$500 million. Additional contributions for the School group in 2018, 2019, 2020, 2022 and 2023.

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY

Last Ten Fiscal Years (\$ in Thousands)

	2024	2023	2022	2021	2020
Total Pension Liability	\$ 37,765,312	\$ 36,493,661	\$ 35,084,557	\$ 33,054,046	\$ 31,080,439
Plan Fiduciary Net Position	27,474,446	25,800,660	24,472,076	25,254,595	20,606,874
Employers' Net Pension Liability	<u>\$ 10,290,866</u>	<u>\$ 10,693,001</u>	<u>\$ 10,612,481</u>	<u>\$ 7,799,451</u>	<u>\$ 10,473,565</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.75%	70.70%	69.75%	76.40%	66.30%
Covered Payroll	\$ 8,747,170	\$ 8,299,627	\$ 7,837,185	\$ 7,547,246	\$ 7,411,388
Net Pension Liability as a Percentage of Covered Payroll	117.65%	128.84%	135.41%	103.34%	141.32%
	2019	2018	2017	2016	2015
Total Pension Liability	\$ 29,548,688	\$ 28,596,716	\$ 27,762,469	\$ 26,410,538	\$ 25,614,471
Plan Fiduciary Net Position	20,648,054	19,696,209	18,633,840	17,192,432	16,635,521
Employers' Net Pension Liability	<u>\$ 8,900,634</u>	<u>\$ 8,900,507</u>	<u>\$ 9,128,629</u>	<u>\$ 9,218,106</u>	<u>\$ 8,978,950</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.88%	68.88%	67.12%	65.10%	64.95%
Covered Payroll	\$ 7,168,557	\$ 6,824,710	\$ 6,715,593	\$ 6,388,450	\$ 6,635,196
Net Pension Liability as a Percentage of Covered Payroll	124.16%	130.42%	135.93%	144.29%	135.32%

See accompanying independent auditors' report.

SCHEDULE OF EMPLOYERS' CONTRIBUTIONS

Last Ten Fiscal Years (\$ in Thousands)

	2024	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 1,058,065	\$ 1,050,427	\$ 1,015,599	\$ 1,029,106	\$ 1,022,243
Contribution In Relation to the Actuarially Determined Contribution	1,076,590	1,046,681	1,009,751	993,216	992,099
Contribution Deficiency (Excess)	<u>\$ (18,525)</u>	<u>\$ 3,746</u>	<u>\$ 5,848</u>	<u>\$ 35,890</u>	<u>\$ 30,144</u>
Covered Payroll	\$ 8,747,170	\$ 8,299,627	\$ 7,837,185	\$ 7,547,246	\$ 7,411,388
Contributions as a Percentage of Covered Payroll	12.31%	12.61%	12.88%	13.16%	13.39%
	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 921,045	\$ 937,808	\$ 920,789	\$ 891,638	\$ 908,019
Contribution In Relation to the Actuarially Determined Contribution	908,931	817,653	745,021	721,313	676,173
Contribution Deficiency (Excess)	<u>\$ 12,114</u>	<u>\$ 120,155</u>	<u>\$ 175,768</u>	<u>\$ 170,325</u>	<u>\$ 231,846</u>
Covered Payroll	\$ 7,168,557	\$ 6,824,710	\$ 6,715,593	\$ 6,388,450	\$ 6,635,196
Contributions as a Percentage of Covered Payroll	12.70%	11.98%	11.09%	11.29%	10.19%

See accompanying independent auditors' report.

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	2024	2023	2022	2021	2020
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.25%	7.02%	(5.12%)	25.89%	1.76%
	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return, Net of Investment Expense	6.31%	8.34%	12.35%	0.33%	3.58%

See accompanying independent auditors' report.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The actuarially determined contribution rates in the schedule of the Retirement System's contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	KPERS	KP&F	Judges
Valuation Date	12/31/2023	12/31/2023	12/31/2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Age Normal Amortization Method	Level Percent Closed	Level Percent Closed	Level Dollar Closed
Remaining Amortization Period	Layered Bases 15-20 years	Layered Bases 19-20 years	Layered Bases 18-20 years
Asset Valuation Method	Difference between actual return and expected return on market value recognized evenly over five-year period.		
Actuarial Assumptions:			
Investment Rate of Return ⁽¹⁾	7.00%	7.00%	7.00%
Projected Salary Increases ⁽¹⁾	3.50% - 11.65%	3.50% - 12.00%	4.00%
Cost of Living Adjustment	None	None	None

(1) Salary increases and investment rate of return include an inflation component of 2.75 percent.

Changes in Benefit Terms

12/31/2023 valuation:

The 2023 valuation incorporated 2023 legislation that impacted the provisions and funding of KPERS.

- House Bill 2196 expanded the Deferred Retirement Option Plan (DROP) in KP&F to all employers as of April 27, 2023. Prior to this change, only members employed by the Kansas Highway Patrol and Kansas Bureau of Investigation were eligible.

Changes in Actuarial Assumptions and Methods

12/31/2023 valuation:

The 2023 valuation incorporated the following changes after an experience study for calendar years 2019-2022, reviewing economic assumptions.

- Changed mortality assumptions to the Pub-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for active members.
- Lowered disability rates for active members.
- The merit salary increase assumption was increased.
- The administrative expense component of the actuarial required contribution rate was increased.

12/31/2021 valuation:

- The 2021 GASB 67 valuation reflected the decrease in the investment return assumption from 7.75% to 7.00%. (7.25% to 7.00% for purposes of valuing the total pension liability (TPL).

12/31/2020 valuation:

- The 2020 valuation reflected the decrease in the investment return assumption from 7.75% to 7.25% (7.50% to 7.25% for purposes of valuing the TPL).

The change listed above was not adopted by the Board for the actuarial funding valuation. In order to comply with Actuarial Standard of Practice Number 27, this new assumption was used to develop the TPL as of June 30, 2021, in the GASB 67 report.

12/31/2019 valuation:

- Investment return assumption was lowered from 7.75% to 7.50%.

- General wage growth assumption was lowered from 3.50% to 3.25%.
- Payroll growth assumption was lowered from 3.00% to 2.75%.

The changes listed above that were recommended to all groups were not adopted by the Board for the actuarial funding valuation. In order to comply with Actuarial Standard of Practice Number 27, these new assumptions were used to develop the TPL as of June 30, 2020, in the GASB 67 report.

12/31/2016 valuation:

- Price inflation assumption was lowered from 3.00 to 2.75%.
- Investment return assumption was lowered from 8.00% to 7.75%.
- General wage growth assumption was lowered from 4.00% to 3.50%.
- Payroll growth assumption was lowered from 4.00% to 3.00%.

The changes listed above were adopted by the Board for the actuarial funding valuation of December 31, 2016.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS

Pension Plan

Fiscal Year Ended June 30, 2024

Kansas Public Employees Retirement System

State / School Contributions

Members \$ 342,625,918

Employers 715,871,414

Total State / School Contributions \$ 1,058,497,332

Local Contributions

Members 137,760,254

Employers 205,141,531

Total Local Contributions 342,901,785

Total Contributions KPERs

\$ 1,401,399,117

Kansas Police and Firemen's System

State Contributions

Members 5,242,564

Employers 19,448,246

Total State Contributions 24,690,810

Local Contributions

Members 46,878,453

Employers 149,001,123

Total Local Contributions 195,879,576

Total Contributions KP&F

220,570,386

Kansas Retirement System for Judges

State Contributions

Members 2,175,084

Employers 6,101,187

Total State Contributions 8,276,271

Total Contributions Judges

8,276,271

Grand Total All Contributions

\$ 1,630,245,774

SCHEDULE OF ADMINISTRATIVE EXPENSES

Pension Plan

Fiscal Year Ended June 30, 2024

Salaries and Wages		\$ 11,494,826
Professional Services		
Actuarial	\$ 281,042	
Audit	186,500	
Data Processing	2,824,690	
Legal	54,190	
Other Professional Services	6,341,915	
Total Professional Services		9,688,337
Communication		
Postage	340,030	
Printing	132,875	
Telephone	326,058	
Total Communication		798,963
Building Administration		
Building Management	124,868	
Janitorial Service	130,146	
Utilities	132,195	
Total Building Administration		387,209
Miscellaneous		
Dues and Subscriptions	32,735	
Office and Equipment Rent	55,138	
Other Miscellaneous	461,242	
Repair and Maintenance	27,484	
Supplies	74,708	
Temporary Services	651,688	
Travel	98,294	
Depreciation	999,442	
Total Miscellaneous		2,400,731
Total Administrative Expenses		\$ 24,770,066

SCHEDULE OF INVESTMENT INCOME BY ASSET CLASS

Pension Plan

Fiscal Year Ended June 30, 2024

Asset Classification	Interest, Dividends and Other Transactions	Gains and Losses	Total
Marketable Equity Securities			
Domestic Equities	\$ 124,662,000	\$ 1,440,502,863	\$ 1,565,164,863
International Equities	123,697,768	328,009,580	451,707,348
Subtotal Marketable Equities	248,359,768	1,768,512,443	2,016,872,211
Marketable Fixed Income Securities			
Government	84,187,404	(6,541,931)	77,645,473
Corporate	175,479,190	44,681,815	220,161,005
Subtotal Marketable Fixed	259,666,594	38,139,884	297,806,478
Temporary Investments	(7,291,927)	192,519,633	185,227,706
Total Marketable Securities	500,734,435	1,999,171,960	2,499,906,395
Real Estate	129,686,416	(325,358,582)	(195,672,166)
Alternative Investments	29,017,513	172,102,504	201,120,017
Total Real Estate and Alternative Investments	158,703,929	(153,256,078)	5,447,851
	<u>\$ 659,438,364</u>	<u>\$ 1,845,915,882</u>	<u>\$ 2,505,354,246</u>
Manager and Custodian Fees and Expenses			
Investment Manager Fees			(37,390,198)
Custodian Fees & Expenses			(1,981,823)
Investment Legal & Consulting Expenses			(2,779,710)
Partnership Management Fees & Expenses			(116,237,929)
Investment Operations Expenses			(3,350,925)
Total Investment Fees and Expenses			(161,740,585)
Net Investment Income			<u>\$ 2,343,613,661</u>

SCHEDULE OF INVESTMENT MANAGEMENT FEES AND EXPENSES

Pension Plan

Fiscal Year Ended June 30, 2024

Domestic Equity Managers	
BlackRock Institutional Trust Co.	\$ 325,464
Mellon Capital Management Corp.	265,017
Subtotal Domestic Equity Managers	590,481
International Equity Managers	
Baillie Gifford Overseas Limited	4,888,613
JP Morgan Investment Management	4,257,846
Lazard Asset Management LLC	5,946,194
State Street Global Advisors	(731)
Wellington Management Co.	5,914,127
Subtotal International Equity Managers	21,006,049
Fixed Income Managers	
Beach Point Capital Management	943,895
BlackRock Institutional Trust Co.	116,898
Loomis Sayles & Co. L.P.	2,493,986
Mackay Shields LLC	1,484,820
OakTree Capital Management	933,298
Payden & Rygel Investment Counsel	719,085
T Rowe Price Associates Inc.	1,064,710
Western Asset Management Co.	1,982,393
Subtotal Fixed Income Managers	9,739,085
Currency Overlay and Securitization Managers	
Adrian Lee & Partners	1,703,261
Insight Investment Inc.	1,927,005
Russell Investment Group	169,223
Subtotal Currency Overlay and Securitization Managers	3,799,489
REIT Investment Managers	
CenterSquare Investment Management Inc.	1,622,733
Subtotal REIT Managers	1,622,733
Cash Equivalent Manager	
Payden & Rygel Investment Counsel	632,361
Subtotal Cash Management	632,361
Total Investment Management Fees	37,390,198
Other Fees and Expenses	
State Street Bank - Custodian Fees and Other Expenses	1,981,823
Consultant Fees	2,232,095
Legal Expenses	547,615
Investment Operations	3,350,925
Partnership Management Expenses	116,237,929
Subtotal Other Fees and Expenses	124,350,387
Total	\$ 161,740,585

Investment

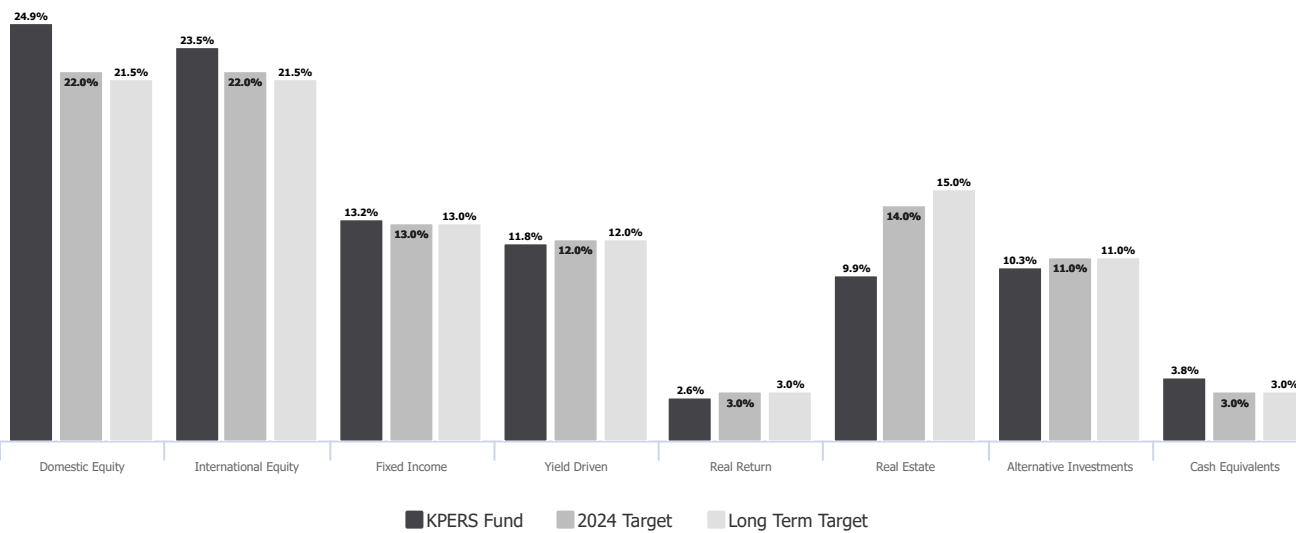
Section



CHIEF INVESTMENT OFFICER’S REVIEW

The Kansas Public Employees Retirement System investment portfolio represents all contributions to the Pension Plan, from both members and their employers, as well as net earnings on these assets. Total investment assets at the end of Fiscal Year 2024 were \$27.3 billion. The System’s investment portfolio is managed for the long term, in order to generate adequate returns to pay

the benefits promised to members. In order to achieve that goal, the assets receive the benefit of a broadly diversified investment portfolio which includes domestic and non-U.S. stocks, bonds, real estate, timber, infrastructure, alternative investments, and cash equivalents.



BASIS OF PRESENTATION

The investment performance data is calculated by the Retirement System’s custodial bank and prepared by the Retirement System’s Investment Division staff. In Fiscal Year 2024, the System’s custodial bank was State Street Bank and Trust. Performance calculations were prepared using time-weighted rates of return, gross of fees, unless otherwise indicated.

ASSET ALLOCATION

Portfolio investments are diversified among eight different asset classes for asset allocation and investment performance purposes, including: domestic equity; international (non-U.S.) equity; fixed income; “yield driven” assets; “real return” assets; real estate; alternative investments; and cash equivalents. (Note: For financial reporting purposes, as reported in the Financial Section and the Investment Summary in the Investment Section, investments are categorized by the underlying security.)

The Board of Trustees, working with the System’s general investment consultant, Meketa Investment Group (MIG) and investment staff, completed an asset/liability study in May 2023. At the conclusion of the asset/liability study, the Board adopted a new set of long-term asset allocation targets. The risk philosophy implied by the asset allocation policy targets places significant

emphasis on managing and improving the funded status of the Retirement System over time. The long term target asset mix is 21.5 percent domestic equity, 21.5 percent international equity, 13 percent fixed income, 12 percent yield driven assets, 3 percent real return assets (infrastructure and timber), 15 percent real estate, 11 percent alternatives (private equity), and 3 percent cash equivalents. An implementation plan to achieve the new long-term target asset mix is in progress. The table above reflects both the interim targets in place at June 30, 2024, as well as the long-term target allocations adopted by the Board.

The allocation to equity investments (primarily publicly-traded stocks) continues to comprise the largest portion of the Retirement System’s investment portfolio. This allocation reflects the System’s long-term investment orientation and the expectation that equities will provide attractive real returns over time. Equity investments allow the investment portfolio to participate in the investment returns produced by companies seeking to grow and profit from their business activities. Equity investments are made globally, sourcing investment return from both domestic and foreign companies, and diversifying the accompanying investment risk across a broad spectrum of economies, currencies, economic sectors, and industries. Fixed income investments are also an important component of the System’s asset mix. Due to its relatively low correlation with

equities, the fixed income portfolio serves to diversify the risk of equity investing.

The yield driven asset class is designed to house those assets that derive a significant part of their expected return from income and have moderate exposure to growth risk, but also provide a degree of diversification. The yield driven asset class consists of the System's strategic fixed income portfolios and investments in domestic Real Estate Investment Trusts (REITs).

The real return asset class houses the System's investments in infrastructure and timber assets. The long term asset allocation targets adopted in May 2023 contemplated an exit from the TIPS and GILBs portfolio. This was accomplished in Fiscal Year 2024. The assets in the portfolio were reallocated in accordance with the implementation plan.

Real estate investments generate returns in a different manner than equities or fixed income investments, since real estate follows a different (and, typically, longer) market cycle. Because it moves in a different market cycle than publicly traded stocks and bonds, real estate provides diversification advantages, as well as some inflation protection, to the investment portfolio. The System's real estate portfolio is heavily weighted to "core" real estate, which means that it also produces an attractive current income.

The System's alternative investments, which consist primarily of investments in private partnerships that make venture capital investments, pursue leveraged buyout strategies or own private debt, represent the higher end of the investment risk/return spectrum. Private equity managers pursue higher growth opportunities in pursuit of higher returns, with commensurate investment risk.

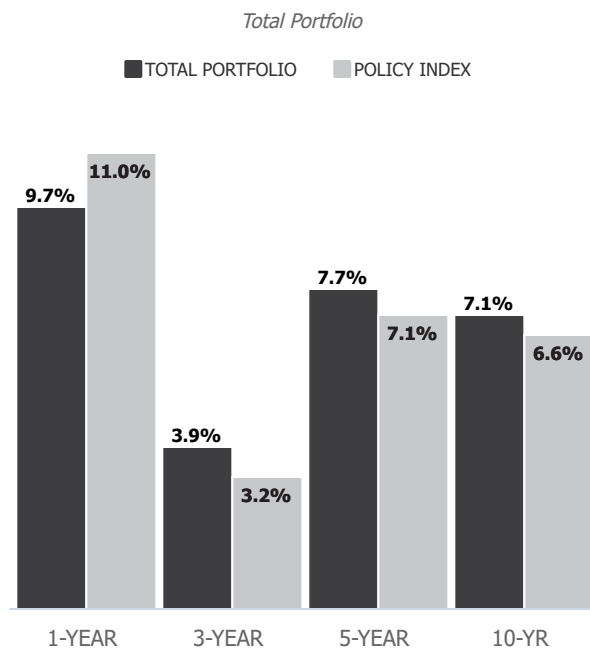
The System also holds cash equivalents investments, primarily to facilitate investment transactions and the cash flows needed to pay benefits. In Fiscal Year 2024, the portfolio was moved to be wholly invested in a short-term investment fund (STIF), in accordance with the long term asset allocation targets adopted in May 2023.

INVESTMENT POLICY

The Board of Trustees has adopted a Statement of Investment Policy, Objectives and Guidelines (the Statement), which serves as a guide to the implementation of the System's broad investment objectives. The Statement complements state statutes and documents the principles and standards that guide the management of the System's assets. It is binding upon all persons with authority over the assets, including investment managers, custodians, consultants, staff and the members of the Board of Trustees. The Statement is the product of the Board's careful and prudent study and is reviewed annually and updated as needed. It sets forth the investment policies, objectives, and

guidelines which the Board of Trustees judges to be appropriate and prudent, in consideration of the needs of the System, and to comply with K.S.A. 74-4901 et seq., to direct the System's assets. Although the System is not subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), the Board intends to abide by the provisions of ERISA to the greatest extent practicable. As such, this Statement is written to be consistent with ERISA. Among other things, the Statement establishes the criteria against which the System's investment managers are to be measured. In addition, it serves as a review document to guide ongoing oversight of the investment of the Fund as a yardstick of compliance with K.S.A 74-4901 et seq.

TIME WEIGHTED TOTAL RETURN



FISCAL YEAR 2024 INVESTMENT PERFORMANCE

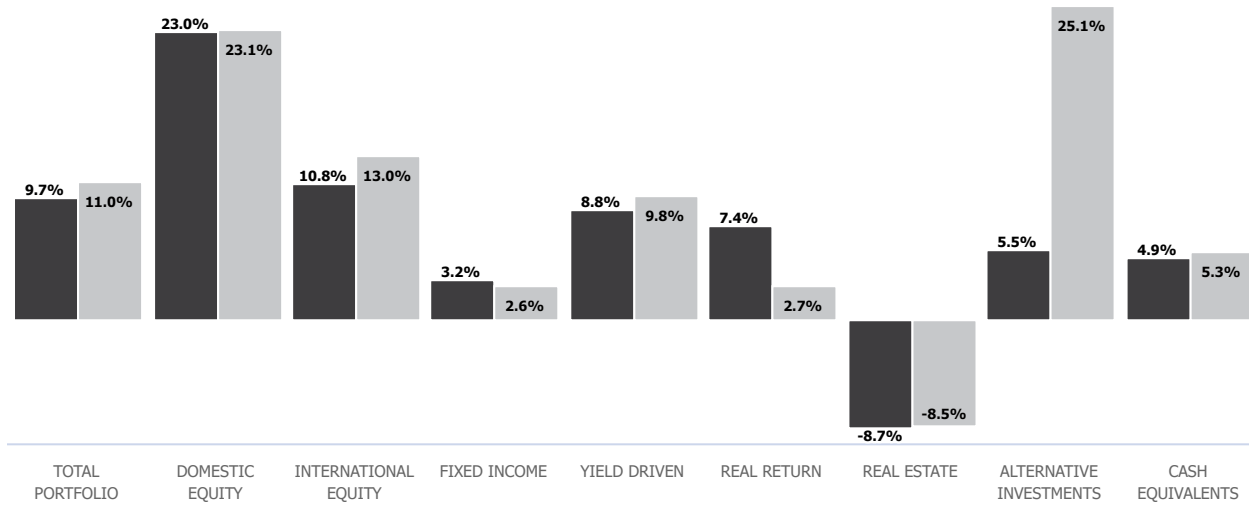
The Retirement System's total investment portfolio experienced a 9.7 percent total return for the one year ending June 30, 2024. The 9.7 percent return underperformed the KPERS Policy Index by 1.3 percent for the fiscal year. For the three years ending June 30, 2024, the System's total investment portfolio has produced an average annualized return of 3.9 percent, which outperformed the Policy Index by 0.7 percent. The System's investment portfolio generated a 7.7 percent total return during the five years ending June 30, 2024, exceeding the Policy Index benchmark by 0.6 percent. For the ten-year period, total return has been 7.1 percent, and has exceeded the Policy Index by 0.5 percent, as of June 30, 2024.

For the 25-year period ending June 30, 2024, the System's assets have produced an average annualized total return of 6.9 percent, trailing the current 7.0 percent actuarial return assumption.

TIME WEIGHTED TOTAL RETURN BY ASSET CLASS

Fiscal Year 2024

■ KPERS ■ INDEX



FINANCIAL MARKET AND PERFORMANCE OVERVIEW

Fiscal Year 2024 was a positive year for investors. Returns on U.S. equities were very robust with the Russell 3000 Index delivering 23.1 percent over the year. Sentiment remained strong into the close of Fiscal Year 2024 as central banks outside the U.S. began to lower interest rates, supporting expectations that the U.S. Federal Reserve would soon follow. Risk assets responded with, in addition to the robust return on the Russell 3000, the System's international equity benchmark returning 13.0 percent and the strategic fixed income benchmark returning 10.4 percent over the year ending June 30, 2024. The System maintained its asset allocation discipline throughout and the portfolio delivered a 9.7 percent total return for Fiscal Year 2024.

Public domestic equities increased over Fiscal Year 2024 with the Russell 3000 Index producing a 23.1 percent return, while the MSCI U.S. REITS Index produced a total return of 7.6 percent for investors. International equities gained, as the System's total international equity benchmark delivered 13.0 percent return for the fiscal year.

Fixed income returns were positive for the fiscal year. The Bloomberg U.S. Aggregate Bond Index produced a total return of 2.6 percent for the fiscal year, while high yield bonds delivered positive returns with the Bloomberg U.S. Corporate High Yield Index producing a 10.4 percent total return for the fiscal year.

Private real estate returns, as measured by the NCREIF ODCE Index, was negative 9.3 percent for the fiscal year. The System's

private equity portfolio posted a 5.5 percent return for Fiscal Year 2024.

INVESTMENT STAFF

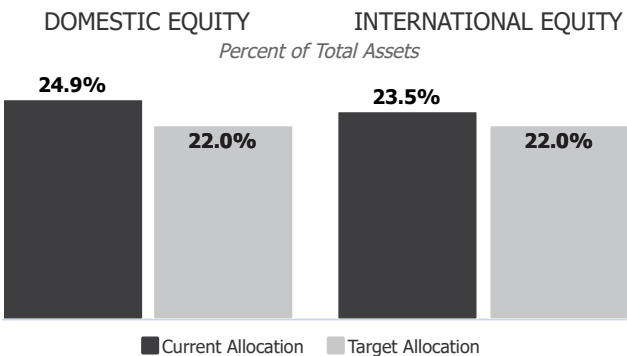
The System employs a staff of ten investment professionals to provide oversight and management of the assets and external investment managers. Under the oversight of the Chief Investment Officer (CIO), responsibility for the portfolio is assigned to the respective investment teams. The Deputy CIO for Public Markets has oversight responsibility for the publicly traded asset classes, and oversees the System's active international equity investment portfolios and the currency overlay strategies. The Investment Officer for Public Markets and the Assistant Investment Officer for Public Markets have oversight responsibility for their assigned public market portfolios. The Deputy CIO for Private Markets and Assistant Investment Officer for Private Markets manage the System's real estate and private equity investments, as well as the allocations to infrastructure and timber. The CIO and the Investment Officers are supported by a team of Investment Analysts who provide research support and assistance in managing the portfolios. The investment staff focus on bringing a consistent, disciplined management process to all aspects of oversight of investment managers, compliance monitoring and risk management.

PUBLIC EQUITY INVESTMENTS

Public equity investments represent the largest strategy allocation within the System's portfolio. As of June 30, 2024, the fair value of the System's global equity portfolio was \$13.2 billion. The strategy is executed through external managers investing domestically and internationally. Active strategies are utilized for international equities. The domestic equity portfolio is passively managed to replicate the return of broad market indices.

PORTFOLIO STRUCTURE

The following graphs describe the current and target allocations at June 30, 2024:



DOMESTIC EQUITY

Domestic equities represent 51.5 percent of the total public equity portfolio and 24.9 percent of total assets. Domestic equity investments are benchmarked against the Russell 3000 Index. It is the System's view that consistent outperformance over time through active management is extremely difficult when investing in U.S. equities. Therefore, 100 percent of the domestic equity portfolio is passively managed in an index strategy. This passive exposure is designed to replicate the return on the Russell 3000 Index and is implemented through two investment managers.

INTERNATIONAL EQUITY

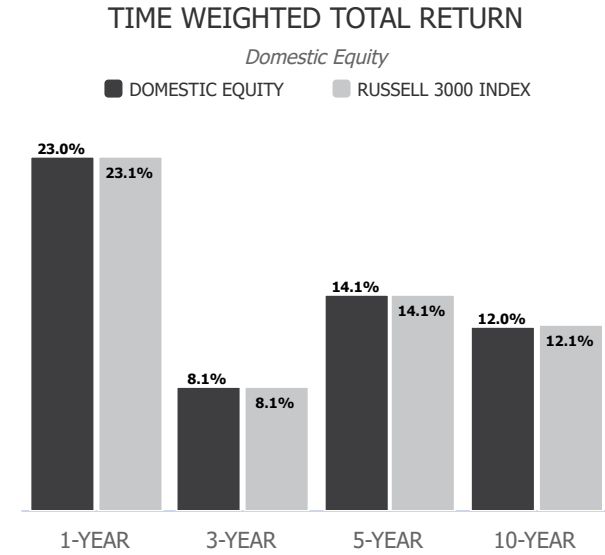
International equities represent 48.5 percent of the total public equity portfolio and 23.5 percent of total assets. International equity investments are benchmarked against the MSCI All Country World ex U.S.A. ex China Net Index. Equity investments in companies domiciled outside of the United States offer the potential to add value through prudent active management. The System retains four active managers to invest across the non-U.S. developed and emerging markets.

PERFORMANCE

The return of the System's domestic equity portfolio was in line with the portfolio's benchmark during Fiscal Year 2024. The domestic equity portfolio produced a positive 23.0 percent

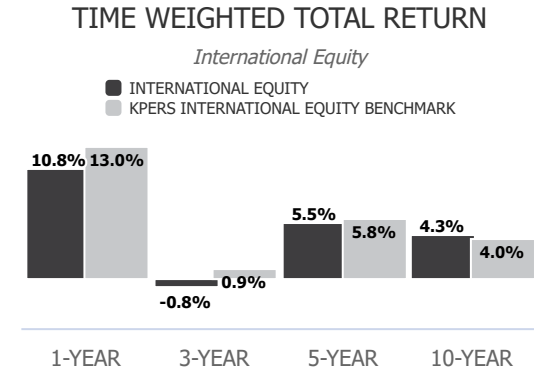
total return during the fiscal year. Over longer time periods, the return on the domestic equity portfolio was also in line with its benchmark, as expected, given its purely passive approach.

The following chart reports the performance of the domestic equity portfolio:



The return of the international equity portfolio was positive but below the benchmark return during Fiscal Year 2024. The international equity portfolio produced a total return of positive 10.8 percent for the fiscal year, relative to the positive 13.0 percent return for the benchmark. One of the System's four active international equity managers outperformed the benchmark during Fiscal Year 2024. Over very long time periods, the international equity portfolio has produced positive relative returns, as active management has added value relative to the benchmark.

The following chart reports the performance of the international equity portfolio:

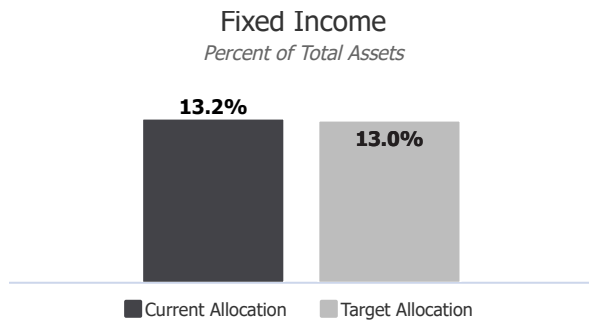


FIXED INCOME INVESTMENTS

As of June 30, 2024, the Retirement System's fixed income portfolio had a fair value of \$3.6 billion, representing 13.2 percent of the total assets of the System. The structure of the portfolio consists of external managers investing through an active core fixed income U.S. mandate. Three investment managers manage this strategy.

PORTFOLIO STRUCTURE

The following graph describes the current and target allocations at June 30, 2024:



CORE U.S. FIXED INCOME

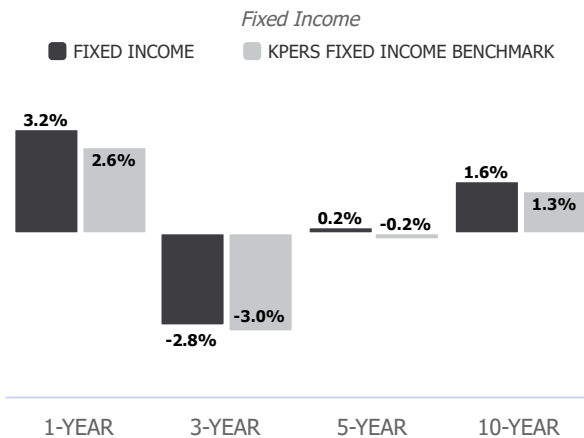
KPERS invests the fixed income portfolio in core U.S. strategies through three active investment managers. The portfolio's objective is to provide diversification to other assets in the System's portfolio and to preserve capital while providing current income. The core fixed income U.S. strategies are primarily invested in traditional investment grade securities. The fixed income portfolio uses the Bloomberg U.S. Aggregate Index as the benchmark.

PERFORMANCE

The core U.S. fixed income portfolio produced a total return of 3.2 percent during Fiscal Year 2024, outperforming the benchmark return of 2.6 percent. Two investment managers outperformed the benchmark during the period, while the third investment manager does not yet have enough track record to be included in fiscal year returns. Over longer periods, the fixed income portfolio has produced positive relative returns, as active management has added value.

The following chart reports the performance of the fixed income portfolio:

TIME WEIGHTED TOTAL RETURN

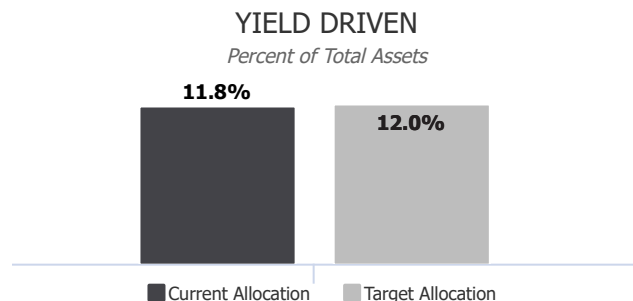


YIELD DRIVEN INVESTMENTS

As of June 30, 2024, the System's yield driven portfolio had a fair value of \$3.2 billion, representing 11.8 percent of total assets. The strategy is actively managed by four strategic fixed income managers and one REIT manager. The yield driven asset class is designed to produce current income and an element of diversification away from equity risk, while also maintaining some degree of correlation with equities.

PORTFOLIO STRUCTURE

The following graph describes the current and target allocations at June 30, 2024:



STRATEGIC FIXED INCOME

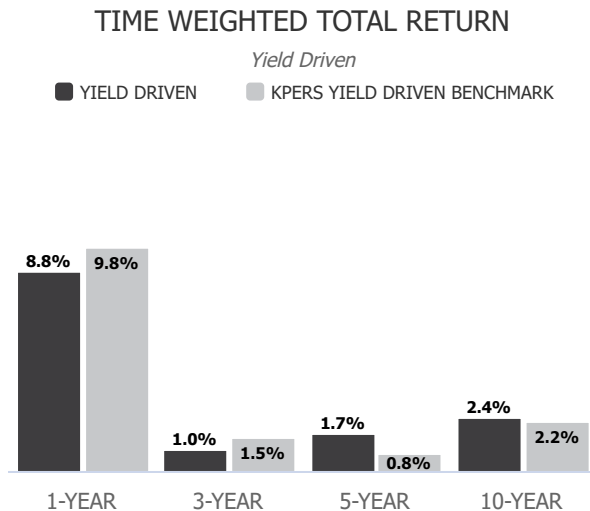
The strategic fixed income strategy represents approximately 79.8 percent of the total yield driven portfolio and 9.4 percent of total assets. KPERS currently measures the performance of the strategy against the Bloomberg U.S. High Yield 2 percent Issuer Cap Index. The strategic fixed income portfolio maintains a minimum investment of 70 percent in high yield corporate debt securities. Two of the System's strategic fixed income managers were hired during Fiscal Year 2024 while the remaining two both underperformed the benchmark during Fiscal Year 2024.

REAL ESTATE INVESTMENT TRUSTS (REITS)

REITs represent 20.2 percent of the yield driven asset class and 2.4 percent of the System's total assets. This strategy is benchmarked against the MSCI U.S. REIT Index. The System's publicly traded real estate securities portfolio is implemented through one manager that actively invests in domestic REITs, real estate operating companies (REOCs) and related investment vehicles. The REIT manager produced a total return of 7.9 percent, outperforming the benchmark during Fiscal Year 2024.

PERFORMANCE

The yield driven portfolio produced a total return of 8.8 percent in Fiscal Year 2024, underperforming the asset class benchmark return of 9.8 percent. The yield driven portfolio has delivered positive relative returns over longer time periods.



REAL RETURN INVESTMENTS

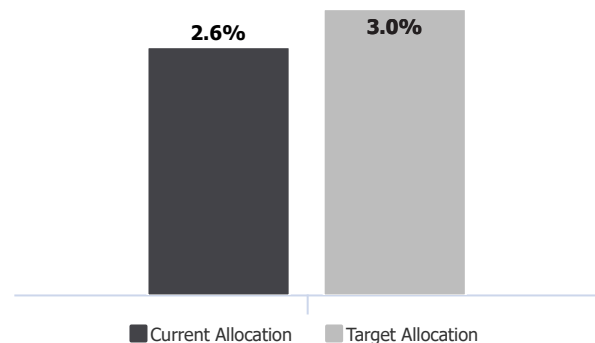
The real return portfolio is designed to provide the System with diversification at the total portfolio level and provide a partial hedge against future inflationary episodes. The System exited the public markets exposure to TIPS and GILBs in the real return portfolio during the fiscal year. Assets in these portfolios were reallocated in accordance with the implementation plan developed to achieve the long-term asset allocation targets adopted in May 2023. KPERS retained exposure in private markets through investments in timber and infrastructure. The real return portfolio represents 2.6 percent of the System's total assets, and had a fair value of \$703.4 million as of June 30, 2024.

PORTFOLIO STRUCTURE

The following graph describes the current and target allocations at June 30, 2024:

REAL RETURN

Percent of Total Assets



U.S. TREASURY INFLATION LINKED BONDS (TIPS)

The TIPS portfolio was fully liquidated during the fiscal year.

GLOBAL INFLATION LINKED BONDS (GILBS)

The GILB portfolio was fully liquidated during the fiscal year.

TIMBER

Timber investments are a component of the System's real return asset allocation due to their historically positive correlation to inflation and comprised 17.2 percent of the real return portfolio. The System is diversified within timber markets located throughout seven states in the southern U.S. Over time, timber investments are expected to provide the System with current cash yields and modest capital appreciation. For Fiscal Year 2024, the System's timber investments produced an 8.9 percent total return, outperforming the strategy benchmark by 2.1 percent and outperforming the real return asset class benchmark.

INFRASTRUCTURE

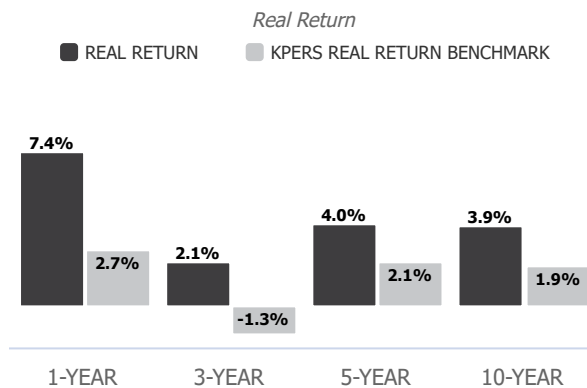
The infrastructure portfolio represents 82.8 percent of the real return portfolio. The System's four infrastructure managers have been successful in operating their infrastructure investments. The System's infrastructure portfolio is well diversified, with investments in Australia, Europe, and throughout North and South America. It is invested across multiple sectors, including renewable power, toll roads, electric utilities, airports, seaports and energy. The infrastructure portfolio produced a total return of 8.0 percent for the fiscal year, outperforming the strategy benchmark by 0.2 percent and outperforming the real return asset class benchmark.

PERFORMANCE

The System's real return portfolio outperformed its benchmark in Fiscal Year 2024, producing a 7.4 percent total return against a benchmark return of 2.7 percent. Timber was the strongest performing investment strategy in the asset class. The real return

portfolio has outperformed its benchmark over the one, three, five, and ten year time periods ending June 30, 2024.

TIME WEIGHTED TOTAL RETURN



REAL ESTATE INVESTMENTS

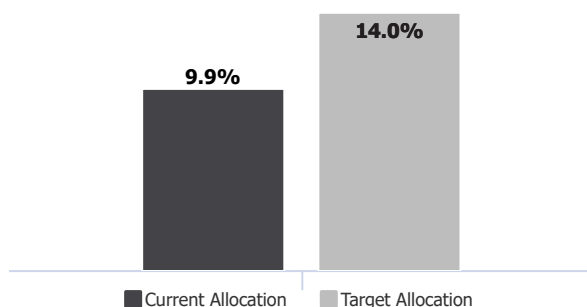
As of June 30, 2024, the real estate portfolio had a fair value of \$2.7 billion, representing 9.9 percent of the total fund. The real estate portfolio is primarily designed to provide diversification to the broader portfolio, while also providing a meaningful current income. Capital appreciation is a tertiary objective of current real estate investment activities.

PORTFOLIO STRUCTURE

The System's real estate portfolio is classified into two categories: core and non-core. The core portion of the portfolio is targeted at a 75 percent allocation, while the non-core segment is targeted at a 25 percent allocation.

REAL ESTATE

Percent of Total Assets



CORE REAL ESTATE

The largest segment of the real estate portfolio is core real estate. This portion of the portfolio is expected to produce steady current income in the form of investment yield, while also providing portfolio diversification and serving as an inflation

hedge. The Retirement System's core portfolio primarily consists of partial and full commitments to eight commingled funds.

The System continued to invest into pooled real estate investment funds during Fiscal Year 2024. This strategy is expected to result in improved liquidity, enhanced portfolio diversification, lower management fees and a reduction in the single event risk associated with owning individual real estate assets.

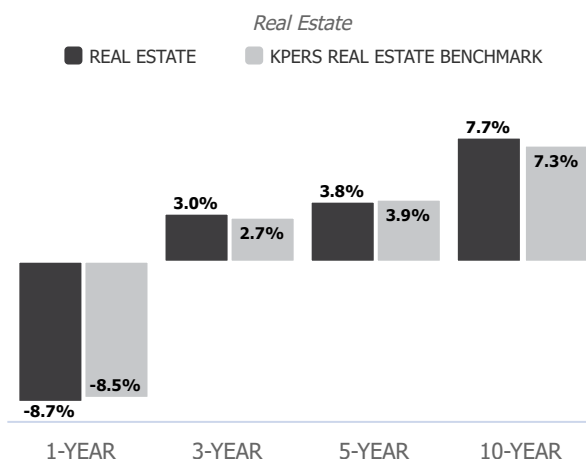
NON-CORE REAL ESTATE

The non-core segment consists of investments that generally involve some element of property lifecycle risk (such as positioning, leasing and development) while also using greater leverage (debt) than core strategies. While providing elements of inflation protection and a diversification benefit to the broader portfolio, the System expects non-core real estate investments to produce meaningful capital appreciation and higher overall long-term returns than core investments. The non-core portfolio consists of investment funds employing diverse strategies and property types, both domestically and internationally.

REAL ESTATE PERFORMANCE

The System's real estate portfolio underperformed its benchmark in Fiscal Year 2024. The core real estate portfolio produced a total return of negative 9.1 percent, outperforming the strategy benchmark by 0.2 percent, while the non-core real estate portfolio underperformed its benchmark by 0.6 percent, with a total return of negative 6.9 percent. In total, the System's real estate portfolio produced a total return of negative 8.7 percent, which underperformed the benchmark return by 0.2 percent. Overall, most of the System's real estate fund investments were negatively impacted by a weakening economic landscape, with the majority generating negative returns. Longer term results from the real estate asset class produced a 7.7 percent total return for the trailing ten years, exceeding the asset class benchmark total return of 7.3 percent.

TIME WEIGHTED TOTAL RETURN

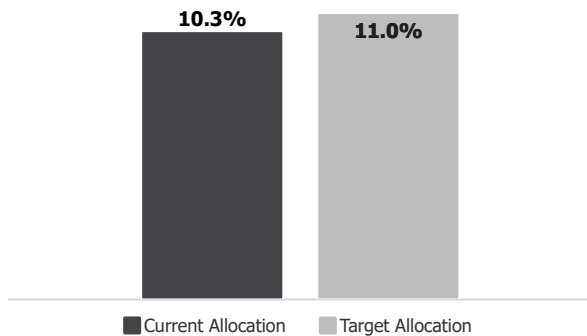


ALTERNATIVE INVESTMENTS

As of June 30, 2024, the System's alternative investment portfolio had a fair value of \$2.8 billion, representing 10.3 percent of the total portfolio. Since the inception of the alternative investment program in 1997 through June 30, 2024, the System has committed \$5.5 billion to 142 funds with 61 general partners.

ALTERNATIVES

Percent of Total Assets



PORTFOLIO STRUCTURE

The alternative investment portfolio consists primarily of interests in private partnerships that provide equity and debt to companies. The portfolio contains two primary sub-portfolios based on investment period. Each portfolio has its own set of directives, guidelines, external fund managers and consultants who provide advice on investment strategy and investment selection during its investment period. The largest portfolio is the Private Equity Program (PEP), representing over 99.9 percent of the market value of the asset class. The PEP portfolio actively seeks new commitments to private equity funds in three styles: buyout, venture capital/growth equity and special situations. Since the inception of PEP in 2007, the System has committed \$4.4 billion to 88 funds with 30 general partners.

The second portfolio is the Alternative Investment Portfolio (AIP), which represents less than 0.1 percent of the market value of the asset class. From 1997 to 2001, AIP made commitments to 54 funds with 35 general partners across five styles: buyout, venture capital, mezzanine, distressed debt and natural resources. As this is a mature portfolio, the remaining funds in the AIP portfolio are currently pursuing exit strategies for their existing holdings.

ALTERNATIVE INVESTMENTS PERFORMANCE

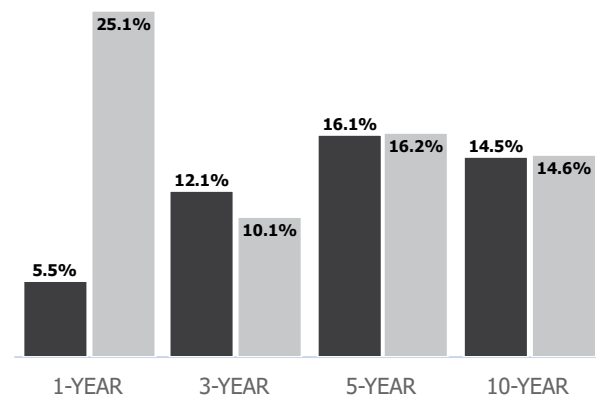
The System's alternative investments portfolio underperformed its benchmark in Fiscal Year 2024, producing a 5.5 percent total return against a benchmark return of 25.1 percent.

Private equity investments typically span ten years or longer. Therefore, the longer term returns from this asset class are more relevant in assessing its success in adding value to the overall portfolio. The System's current long-term performance objective for alternative investments is to exceed the return of the Russell 3000 Index plus 2 percent. As shown in the chart below, the alternative investments portfolio is marginally underperforming this objective over the ten year time period, with a total return of 14.5 percent.

TIME WEIGHTED TOTAL RETURN

Alternative Investments

■ ALTERNATIVE INVESTMENTS
■ KPERS ALTERNATIVE INVESTMENTS BENCHMARK



As required by K.S.A. 74-4907, a schedule of alternative investments initiated on or after July 1, 1991, is listed on the following two pages.

ALTERNATIVE INVESTMENTS INITIATED ON OR AFTER JULY 1, 1991 ⁽¹⁾*As of June 30, 2024*

Description	Cost	Net Asset Value
Apax Europe IX, L.P.	\$ 34,790,771	\$ 59,098,040
Apax Europe X, L.P.	38,969,384	55,297,867
Apax Europe XI, L.P.	7,500	689,406
Apollo Investment Fund VIII, L.P.	26,259,231	17,752,212
Apollo Investment Fund IX, L.P.	39,129,228	61,664,338
Ares Corporate Opportunities Fund III, L.P.	3,369,921	-
Ares Corporate Opportunities Fund IV, L.P.	6,215,548	4,078,891
Ares Corporate Opportunities Fund V, L.P.	52,789,592	75,182,357
Ares Corporate Opportunities Fund VI, L.P.	41,500,205	54,147,641
Ares Special Situations Fund IV, L.P.	47,686,469	37,580,848
Audax Mezzanine Fund III, L.P.	2,205,661	1,114,457
Beacon Group Energy Fund II, L.P.	1,841,499	490,852
Capital Resource Partners IV, L.P.	1	-
CCMP Capital Investors III, L.P.	6,492,331	383,145
Centerbridge Capital Partners II, L.P.	14,881,252	699,999
Centerbridge Capital Partners III, L.P.	19,359,889	27,399,993
Clayton Dublier & Rice VI, L.P.	2,998,283	8,275
Consolidated Storage Company, Inc.	34,155	34,155
Crestview Partners III, L.P.	41,370,104	37,550,320
Encap Energy Capital VIII, L.P.	15,725,679	9,392,665
Encap Energy Capital IX, L.P.	19,944,931	7,985,013
Encap Energy Capital X, L.P.	26,815,987	29,219,156
First Reserve Fund XII, L.P.	17,100,605	16,399
FS Equity Partners VII, L.P.	34,264,825	50,042,406
FS Equity Partners VIII, L.P.	54,279,301	96,896,151
Green Equity Investors VII, L.P.	37,556,422	51,666,069
Green Equity Investors VIII, L.P.	44,501,907	56,194,071
Green Equity Investors IX, L.P.	10,660,917	13,424,003
GSO Capital Solutions Fund II, L.P.	12,679,094	2,949,563
GSO Capital Solutions Fund III, L.P.	18,955,179	18,494,056
Halpern Denny Fund III, L.P.	1	-
HD Access, Inc.	180,137	105,395
Hellman & Friedman VII, L.P.	577,009	1,296,610
Hellman & Friedman VIII, L.P.	27,426,162	51,831,223
Hellman & Friedman IX, L.P.	65,617,805	106,361,212
Hellman & Friedman X, L.P.	47,099,611	58,688,376
JMI Equity Fund VII, L.P.	3,102,877	859,913
JMI Equity Fund X, L.P.	32,108,527	44,898,798
JMI Equity Fund XI, L.P.	11,964,991	15,218,525
Montagu IV, L.P.	2,781,056	1,214,903
Montagu V, L.P.	37,711,158	58,065,548
Montagu VI, L.P.	30,253,101	35,401,620
New Enterprise Associates 13, L.P.	3,744,419	1,993,016
New Enterprise Associates 16, L.P.	41,818,230	56,688,960
New Enterprise Associates 17, L.P.	39,125,226	44,448,134

ALTERNATIVE INVESTMENTS INITIATED ON OR AFTER JULY 1, 1991 ⁽¹⁾ (CONTINUED)

As of June 30, 2024

Description	Cost	Net Asset Value
New Enterprise Associates 18, L.P.	9,286,103	9,647,081
NEA 18 Venture Growth Equity	8,520,000	8,072,104
New Mountain Partners V, L.P.	27,006,999	58,205,214
New Mountain Partners VI, L.P.	36,790,860	52,167,931
OCM Opportunities Fund VIIb, L.P.	-	-
Pine Brook Capital Partners, L.P.	7,260,582	1,088,085
Pine Brook Capital Partners II, L.P.	35,174,262	36,729,386
Platinum Equity Capital Partners III, L.P.	8,620,100	5,297,215
Platinum Equity Capital Partners IV, L.P.	46,541,803	65,938,006
Platinum Equity Capital Partners V, L.P.	44,723,010	68,440,874
Platinum Equity Capital Partners VI, L.P.	25,209,736	28,344,945
Quad-C Partners IX, L.P.	30,017,073	39,868,046
Quad-C Partners X, L.P.	19,263,949	21,639,926
Snow Phipps II, L.P.	12,838,018	11,930,730
Snow Phipps III, L.P.	22,942,052	36,207,261
TA XII, L.P.	32,679,041	66,516,260
TA XIII, L.P.	38,100,075	63,993,000
TA XIV, L.P.	69,486,225	67,135,228
TowerBrook Investors III, L.P.	3,982,077	55,665
TowerBrook Investors IV, L.P.	10,565,378	19,157,038
TowerBrook Investors V, L.P.	61,494,967	89,832,094
TPG Growth II, L.P.	3,331,503	519,078
TPG Growth III, L.P.	27,540,341	32,659,567
TPG Growth IV, L.P.	30,239,848	54,338,588
TPG Growth V, L.P.	39,007,209	56,560,336
TPG Partners VI, L.P.	6,747,679	314,300
TPG Partners VII, L.P.	32,428,401	25,132,238
TPG Partners VIII, L.P.	58,651,065	90,271,555
TPG Partners IX, L.P.	15,826,000	18,809,438
VantagePoint Venture Partners IV, L.P.	7,596,229	49,801
Vista Equity Partners Fund IV, L.P.	8,583,071	21,813,746
Vista Equity Partners Fund V, L.P.	39,425,162	107,175,568
Vista Equity Partners Fund VI, L.P.	42,973,381	82,229,135
Vista Equity Partners Fund VII L.P.	57,933,723	78,080,697
Warburg Pincus Global Growth, L.P.	61,307,814	92,300,140
Warburg Pincus Global 14, L.P.	15,288,120	17,259,492
Warburg Pincus Private Equity X, L.P.	13,818	918,849
Warburg Pincus Private Equity XI, L.P.	10,334,191	14,287,629
Warburg Pincus Private Equity XII, L.P.	30,922,128	51,315,457
Wellspring Capital Partners V, L.P.	7,590,119	8,078,687
Wellspring Capital Partners VI, L.P.	46,098,956	74,938,371
Windjammer Mezzanine & Equity Fund II, L.P.	-	-
	\$ 2,108,237,249	\$ 2,823,843,342

(1) Investment values quoted without spin-offs or distributions.

LIST OF LARGEST HOLDINGS ⁽¹⁾

As of June 30, 2024

EQUITIES			FIXED INCOME				
Shares	Security	Fair Value (\$)	Par Value	Security		Description	Fair Value (\$)
960,176	Microsoft Corp	\$429,150,663	170,000,000	Treasury Bill	0.010%	26 Dec 2024	\$165,700,559
1,877,139	Apple Inc	395,363,016	127,109,000	US Treasury N/B	4.250%	15 Feb 2054	121,031,601
3,071,477	Nvidia Corp	379,450,269	101,240,000	US Treasury N/B	4.625%	30 Apr 2029	102,402,679
8,504,883	Taiwan Semiconductor Mfg	253,247,136	106,600,000	Treasury Bill	0.010%	15 May 2025	101,993,059
1,200,694	Amazon.com Inc	232,034,116	81,860,000	US Treasury N/B	4.000%	15 Feb 2034	79,455,363
177,435	ASML Holding NV	183,358,102	75,882,000	US Treasury N/B	4.375%	15 May 2034	75,905,687
1,096,488	Novo Nordisk A/S B	158,464,593	75,000,000	US Treasury N/B	3.875%	31 Mar 2025	74,263,916
2,555,868	Samsung Electronics Co LTD	151,328,182	75,000,000	US Treasury N/B	3.875%	30 Apr 2025	74,192,871
282,957	Meta Platforms Inc Class A	142,672,579	75,000,000	US Treasury N/B	2.000%	15 Feb 2025	73,467,041
757,741	Alphabet Inc Cl A	138,022,523	69,135,000	US Treasury N/B	4.125%	31 Aug 2030	68,254,609

(1) A complete listing of the System's holdings is available at the Retirement System office.

CHANGES IN FAIR VALUE OF INVESTMENTS ⁽¹⁾

(In Thousands)

For the Fiscal Year Ended June 30, 2024

	June 30, 2023 Fair Value	Purchases and Other Increases	Sales and Other Decreases	June 30, 2024 Fair Value	Asset Mix Fair Value
Marketable Securities					
Domestic Equities	\$ 7,222,369	\$ 2,816,316	\$ (1,707,388)	\$ 8,331,297	30.29%
International Equities	5,105,197	5,166,364	(4,967,604)	5,303,957	19.28
Total Fixed	6,014,906	18,940,273	(18,512,708)	6,442,471	23.42
Temporary ⁽²⁾ Investments	1,025,580	28,582,341	(28,412,560)	1,195,361	4.35
Total Marketable Securities	19,368,052	55,505,294	(53,600,260)	21,273,086	77.34
Real Estate and Alternative Investments					
Real Estate	3,648,241	119,775	(361,069)	3,406,947	12.39
Alternatives	2,811,341	230,571	(218,069)	2,823,843	10.27
Total Real Estate and Alternative Investments	6,459,582	350,346	(579,138)	6,230,790	22.66
Total	<u>\$ 25,827,634</u>	<u>\$ 55,855,640</u>	<u>\$ (54,179,398)</u>	<u>\$ 27,503,876</u>	<u>100.00%</u>

(1) Amounts include changes in unrealized appreciation and exclude interest and dividend accruals.

(2) Temporary Investments include currencies, short term pools, and securities maturing within one year of purchase.

U.S. EQUITY COMMISSIONS

For the Fiscal Year Ended June 30, 2024

Broker Name	Commissions Paid	Shares	Commissions per Share	Percent of Total Commissions
Citigroup Global Markets, Inc	\$ 78,489	3,881,239	0.020	19.5%
Morgan Stanley Co., Inc	58,060	3,410,886	0.017	14.4
Liquidnet, Inc	56,225	2,899,006	0.019	13.9
JP Morgan Securities, LLC	42,780	3,880,760	0.011	10.6
Wells Fargo Securities, LLC	42,519	1,713,232	0.025	10.6
Raymond James and Associates, Inc	31,474	1,631,517	0.019	7.8
Bank of America Securities, Inc	21,801	2,793,855	0.010	5.4
RBC Capital Markets, LLC	9,334	1,482,921	0.006	2.3
Jefferies, LLC	6,945	395,910	0.020	1.7
Keybanc Capital Markets Inc	6,389	305,888	0.020	1.6
Evercore ISI	5,927	150,898	0.039	1.5
Loop Capital Markets	5,893	744,078	0.008	1.5
Goldman Sachs + Co LLC	5,878	1,594,649	0.004	1.5
Mizuho Securities USA Inc.	5,848	186,660	0.031	1.4
Virtu Americas LLC	5,474	1,569,398	0.003	1.4
Other	19,715	3,135,632	0.010	4.9
Total Broker Commissions	<u>\$ 402,751</u>	<u>29,776,529</u>		<u>100.0%</u>

Actuarial

Section





September 10, 2024

Board of Trustees
Kansas Public Employees Retirement System
611 S. Kansas Ave., Suite 100
Topeka, KS 66603

Dear Members of the Board:

At your request, we have performed an actuarial valuation of the Kansas Public Employees Retirement System (KPERs) as of December 31, 2023 for the purpose of determining contribution rates for Fiscal Year 2027 for the State and Schools (July 1, 2026 to June 30, 2027) and Fiscal Year 2026 for Local employers (calendar year 2026). The major findings of the valuation are contained in the December 31, 2023 valuation report, dated July 15, 2024, which reflects the plan provisions in place on December 31, 2023 and any legislative changes from the 2024 Session. There was one legislative change to the benefit provisions. House Bill 2711 (HB 2711) increased the retiree death benefit from \$4,000 to \$6,000 which resulted in a small increase in the unfunded actuarial liability, normal cost rate, and actuarial required contribution rate. Additionally, the KPERs Board adopted a new set of actuarial assumptions at their January 19, 2024 meeting, based on the experience study prepared during 2023. The changes to the actuarial assumptions, which are first reflected in the December 31, 2023 actuarial valuation, are discussed in more detail in the Board Summary section of the report.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data, and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different, and our calculations may need to be revised.

We certify that all costs, liabilities, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in the December 31, 2023 report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted the set of assumptions in Appendix C.



Board of Trustees
September 10, 2024
Page 2

In order to prepare the results in the December 31, 2023 actuarial valuation report, we have utilized actuarial models that were developed to measure liabilities and develop actuarial costs. These models include tools that we have produced and tested, along with commercially available valuation software that we have reviewed to confirm the appropriateness and accuracy of the output. In utilizing these models, we develop and use input parameters and assumptions about future contingent events along with recognized actuarial approaches to develop the needed results. Future actuarial measurements may differ significantly from the current measurements presented in the December 31, 2023 valuation report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform a thorough analysis of the potential range of future measurements.

Actuarial computations presented in this section are for purposes of determining the actuarial recommended and statutory funding amounts for the System and have been made on a basis consistent with our understanding of the System's funding requirements and goals. Determinations for purposes other than meeting these requirements may be significantly different from the results shown in the December 31, 2023 valuation report. Accordingly, additional determinations may be needed for other purposes.

Based upon the December 31, 2023 valuation results, annual projection forecasting and the presumption that future contributions will be made at the full actuarial contribution rate, it is our opinion that the current funding policy will systematically accumulate assets sufficient to fund all future benefits, if all of the current actuarial assumptions are met.

The actuary prepared the following supporting schedules for the Annual Comprehensive Financial Report:

Actuarial Section

Schedule of Funding Progress
Summary of Change in Unfunded Actuarial Liability
Summary of Changes in Actuarial Contribution Rate
Summary of Historical Changes to Total System UAL
Summary of Principal Results
Summary of Actuarial Assumptions and Methods
Summary of Membership Data



Board of Trustees
September 10, 2024
Page 3

Actuarial computations, based on the actuarial valuation performed as of December 31, 2023, were also prepared as of June 30, 2024 for purposes of fulfilling financial accounting requirements for the System under Governmental Accounting Standards Board Statement Number 67 (GASB 67). KPERS' State/School, Local and Kansas Police and Fire plans are cost-sharing multiple employer plans while the Judges plan is a single employer plan. The assumptions used in the funding valuation were also used for GASB 67 reporting, including the use of a 7.00 percent discount rate for GASB 67 calculations (7.00 percent is the assumed rate of return used in the funding valuation). In addition, the entry age normal actuarial cost method, which is required to be used under GASB 67, is also used in the funding valuation. The actuarial assumptions and methods for both GASB 67 and for funding purposes meet the parameters set by Actuarial Standards of Practice, as issued by the Actuarial Standards Board, and generally accepted accounting principles (GAAP) applicable in the United States of America as promulgated by the Governmental Accounting Standards Board. The Total Pension Liability was rolled forward from the valuation date of December 31, 2023 to June 30, 2024, based on standard actuarial formulae. Additional information related to GASB 67 can be found in the Financial Section.

Cavanaugh Macdonald Consulting, LLC provided the following supporting schedules:

Financial Section

Calculation of the Total Pension Liability and Net Pension Liability
Schedule of the Net Pension Liability
Sensitivity Analysis of the Net Pension Liability
Schedule of Changes in the Net Pension Liability

In addition, the Schedule of Employer Contributions which compares the actuarially determined employer contribution amounts and the actual contribution amounts is included in the Required Supplementary Information (RSI). Amounts in that schedule were provided by the System.

The consultants who worked on this assignment are pension actuaries. Cavanaugh Macdonald Consulting, LLC's advice is not intended to be a substitute for qualified legal or accounting counsel.

We certify that, to the best of our knowledge and belief, the December 31, 2023 actuarial valuation report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. Furthermore, in our professional judgement, the actuarial assumptions and methods used for the funding valuation meet the parameters set by Actuarial Standards of Practice. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

Sincerely,

Patrice A. Beckham, FSA, EA, FCA, MAAA
Consulting Actuary

Brent A. Banister, Ph.D., FSA, EA, FCA, MAAA
Chief Actuary

SECTION I BOARD SUMMARY OVERVIEW

The Kansas Public Employees Retirement System is an umbrella organization which administers the following three statewide pension groups: the Kansas Public Employees Retirement System (KPERS), the Kansas Police and Firemen's Retirement System (KP&F) and the Kansas Retirement System for Judges (Judges). The valuation presents the results of the December 31, 2023 actuarial valuations for each of the groups.

The primary purposes of performing actuarial valuations are to:

- determine the actuarial employer contribution rates required to fund each group,
- determine the statutory employer contribution rates for each group,
- disclose asset and liability measures as of the valuation date,
- evaluate and disclose key risks to funding the System pursuant to Actuarial Standard of Practice Number 51,
- compare the actual experience since the last valuation date to that expected, and
- analyze and report on trends in contributions, assets, and liabilities over the past several years.

Legislation Since the Last Valuation

There was one bill passed by the 2024 Legislature and enacted into law that impacted the valuation results. House Bill 2711 (HB 2711) included several changes that impacted KPERS, including:

Under HB 2711, the lump sum retiree death benefit increased from \$4,000 to \$6,000 which resulted in a small increase in the unfunded actuarial liability, normal cost rate, and actuarial required contribution rate. The employer contribution rates calculated in prior valuations for State/School for fiscal Year 2025 and Fiscal Year 2026, as well as Calendar Year 2025 for Local employers, were also increased to reflect the additional contribution required to fund this benefit improvement.

HB 2711 included several changes regarding retirees returning to work. The employer contribution threshold for the 30 percent Working After Retirement (WAR) rate increased from \$25,000 to \$40,000, the earnings limit for KP&F retirees increased from \$25,000 to \$40,000, and an exemption from employer contributions was created for nurses and direct support workers at Community Development Disability Organizations (CDDOs). These changes had no impact on the December 31, 2023 valuation because specific assumptions for these occurrences are not used in the valuation.

HB 2711 also increased the alternative investment cap from 15 percent to 25 percent and requires the System to divest all publicly traded securities held in funds by countries of concern, as defined by the bill. These changes had no impact

on the December 31, 2023 valuation because they are not expected to materially affect KPERS' current asset allocation.

Changes in Actuarial Assumptions

As a result of the experience study prepared during 2023, there have been several changes to the actuarial assumptions since the prior valuation. The Board elected to adopt all of the recommended changes at their meeting on January 19, 2024. The new set of actuarial assumptions is first used in this valuation and the changes include:

KPERS

- The mortality assumption was changed to the Pub-2010 family of mortality tables, with the different groups using different tables and age adjustments, projected generationally using MP-2021.
- Retirement rates for the C60 group were adjusted to partially reflect observed experience.
- Disability rates were reduced.
- The probability of KPERS 1 members leaving their contributions with the System were modified to better reflect observed experience.
- Factors for the State and Local groups that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense component of the actuarial required contribution rate was increased from 0.18 percent to 0.23 percent.
- The merit salary increase assumption was increased for the School and Local groups.

KP&F

- The mortality assumption was changed to the Pub-2010 Above Median Safety Mortality Tables with a two-year age set forward, projected generationally using MP-2021.
- Retirement rates were adjusted to partially reflect observed experience.
- Disability rates were reduced.
- Termination rates were increased.
- The administrative expense component of the actuarial required contribution rate was increased from 0.18 percent to 0.23 percent.
- The merit salary increase assumption was increased.

Judges

- The mortality assumption was changed to the Pub-2010 Above Median General Mortality Tables with a one-year age setback projected generationally using MP-2021.
- Retirement rates were adjusted to partially reflect observed experience.
- The administrative expense component of the actuarial required contribution rate was increased from 0.18 percent to 0.23 percent.

For more information about the changes to the actuarial assumptions, please see the complete 2023 Experience Study report, dated January 29, 2024. The following is a summary of the cost impact of the assumption changes on the December 31, 2023 valuation results. The change in the unfunded actuarial liability (UAL) was amortized over 20 years.

	Prior Assumptions	New Assumptions	Change
State/School			
Actuarial Liability (millions)	\$25,158	\$24,956	\$(202)
Actuarial Value of Assets	18,755	18,755	-
Unfunded Actuarial Liability (millions)	\$6,403	\$6,201	\$(202)
Actuarial Required Contribution Rate	17.65%	17.32%	(0.33%)
Local			
Actuarial Liability (millions)	\$7,392	\$7,393	\$1
Actuarial Value of Assets	5,304	5,304	-
Unfunded Actuarial Liability (millions)	\$2,089	\$2,090	\$1
Actuarial Required Contribution Rate	15.47%	15.59%	0.12%
KP&F			
Actuarial Liability (millions)	\$4,675	\$4,689	\$14
Actuarial Value of Assets	3,307	3,307	-
Unfunded Actuarial Liability (millions)	\$1,368	\$1,382	\$14
Actuarial Required Contribution Rate	30.83%	31.15%	0.32%
Judges			
Actuarial Liability (millions)	\$235	\$231	\$(4)
Actuarial Value of Assets	218	218	-
Unfunded Actuarial Liability (millions)	\$17	\$13	\$(4)
Actuarial Required Contribution Rate	27.76%	26.92%	(0.84%)

Note: Numbers may not add due to rounding.

Factors Impacting the December 31, 2023 Valuation

The valuation results provide a “snapshot” view of the System’s financial condition on December 31, 2023. The net change in the unfunded actuarial liability for the total System was an increase of \$119 million due to multiple factors, the largest of which was unfavorable liability experience primarily due to salary

increases that were larger than expected based on the actuarial assumptions. This increase was partially offset by the impact of the assumption changes discussed above.

Other factors impacting the valuation results include:

- The net rate of return on the market value of assets for Calendar Year 2023 was 10.6 percent, as reported by KPERS. However, due to the use of an asset smoothing method, the net rate of return on the actuarial value of assets for 2023 was 6.9 percent. The net result of the favorable investment experience during Calendar Year 2023 and the scheduled recognition of past investment experience was an actuarial loss of \$38 million. In addition, the net deferred investment loss of \$1.9 billion last year is now a net deferred investment loss of \$1.2 billion in the current valuation (about 4 percent of market value).
- Liability experience for Calendar Year 2023 was a net liability loss (higher actuarial liability than expected) for all of the groups. In aggregate, the valuation results reflect a net loss of \$509 million for the year, about 1.37 percent of the total actuarial liability. The largest component of the liability loss was due to higher salaries than expected based on actuarial assumptions.
- KPERS 3 (Cash Balance members) refers to non-correction members who either began their participation or were rehired on or after January 1, 2015. KPERS 3 members receive guaranteed interest credits of 4.0 percent on their account balances, but additional interest credits (called dividends) may be granted depending on actual investment returns. The dividends are equal to 75 percent of the five-year average net compound rate of return, as determined by the Board for the preceding calendar year and the prior four calendar years on the market value of assets, that is above 6.0 percent. The dividend for 2023 was dependent on the net rate of return on the market value of assets for calendar years 2019 through 2023. The average annualized net return for the five-year period was 8.5 percent so the statutory formula provided for a dividend of 1.875 percent for 2023. Because the 2023 dividend was less than the assumption of 2.00 percent, there was a small actuarial gain that was part of the net liability experience.
- The statutory contribution rate for the State/School group was first equal to the actuarial required contribution rate in the December 31, 2017 valuation which set the employer contribution rate for Fiscal Year 2021 (July 1, 2020 to June 30, 2021). Therefore, the full actuarial required contribution rate was paid for the entire calendar year in 2023 and there was no contribution shortfall. As a result, the full UAL payment was received during calendar year 2023 and the unfunded actuarial liability decreased, as scheduled, by \$212 million.

A detailed analysis of the components of the change in the unfunded actuarial liability from December 31, 2022, to December 31, 2023, can be found on page 77.

In KPERS, the State, School and Local employer contribution rates certified by the Board may not increase over the prior year by more than the statutory cap. The statutory cap has changed over time, but the current cap is 1.20 percent. Also, while separate valuations are performed for the State and School groups, the statutory contribution rate for the two groups is determined using their combined valuation results. Due to the statutory cap, the employer contribution rate was below the actuarial contribution for many years. However, the statutory State/School employer contribution rate has been equal to the actuarial required contribution rate since the December 31, 2017 valuation (Fiscal Year 2021 contribution rates). By statute, if the actuarial required contribution (ARC) rate for the State alone is less than the statutory contribution rate when the two groups are combined (as it is in this valuation), the excess of the statutory contribution rate over the actuarial required contribution rate for the State alone is allocated to the School to improve the funding of that group.

A summary of actuarial and statutory employer contribution rates for the Retirement System (excluding the statutory contribution for the Death and Disability Program) for this valuation and the prior valuation follows. The December 31, 2023 actuarial valuation is used to set the employer contribution rate for Fiscal Year 2027 for the State/School, State KP&F and Judges groups and Calendar Year 2026 for the Local and Local KP&F groups.

System	December 31, 2023 Valuation		
	Actuarial	Statutory	Difference
State ⁽¹⁾	10.98%	11.32%	(0.34%)
School ⁽¹⁾	11.41%	11.32%	0.09%
State/School ⁽¹⁾	11.32%	11.32%	0.00%
Local ⁽¹⁾	9.59%	9.59%	0.00%
Police & Fire - Uniform Rates ⁽²⁾	24.00%	24.00%	0.00%
Judges	21.29%	21.29%	0.00%
System	December 31, 2022 Valuation ⁽³⁾		
	Actuarial	Statutory	Difference
State ⁽¹⁾	11.33%	11.68%	(0.35%)
School ⁽¹⁾	11.78%	11.68%	0.10%
State/School ⁽¹⁾	11.68%	11.68%	0.00%
Local ⁽¹⁾	9.71%	9.71%	0.00%
Police & Fire - Uniform Rates ⁽²⁾	24.67%	24.67%	0.00%
Judges	23.16%	23.16%	0.00%

⁽¹⁾ By statute, rates are allowed to increase by a maximum of 1.2 percent, plus the cost of any benefit enhancements. The December 31, 2023 valuation sets the employer contribution rate for Fiscal Year 2027 for the State and School group and Calendar Year 2026 for the Local group.

⁽²⁾ For KP&F, the statutory contribution rate is equal to the "Uniform" rate. The rate shown is for Local employers. The rate for State employers is 24.02 percent for Fiscal Year 2026 and 24.69 percent for Fiscal Year 2025, which includes a contribution of 0.02 percent due to the disparate impact of HB 2711, which increased the lump sum retiree death benefit, between State and Local KP&F employers. The uniform rate does not include the payment required to amortize the unfunded past service liability determined separately for each employer.

⁽³⁾ The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rates to fund this benefit improvement are reflected in the December 31, 2022 valuation results.

Based on the results of this valuation, the statutory contribution rates for the State, State/School and Local groups continue to be at the actuarial required contribution rate. This is a key factor in reducing the unfunded actuarial liability and improving the funded ratio of each of the groups in the future.

EXPERIENCE - ALL SYSTEMS COMBINED

December 31, 2022 – December 31, 2023

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is December 31, 2023. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process leads to a method of determining the contributions needed by members and employers in the future to balance the System assets and liabilities.

Changes in both the System's membership, assets and liabilities impacted the change in the actuarial contribution rates between the December 31, 2022 and December 31, 2023 actuarial valuations. On the following pages, each component is examined.

MEMBERSHIP

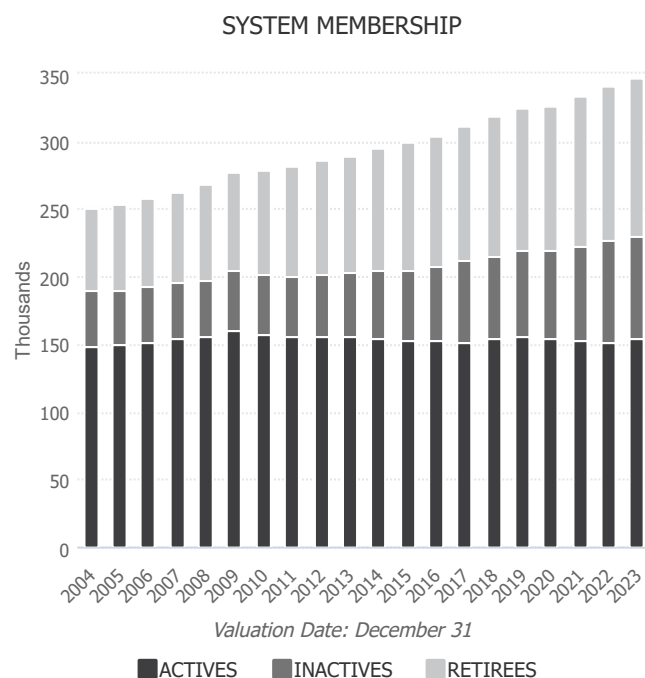
The following table contains a summary of the changes in the active membership between the December 31, 2022 and December 31, 2023 actuarial valuations.

	State	School	Local
12/31/2022 (Starting count)	19,993	87,207	36,649
New actives	3,063	11,330	6,390
Non-vested Terminations	(931)	(4,769)	(2,301)
Elected Refund	(461)	(1,126)	(899)
Vested Terminations	(617)	(2,929)	(1,278)
Total Withdrawals	(2,009)	(8,824)	(4,478)
Deaths	(36)	(82)	(56)
Disabilities	(27)	(48)	(22)
Retirements	(611)	(2,160)	(898)
Other/Transfer	154	(275)	118
Change from prior year	534	(59)	1,054
12/31/2023 (Ending count)	20,527	87,148	37,703
Change from prior year (%)	2.7%	(0.1%)	2.9%

	KP&F	Judges	Total
12/31/2022 (Starting count)	7,868	267	151,984
New actives	1,096	28	21,907
Non-vested Terminations	(368)	-	(8,369)
Elected Refund	(94)	-	(2,580)
Vested Terminations	(41)	(3)	(4,868)
Total Withdrawals	(503)	(3)	(15,817)
Deaths	(6)	(1)	(181)
Disabilities	(23)	-	(120)
Retirements	(151)	(5)	(3,825)
Other/Transfer	3	-	-
Change from prior year	416	19	1,964
12/31/2023 (Ending count)	8,284	286	153,948
Change from prior year (%)	5.3%	7.1%	1.3%

As can be seen from the table above, in total, KPERS experienced a net increase in the total number of active members, despite a small decrease in the School group. The size of the School group has a significant impact on the total System membership statistics. As the following graph illustrates, active membership growth has been relatively stagnant overall for the past 10 to 15 years, with the active membership peaking in the December 31, 2009 valuation. While this pattern of low (or at times negative) active member growth has not been unusual in the public sector, a declining active membership has an adverse impact on the actuarial required contribution rate. Usually, fewer active members result in total active member payroll that does not increase as expected by the payroll growth assumption (3 percent per year). When this occurs, contribution dollars into the System for that plan year are lower than anticipated so the unfunded actuarial liability does not decrease as scheduled. In addition, the unfunded actuarial liability contribution rate increases because the dollar amount of the amortization payment is divided by a smaller amount of payroll.

The following graph shows the number of active members and retirees and beneficiaries in the last 20 valuations. The number of retirees and beneficiaries has grown significantly more than active members over this period, which is not unusual or unexpected for a mature retirement system. Such trends do have an impact on the System's contribution risk, as discussed in Section 7 of the December 31, 2023 valuation report.



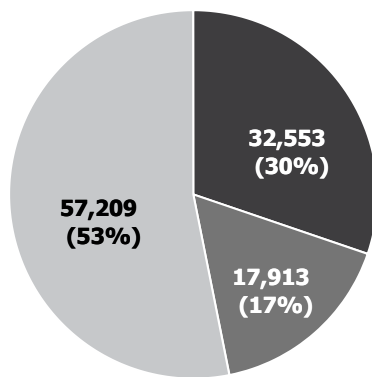
KPERS currently has three different benefit structures. The most recent tier, KPERS 3 (Cash Balance members), covers non-corrections members who either began their participation or were rehired on or after January 1, 2015. KPERS 2 includes

members who either began their participation or were rehired on or after July 1, 2009, but before January 1, 2015. Of the 145,378 active KPERS members, 22,849 (about 16 percent) are KPERS 2 members and 79,866 (about 55 percent) are KPERS 3 members as of the valuation date. The remaining actives (about 29 percent) are KPERS 1 members, who became participants prior to July 1, 2009. Beginning with the December 31, 2020 valuation, KPERS 3 members have represented the largest group of active members. The split of KPERS members in the State/School group and Local group, by benefit tier, is shown in the following charts.

STATE/SCHOOL ACTIVE MEMBERSHIP

As of December 31, 2023

■ KPERS 1 ■ KPERS 2 ■ KPERS 3 CASH BALANCE

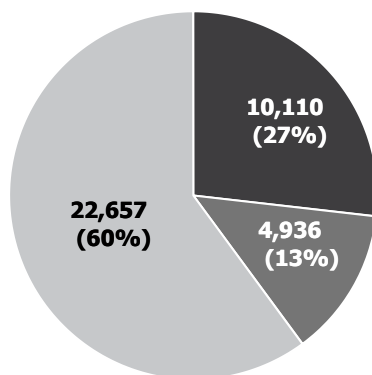


Total: 107,675

LOCAL ACTIVE MEMBERSHIP

As of December 31, 2023

■ KPERS 1 ■ KPERS 2 ■ KPERS 3 CASH BALANCE



Total: 37,703

Because KPERS 3 is still a relatively new group, the members are younger and have lower service. Therefore, the liability for KPERS 3 members is relatively small so the valuation results are more significantly affected by what happens to members of KPERS 1 and KPERS 2. As time passes and more active members

are in KPERS 3, the cash balance benefit structure will have an increasing impact on the overall valuation results. One aspect of this change is that total valuation results are expected to have less volatility since KPERS 3 has certain risk sharing features built into the interest crediting rate on account balances. For example, lower actual investment returns will translate into lower dividends, smaller account balances and, therefore, smaller benefit amounts, mitigating the growth in the KPERS 3 actuarial liability.

ASSETS

As of December 31, 2023, the System had total funds of \$26.4 billion on a market value basis, excluding assets held for the Group Insurance and Optional Life reserves. This was an increase of \$1.9 billion from the December 31, 2022 fund balance of \$24.5 billion.

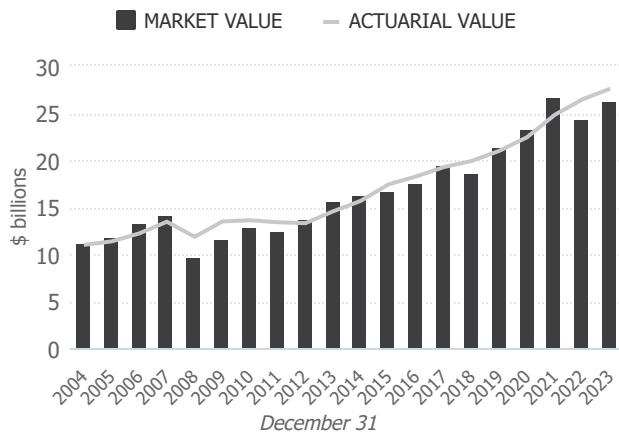
Due to the volatility in the market value of assets, it is not used directly in the calculation of contribution rates. An asset valuation method is used to smooth the effect of market fluctuations. The smoothing method calculates the difference between the actual dollar amount of investment return and the expected return (using the assumed rate of return) on the market value of assets each year. The dollar amount of the difference is recognized equally over a five-year period (20 percent per year).

The components of the change in the total market value and actuarial value of assets for the Retirement System (in millions) are set forth in the following table.

	Market Value \$ (millions)	Actuarial Value \$ (millions)
Assets, December 31, 2022	\$ 24,516	\$ 26,450
· Employer and Member Statutory Contributions	1,603	1,603
· Additional Contributions	-	-
· Benefit Payments	(2,236)	(2,236)
· Administrative Expenses	(26)	(26)
· Investment Income, Net of Investment Expenses	2,555	1,792
Assets, December 31, 2023	\$ 26,412	\$ 27,583
Net Rate of Return	10.6%	6.9%

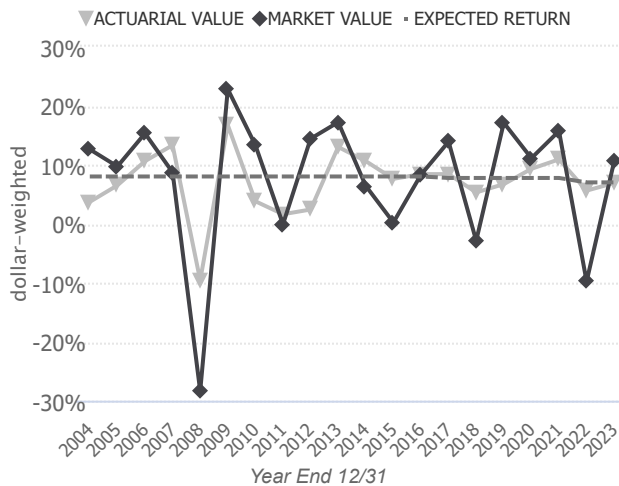
Due to the use of an asset smoothing method, there is a net deferred investment loss of \$1.171 billion that has not yet been recognized, i.e., the actuarial value of assets is greater than the market value. This deferred investment loss will be recognized in the actuarial value of assets over the next four years but may be impacted by future investment experience.

TOTAL SYSTEM ASSETS



The actuarial value of assets has been both above and below the market value during the period, which is to be expected when using an asset smoothing method.

ASSETS RATE OF RETURN



The net rate of return on the actuarial (smoothed) value of assets has been less volatile than the market value return. The deferred investment loss in this valuation will be reflected in the actuarial value of assets in the next few years, absent future favorable investment experience.

LIABILITIES

The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability. The unfunded actuarial liability will be reduced if employer contributions exceed the employer normal cost for the year, after allowing for interest on the previous balance of the unfunded actuarial liability. Benefit improvements, experience gains and losses, and changes in actuarial

assumptions and methods will also impact the total actuarial liability and the unfunded portion thereof.

The unfunded actuarial liability by group is summarized below (in millions):

	State	School	Local
Actuarial Liability	\$ 5,412	\$19,544	\$ 7,393
Actuarial Value of Assets	4,110	14,645	5,304
Unfunded Actuarial Liability*	\$ 1,302	\$ 4,899	\$ 2,090
Funded Ratio	75.9%	74.9%	71.7%

	KP&F	Judges	Total*
Actuarial Liability	\$ 4,689	\$ 231	\$37,269
Actuarial Value of Assets	3,307	218	27,583
Unfunded Actuarial Liability*	\$ 1,382	\$ 13	\$ 9,686
Funded Ratio	70.5%	94.2%	74.0%

* May not add due to rounding.

With the material reduction in the investment return assumption in the December 31, 2021 valuation, the Board elected to reset the unfunded actuarial liability and amortize the entire amount over a new amortization period. For the State/School and Local groups, the amortization period was set to 17 years. For KP&F, the amortization period was set to 22 years. All groups utilize the level-percent-of-payroll methodology to determine payment amounts, other than the Judges who use level dollar payments over a 20-year period for the initial base. New amortization bases due to actuarial gains/losses, established in each valuation after 2021, are amortized over a closed period of 20 years. Changes in the unfunded actuarial liability resulting from assumption changes will be amortized over an appropriate period as determined by the Board of Trustees. Because the full actuarial required contribution rate is currently contributed for all of the groups, the unfunded actuarial liability is expected to decrease absent other factors such as actual experience that is different than expected based on the actuarial assumptions (on both assets and liabilities), changes in actuarial assumptions, procedures, methods, or changes in benefit provisions.

The actual experience measured in this valuation is that which occurred during the prior plan year (Calendar Year 2023). For all groups, the valuation results reflect a net liability loss for the year (which increases the unfunded actuarial liability), largely due to salary increases that were higher than expected based on actuarial assumptions. In aggregate, the net liability loss for the entire System was \$509 million, about 1.37 percent of the total actuarial liability. In addition, the System experienced a return of 6.9 percent on the actuarial value of assets, which was slightly below the assumed return of 7.00 percent, resulting in an experience loss on actuarial assets of \$38 million. Therefore, the aggregate experience (asset and liability) for calendar year 2023 was an experience loss of \$547 million.

Between December 31, 2022, and December 31, 2023, the change in the unfunded actuarial liability for the System, in total, was as follows (in millions):

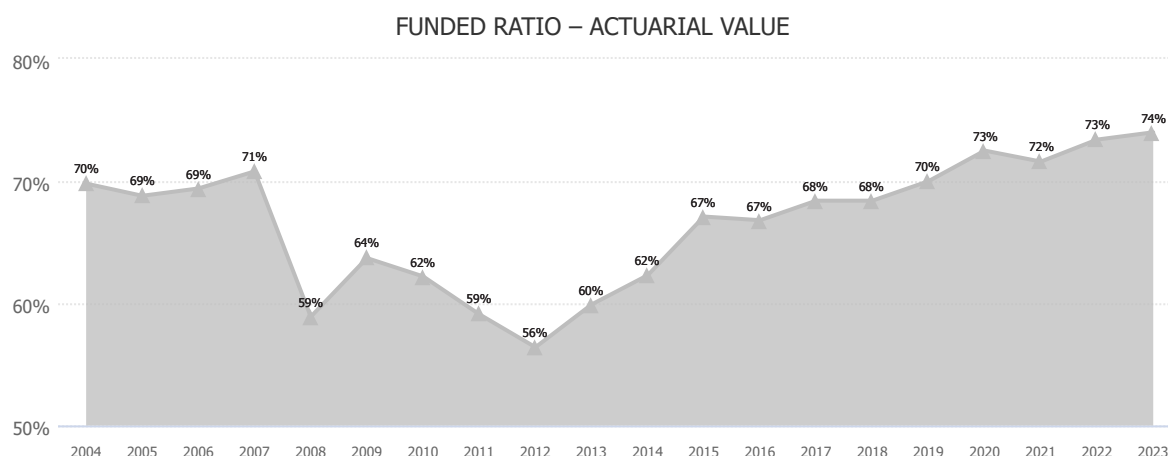
	\$ millions
Unfunded Actuarial Liability, December 31, 2022	\$9,567
· effect of contribution cap	-
· expected decrease due to amortization method	(212)
· (gain)/loss from investment return on actuarial assets	38
· demographic experience ⁽¹⁾	509
· additional contributions	-
· assumption changes	(192)
· all other experience	(24)
Unfunded Actuarial Liability, December 31, 2023	\$9,686

(1) Liability loss is about 1.37 percent of total actuarial liability.

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial liability. The funded ratio does not necessarily indicate whether or not additional funding is needed, nor does it indicate whether or not the plan could settle all liabilities with current assets. The funded status information for the total System is shown in the following table (in millions).

	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
Using Actuarial Value of Assets:						
Funded Ratio (AVA/AL)	68%	70%	73%	72%	73%	74%
Unfunded Actuarial Liability (AL-AVA)	\$9,202	\$9,007	\$8,488	\$9,827	\$9,567	\$9,686
Using Market Value of Assets:						
Funded Ratio (MVA/AL)	64%	72%	76%	78%	68%	71%
Unfunded Actuarial Liability (AL-MVA)	\$10,430	\$8,439	\$7,558	\$7,739	\$11,500	\$10,856

Note: comparability of results is limited for certain years as assumption changes occurred. In particular, the investment return assumption was lowered from 7.75% to 7.00% in the 2021 valuation.



Changes in actuarial assumptions and methods, coupled with investment returns below the assumed rate and contributions below the actuarial rate significantly reduced the funded ratio over the first part of this period. The funded ratio is expected to

increase steadily in the future assuming assumptions are met and scheduled contributions are made.

Given the deferred investment experience, the dollar amount of the unfunded actuarial liability for the entire System is expected to increase over the next few years as the unrecognized investment experience flows through the asset smoothing method. Over the longer term, the funded ratio is expected to improve, but will continue to be heavily dependent on actual investment returns in the future.

CONTRIBUTION RATES

The funding objective of the System is to establish contribution rates that over time will remain relatively level as a percentage of payroll, and to pay off the unfunded actuarial liability in a reasonable timeframe.

Generally, the actuarial contribution rates to the various Systems consist of:

- a “normal cost” for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date and an expense load for administrative expenses for the year,
- an “unfunded actuarial liability contribution” for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

There is also a statutory contribution rate that is used to finance the Death and Disability Program. Contributions for the Death and Disability Program are deposited in a separate trust fund from which benefits are paid. A separate actuarial analysis and report is prepared for the Death and Disability Program on June 30 of each year, so the death and disability contribution rate is not reflected in this information.

In KPERS, State, School and Local employers do not necessarily contribute the full actuarial contribution rate. Based on legislation passed in 1993, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap, which has been changed by the Legislature periodically, is currently 1.20 percent for all three groups.

The results of the December 31, 2023 valuation are used to set employer contribution rates for Fiscal Year 2027 for the State/School, State KP&F and Judges groups (July 1, 2026 to June 30, 2027) and Fiscal Year 2026 for the Local & Local KP&F groups (Calendar Year 2026). The unfunded actuarial liability is amortized as a level-percentage of payroll for all groups except the Judges where a level-dollar payment is used. The payroll growth assumption is 3.00 percent, so the dollar amount of the annual amortization payments will increase 3.00 percent each year. As a result, if total payroll grows 3.00 percent per year, as assumed, the amortization payment will remain level as a percentage of total payroll. However, if actual payroll growth is less than 3.00 percent, the unfunded actuarial liability contribution rate will increase.

A summary of the actuarial and statutory employer contribution rates for the System is shown below:

DECEMBER 31, 2023 VALUATION

System	Actuarial	Statutory	Difference
State ⁽¹⁾	10.98%	11.32%	(0.34%)
School ⁽¹⁾	11.41%	11.32%	0.09%
State/School ⁽¹⁾	11.32%	11.32%	0.00%
Local ⁽¹⁾	9.59%	9.59%	0.00%
Police & Fire - Uniform Rates ⁽²⁾	24.00%	24.00%	0.00%
Judges	21.29%	21.29%	0.00%

(1) By statute, rates are allowed to increase by a maximum of 1.2 percent, plus the cost of any benefit enhancements. The December 31, 2023 valuation sets the employer contribution rate for Fiscal Year 2027 for the State and School group and Calendar Year 2026 for the Local group.

(2) For KP&F, the statutory contribution rate is equal to the “Uniform” rate. The rate shown is for Local employers. The rate for State employers is 24.02 percent for Fiscal Year 2026 and 24.69 percent for Fiscal Year 2025, which includes a contribution of 0.02 percent due to the disparate impact of HB 2711, which increased the lump sum retiree death benefit, between State and Local KP&F employers. The uniform rate does not include the payment required to amortize the unfunded past service liability determined separately for each employer.

As mentioned earlier, due to statutory caps the full actuarial contribution rate is not necessarily contributed for all KPERS groups. The State and Local groups reached the actuarial required contribution (ARC) date (the year in which the statutory contribution rate is equal to or greater than the ARC rate) in the 2010 and 2012 valuations, respectively, and remain at the ARC rate in this valuation. However, due to the lag between the valuation date and the applicable fiscal year for the contribution rate, the State group did not actually contribute the full ARC until Fiscal Year 2014 and the Local group until Calendar Year 2015. Based on the current valuation, there is a small difference (shortfall) between the actuarial and statutory contribution rates of 0.09 percent for the School group. However, the statutory contribution rate is set for the combined State/School group and the ARC date occurred in Fiscal Year 2021 at a rate of 14.23 percent of pay, based on the December 31, 2017 valuation. The statutory and actuarial required contribution rates have remained equal since then, including in the current valuation.

Separate employer contribution rates are calculated for two subgroups of the State: Correctional Employee Groups with a normal retirement age of 55 (C55) and a normal retirement age of 60 (C60). The contribution rates are calculated by increasing the state statutory contribution rate by the difference in the normal cost rate for the C55 and C60 groups over the normal cost rate for regular state members, but not to exceed the statutory cap on contribution increases. The higher contribution rates are intended to finance the earlier normal retirement age.

The resulting contribution rates for the Correctional Employee Groups for Fiscal Year 2027 are shown in the following table.

Corrections Group	Statutory Rate
Retirement Age 55:	12.30%
Retirement Age 60:	12.78%

The change in the employer actuarial contribution rate from December 31, 2022 to December 31, 2023 and the primary components thereof are shown in the table on page 81. Payroll growth that was higher than expected based on the actuarial assumptions was the primary factor for the decrease in the employer contribution rates for most of the groups.

COMMENTS

The key factors that impacted the results of the December 31, 2023 valuation were (1) unfavorable liability experience during calendar year 2023 that increased the unfunded actuarial liability and (2) changes to the actuarial assumptions that reduced the unfunded actuarial liability. The net result was an increase in the System's unfunded actuarial liability of \$119 million.

Like most public retirement systems, KPERS uses an asset smoothing method to average the actual investment experience above and below the assumed net rate of return. Under the asset smoothing method, the difference between the dollar amount of the actual and assumed investment experience is recognized equally over a five-year period. While the return on the market value of assets was 10.6 percent for Calendar Year 2023, only a portion of the favorable experience is recognized in the current valuation. Due to the asset smoothing method, the return on the actuarial value of assets in 2023 was 6.9 percent. This generated an experience loss on assets because the actual return was below the assumed return of 7.00 percent. As of the current valuation date, the actuarial value of assets exceeds the market value of assets by about 4.4 percent or \$1.171 billion. This deferred experience will flow through the asset smoothing method in the next four years and be recognized in the valuation process. However, it may be offset if investment returns are above the assumed rate of return (7.00 percent) in future years. As the deferred investment experience is recognized, the funded ratio can be expected to decrease and the actuarial required contribution rate to increase.

While the use of an asset smoothing method is a common procedure used by public retirement systems, it is important to identify the potential impact of the deferred (unrecognized) investment experience. This is particularly important when there are significant deferred investment losses. To illustrate the impact of the deferred investment experience, the key valuation results are shown in the following table for the State/School and KP&F groups using both the actuarial value of assets and the pure market value. The impact would be similar for the other groups.

	State/School		KP&F	
	Actuarial	Market	Actuarial	Market
Actuarial Liability	\$24,956	\$24,956	\$4,689	\$4,689
Asset Value	18,755	17,965	3,307	3,164
Unfunded Actuarial Liability*	\$6,201	\$6,990	\$1,382	\$1,524
Funded Ratio	75%	72%	71%	67%
Contribution Rate:				
Normal Cost Rate	8.72%	8.72%	17.68%	17.68%
UAL Payment	8.60%	9.72%	13.47%	15.06%
Actuarial Contribution Rate	17.32%	18.44%	31.15%	32.74%
Employee Rate	6.00%	6.00%	7.15%	7.15%
Employer Rate	11.32%	12.44%	24.00%	25.59%

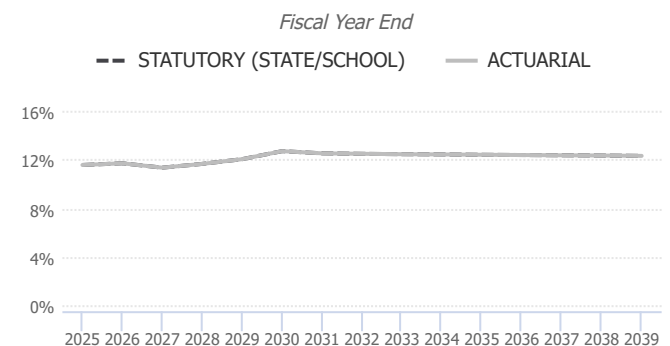
* May not add due to rounding

PROJECTED AND HISTORICAL EMPLOYER CONTRIBUTION RATES

The following graphs show the projected employer contribution rates assuming all actuarial assumptions are met in the future, including a 7.00 percent net rate of return on the market value of assets in all years, and that the current statutory funding policy for the State/School group (including the amortization policy) continues and contributions are made as scheduled.

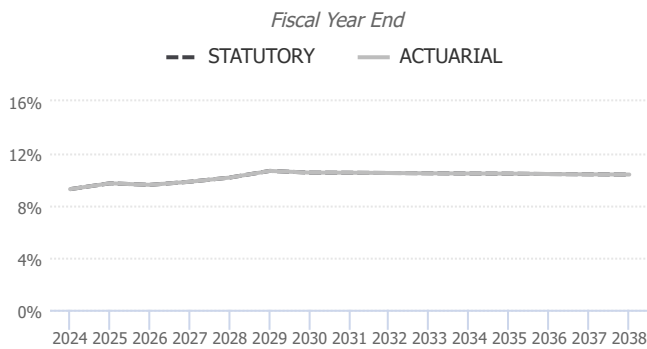
Note that although separate valuations are performed for the State and School groups, the statutory contribution rate for the two is determined using the combined valuation results for the two groups. Contributions which result from the excess of the statutory contribution rate over the actuarial required contribution rate for the State are allocated to the School to improve the funding of that group.

PROJECTED EMPLOYER CONTRIBUTION RATES - STATE/SCHOOL



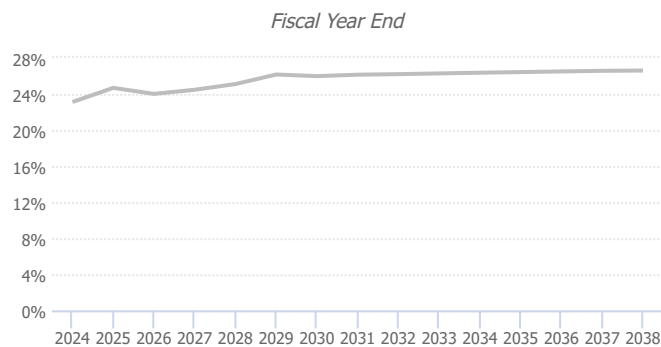
The State/School group reached the ARC date in the 2017 valuation (Fiscal Year 2021) at an ARC rate of 14.23 percent. Given the deferred investment experience, the contribution rate is expected to increase from the current rate of 11.32 percent to around 12.5 percent and then remain steady. During the entire projection period, the statutory rate is expected to be equal to the ARC rate. Actual experience in future years, particularly investment returns, will significantly impact future actuarial and statutory rates.

PROJECTED EMPLOYER CONTRIBUTION RATES - LOCAL



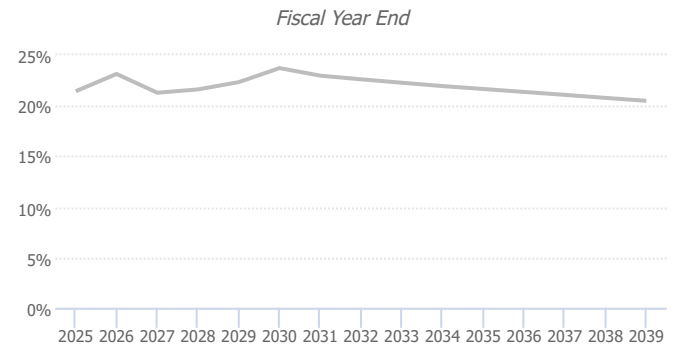
The Local group reached the ARC date in the 2012 valuation at an ARC rate of 9.48 percent. The projected contribution rate is expected to increase from the current rate of 9.59 percent to around 10.5 percent over the long term. Actual experience in future years, particularly investment returns, will significantly impact future actuarial and statutory rates.

PROJECTED EMPLOYER CONTRIBUTION RATES - KP&F



The projected employer contribution rate for KP&F is expected to increase from its current level at 24 percent of pay to around 26 percent after the deferred investment experience has been recognized through the asset smoothing method. However, actual experience in future years, particularly investment returns, will significantly impact future contribution rates.

PROJECTED EMPLOYER CONTRIBUTION RATES - JUDGES



The projected employer contribution rate for Judges is expected to fluctuate as the deferred investment experience is recognized through the asset smoothing method, and then start to decrease as the system moves toward full funding. Actual experience in future years, particularly investment returns, will significantly impact future employer contribution rates.

SUMMARY OF CHANGE IN UNFUNDED ACTUARIAL LIABILITY BY SYSTEM

December 31, 2023 Valuation (\$ Millions)

	State	School	State/ School	Local	KP&F	Judges	Total
UAL in 12/31/2022 Valuation Report	\$ 1,226.5	\$ 5,034.4	\$ 6,260.9	\$ 1,952.4	\$ 1,336.8	\$ 16.4	\$ 9,566.5
· Effect of Contribution Cap	-	-	-	-	-	-	-
· Expected Decrease Due to UAL Amortization	(14.7)	(158.1)	(172.8)	(31.9)	(7.0)	(0.2)	(211.9)
· Actual vs. Expected Experience							
Investment Return	(6.5)	40.3	33.8	2.7	1.4	(0.1)	37.7
Demographic Experience	124.4	174.0	298.4	168.4	40.8	1.3	508.9
All Other Experience	(7.7)	(9.3)	(16.9)	(2.9)	(4.0)	-	(23.8)
· Assumption Changes (experience study)	(20.1)	(182.3)	(202.4)	0.9	13.7	(4.0)	(191.7)
UAL in 12/31/2023 Valuation Report	\$ 1,301.9	\$ 4,899.1	\$ 6,200.9	\$ 2,089.6	\$ 1,381.8	\$ 13.4	\$ 9,685.7

Note: Numbers may not add due to rounding.

SUMMARY OF CHANGES IN EMPLOYER ACTUARIAL CONTRIBUTION RATE BY SYSTEM

As Of December 31, 2023

Percentage of Payroll	State	School	State/ School	Local	KP&F ⁽¹⁾	Judges
Actuarial Contribution Rate in 12/31/2022 Valuation*	11.33%	11.78%	11.68%	9.71%	24.67%	23.16%
Change Due to Amortization of UAL						
· Effect of Contribution Cap	-	-	-	-	-	-
· UAL Amortization Method	-	-	-	-	-	(0.16)
· Investment Experience	(0.04)	0.07	0.04	0.01	0.01	(0.03)
· Liability Experience	0.79	0.29	0.40	0.56	0.42	0.35
· All Other Experience	(0.24)	(0.19)	(0.19)	(0.18)	(0.25)	(1.15)
· Payroll Growth	(0.64)	(0.08)	(0.20)	(0.53)	(1.11)	-
· Assumption Changes (experience study)	(0.15)	(0.34)	(0.30)	-	0.15	(1.07)
Change in Employer Normal Cost Rate						
· Benefit Changes	-	-	-	-	-	-
· Assumption Changes (experience study)	(0.03)	(0.03)	(0.03)	0.12	0.17	0.21
· All Other Experience	(0.04)	(0.09)	(0.08)	(0.10)	(0.06)	(0.02)
Actuarial Contribution Rate in 12/31/2023 Valuation	10.98%	11.41%	11.32%	9.59%	24.00%	21.29%

(1) Contribution rate for Local employers only.

* The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rates to fund this benefit improvement are reflected in the December 31, 2022 valuation results.

Note: Numbers may not add due to rounding.

SUMMARY OF HISTORICAL CHANGES IN TOTAL SYSTEM UAL

As of December 31, 2023 Valuation

\$(millions)	As Reported on Valuation Date							
	6/30/94	6/30/95	6/30/96	6/30/97	6/30/98	6/30/99	6/30/00	12/31/00
Actual Experience vs. Assumed								
· Investment	\$ (102)	\$ (143)	\$ (280)	\$ (323)	\$ (413)	\$ (369)	\$ (441)	\$ (23)
· Other	320	72	136	157	104	46	99	84
Assumption Changes	-	(96)	-	-	350	-	-	(206)
Changes in Data/Procedures	244	-	-	-	-	21	71	145 **
Change in Cost Method	-	-	-	-	-	-	-	-
Effect of Contribution Cap/Lag	*	95	70	63	54	78	66	60
Amortization Method	*	47	38	35	32	30	22	12
Change in Benefit Provisions	75	-	-	-	88	-	19	-
Change in Actuarial Firm/Software	-	-	-	-	-	-	-	-
Bond Issue	-	-	-	-	-	-	-	-
Non-Collectible Pension Contributions	-	-	-	-	-	-	-	-
Additional Contributions	-	-	-	-	-	-	-	-
Total	\$ 537	\$ (25)	\$ (36)	\$ (68)	\$ 215	\$ (194)	\$ (164)	\$ 72

\$(millions)	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Actual Experience vs. Assumed								
· Investment	\$ 350	\$ 644	\$ 140	\$ 456	\$ 167	\$ (293)	\$ (626)	\$ 2,332
· Other	(9)	68	(32)	16	(84)	140	99	78
Assumption Changes	-	-	-	437	(5)	-	384	-
Changes in Data/Procedures	5	177 **	(286)***	-	-	-	-	-
Change in Cost Method	-	-	1,147	-	-	-	-	-
Effect of Contribution Cap/Lag	115	143	178	179	247	258	251	246
Amortization Method	14	21	47	68	84	83	78	71
Change in Benefit Provisions	-	37	3	1	-	24	2	-
Change in Actuarial Firm/Software	-	-	-	-	-	-	-	-
Bond Issue	-	(41)	(440)	-	-	-	-	-
Non-Collectible Pension Contributions	-	-	-	-	-	-	-	-
Additional Contributions	-	-	-	-	-	-	-	-
Total	\$ 475	\$ 1,049	\$ 757	\$ 1,157	\$ 409	\$ 212	\$ 188	\$ 2,727

Unfunded actuarial liability 6/30/93: \$968 million

Unfunded actuarial liability 12/31/23: \$9,686 million

* Not calculated for this year.

**Reflects the impact of re-establishing the KP&F Supplemental Actuarial Liability at December 31, 2002. The additional unfunded actuarial liability as of December 31, 2000, for the State/School and Local groups not recognized in the prior valuation due to the phase-in of the change in actuarial procedures is included.

***Change in asset valuation method.

Note: Although a total column is shown, the amounts in each year are not additive because they are calculated on each valuation date and, therefore, represent values at different points in time.

SUMMARY OF HISTORICAL CHANGES IN TOTAL SYSTEM UAL

As of December 31, 2023 Valuation (continued)

\$(millions)	As Reported on Valuation Date							
	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16
Actual Experience vs. Assumed								
· Investment	\$ (1,011)	\$ 560	\$ 852	\$ 732	\$ (653)	\$ (368)	\$ 52	\$ (59)
· Other	(70)	(334)	(190)	(78)	(125)	(78)	(130)	(144)
Assumption Changes	-	-	(64)	-	-	(50)	-	593
Changes in Data/Procedures	-	-	-	-	-	-	-	-
Change in Cost Method	-	-	-	-	-	-	-	-
Effect of Contribution Cap/Lag	383	320	289	303	246	178	160	70
Amortization Method	96	68	62	49	46	18	(11)	(38)
Change in Benefit Provisions	-	-	15	19	-	1	-	1
Change in Actuarial Firm/Software	-	(27)	-	-	-	-	-	-
Bond Issue	-	-	-	-	-	-	(1,000)	-
Non-Collectible Pension Contributions	-	-	-	-	-	-	-	99 ****
Additional Contributions	-	-	-	-	-	-	-	-
Total	\$ (602)	\$ 587	\$ 964	\$ 1,025	\$ (487)	\$ (298)	\$ (929)	\$ 522

\$(millions)	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	Total
Actual Experience vs. Assumed								
· Investment	\$ (117)	\$ 476	\$ 210	\$ (316)	\$ (703)	\$ 340	\$ 38	\$ 1,109
· Other	(50)	69	32	14	107	444	485	1,246
Assumption Changes	-	-	(51)	-	2,718	-	(192)	3,818
Changes in Data/Procedures	-	-	(60)	-	-	-	-	317
Change in Cost Method	-	-	-	-	-	-	-	1,147
Effect of Contribution Cap/Lag	149	64	18	8	-	-	-	4,291
Amortization Method	(136)	(171)	(169)	(225)	(283)	(168)	(212)	(392)
Change in Benefit Provisions	-	-	-	-	-	25	-	310
Change in Actuarial Firm/Software	-	-	-	-	-	-	-	(27)
Bond Issue	-	-	-	-	(500)	-	-	(1,981)
Non-Collectible Pension Contributions	-	-	-	-	-	-	-	99
Additional Contributions	-	(143)	(175)	-	-	(901)	-	(1,219)
Total	\$ (154)	\$ 295	\$ (195)	\$ (519)	\$ 1,339	\$ (260)	\$ 119	\$ 8,718

Unfunded actuarial liability 6/30/93: \$968 million

Unfunded actuarial liability 12/31/23: \$9,686 million

****Non-collectible pension contributions were part of a budget allotment in 2016. 2019 SB 9 added \$115 million in additional contributions and interest for the allotted contributions, but they are reflected in the Additional Contributions row.

Note: Although a total column is shown, the amounts in each year are not additive because they are calculated on each valuation date and, therefore, represent values at different points in time.

SUMMARY OF PRINCIPAL RESULTS – KPERS (STATE)

	12/31/2023	12/31/2022	
	Valuation	Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	20,527	19,993	2.7%
Retired Members and Beneficiaries	21,747	21,443	1.4%
Inactive Members	11,099	10,923	1.6%
Total Members	53,373	52,359	1.9%
Projected Annual Salaries of Active Members	\$ 1,167,829,251	\$ 1,068,326,047	9.3%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 346,272,521	\$ 336,314,323	3.0%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 5,411,907,687	\$ 5,248,582,389	3.1%
b. Assets for Valuation Purposes	\$ 4,110,027,649	\$ 4,022,092,181	2.2%
c. Unfunded Actuarial Liability (a) - (b)	\$ 1,301,880,038	\$ 1,226,490,208	6.1%
d. Funded Ratio (b) / (a)	75.9%	76.6%	(0.9%)
e. Market Value of Assets	\$ 3,930,137,577	\$ 3,735,276,243	5.2%
f. Funded Ratio on Market Value (e) / (a)	72.6%	71.2%	2.0%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.28%	8.35%	
Member	6.00%	6.00%	
Employer	2.28%	2.35%	
Amortization of Unfunded Actuarial Liability	8.70%	8.98%	
Actuarial Contribution Rate	10.98%	11.33%	
Statutory Employer Contribution Rate*	11.32%	11.68%	

*The rate in this valuation may not exceed last year's rate by more than the statutory rate increase limit of 1.20 percent for Fiscal Year 2017 and later. This rate excludes the contribution rate for the Death and Disability Program. Any excess of the statutory over actuarial contribution rates applied to actual State payroll is deposited to the School assets.

Note: The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rate to fund this benefit improvement is also reflected in the December 31, 2022 valuation results.

SUMMARY OF PRINCIPAL RESULTS – KPERS (SCHOOL)

	12/31/2023 Valuation	12/31/2022 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	87,148	87,207	(0.1%)
Retired Members and Beneficiaries	62,491	60,782	2.8%
Inactive Members	39,516	38,871	1.7%
Total Members	189,155	186,860	1.2%
Projected Annual Salaries of Active Members	\$ 4,467,144,262	\$ 4,299,616,405	3.9%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 1,064,401,792	\$ 1,019,130,159	4.4%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 19,543,715,902	\$ 19,041,457,056	2.6%
b. Assets for Valuation Purposes	\$ 14,644,664,325	\$ 14,007,032,038	4.6%
c. Unfunded Actuarial Liability (a) - (b)	\$ 4,899,051,577	\$ 5,034,425,018	(2.7%)
d. Funded Ratio (b) / (a)	74.9%	73.6%	1.8%
e. Market Value of Assets	\$ 14,035,243,402	\$ 12,975,465,123	8.2%
f. Funded Ratio on Market Value (e) / (a)	71.8%	68.1%	5.4%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.83%	8.95%	
Member	6.00%	6.00%	
Employer	2.83%	2.95%	
Amortization of Unfunded Actuarial Liability	8.58%	8.83%	
Actuarial Contribution Rate	11.41%	11.78%	
Statutory Employer Contribution Rate*	11.32%	11.68%	

*The rate in this valuation may not exceed last year's rate by more than the statutory rate increase limit of 1.20 percent for Fiscal Year 2017 and later. This rate excludes the contribution rate for the Death and Disability Program.

Note: The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rate to fund this benefit improvement is also reflected in the December 31, 2022 valuation results.

SUMMARY OF PRINCIPAL RESULTS – KPERS (STATE/SCHOOL)

	12/31/2023 Valuation	12/31/2022 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	107,675	107,200	0.4%
Retired Members and Beneficiaries	84,238	82,225	2.4%
Inactive Members	50,615	49,794	1.6%
Total Members	242,528	239,219	1.4%
Projected Annual Salaries of Active Members	\$ 5,634,973,513	\$ 5,367,942,452	5.0%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 1,410,674,313	\$ 1,355,444,482	4.1%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 24,955,623,589	\$ 24,290,039,445	2.7%
b. Assets for Valuation Purposes	\$ 18,754,691,974	\$ 18,029,124,219	4.0%
c. Unfunded Actuarial Liability (a) - (b)	\$ 6,200,931,615	\$ 6,260,915,226	(1.0%)
d. Funded Ratio (b) / (a)	75.2%	74.2%	1.3%
e. Market Value of Assets	\$ 17,965,380,979	\$ 16,710,741,366	7.5%
f. Funded Ratio on Market Value (e) / (a)	72.0%	68.8%	4.7%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.72%	8.83%	
Member	6.00%	6.00%	
Employer	2.72%	2.83%	
Amortization of Unfunded Actuarial Liability	8.60%	8.85%	
Actuarial Contribution Rate	11.32%	11.68%	
Statutory Employer Contribution Rate*	11.32%	11.68%	

*The rate in this valuation may not exceed last year's rate by more than the statutory rate increase limit of 1.20 percent for Fiscal Year 2017 and later. This rate excludes the contribution rate for the Death and Disability Program.

Note: The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rate to fund this benefit improvement is also reflected in the December 31, 2022 valuation results.

SUMMARY OF PRINCIPAL RESULTS – KPERS (LOCAL)

	12/31/2023 Valuation	12/31/2022 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	37,703	36,649	2.9%
Retired Members and Beneficiaries	25,060	24,250	3.3%
Inactive Members	23,207	23,304	(0.4%)
Total Members	<u>85,970</u>	<u>84,203</u>	2.1%
Projected Annual Salaries of Active Members	\$ 2,219,587,861	\$ 2,023,080,468	9.7%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 368,220,327	\$ 348,583,000	5.6%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 7,393,131,430	\$ 7,019,124,188	5.3%
b. Assets for Valuation Purposes	\$ 5,303,548,760	\$ 5,066,712,964	4.7%
c. Unfunded Actuarial Liability (a) - (b)	\$ 2,089,582,670	\$ 1,952,411,224	7.0%
d. Funded Ratio (b) / (a)	71.7%	72.2%	(0.7%)
e. Market Value of Assets	\$ 5,074,469,885	\$ 4,696,616,653	8.0%
f. Funded Ratio on Market Value (e) / (a)	68.6%	66.9%	2.5%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.11%	8.09%	
Member	<u>6.00%</u>	<u>6.00%</u>	
Employer	2.11%	2.09%	
Amortization of Unfunded Actuarial Liability	<u>7.48%</u>	<u>7.62%</u>	
Actuarial Contribution Rate	9.59%	9.71%	
Statutory Employer Contribution Rate*	<u>9.59%</u>	<u>9.71%</u>	

*The Statutory Employer Contribution Rate in this valuation may not exceed last year's rate by more than the statutory rate increase limit of 1.20 percent for Fiscal Year 2017 and later. This rate excludes the contribution rate for the Death and Disability Program.

Note: The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rate to fund this benefit improvement is also reflected in the December 31, 2022 valuation results.

SUMMARY OF PRINCIPAL RESULTS – KPERS (TOTAL KPERS)

	12/31/2023	12/31/2022	
	Valuation	Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	145,378	143,849	1.1%
Retired Members and Beneficiaries	109,298	106,475	2.7%
Inactive Members	73,822	73,098	1.0%
Total Members	<u>328,498</u>	<u>323,422</u>	1.6%
Projected Annual Salaries of Active Members	\$ 7,854,561,374	\$ 7,391,022,920	6.3%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 1,778,894,640	\$ 1,704,027,482	4.4%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 32,348,755,019	\$ 31,309,163,633	3.3%
b. Assets for Valuation Purposes	\$ 24,058,240,734	\$ 23,095,837,183	4.2%
c. Unfunded Actuarial Liability (a) - (b)	\$ 8,290,514,285	\$ 8,213,326,450	0.9%
d. Funded Ratio (b) / (a)	74.4%	73.8%	0.8%
e. Market Value of Assets	\$ 23,039,850,864	\$ 21,407,358,019	7.6%
f. Funded Ratio on Market Value (e) / (a)	71.2%	68.4%	4.1%

SUMMARY OF PRINCIPAL RESULTS – KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM

	12/31/2023	12/31/2022	
	Valuation	Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	8,284	7,868	5.3%
Retired Members and Beneficiaries	6,382	6,224	2.5%
Inactive Members	2,554	2,515	1.6%
Total Members	17,220	16,607	3.7%
Projected Annual Salaries of Active Members	\$ 702,610,805	\$ 635,221,373	10.6%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 240,300,026	\$ 231,313,418	3.9%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 4,688,715,519	\$ 4,480,287,951	4.7%
b. Assets for Valuation Purposes	\$ 3,306,906,794	\$ 3,143,459,342	5.2%
c. Unfunded Actuarial Liability (a) - (b)	\$ 1,381,808,725	\$ 1,336,828,609	3.4%
d. Funded Ratio (b) / (a)	70.5%	70.2%	0.4%
e. Market Value of Assets	\$ 3,164,498,352	\$ 2,913,418,901	8.6%
f. Funded Ratio on Market Value (e) / (a)	67.5%	65.0%	3.8%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	17.68%	17.57%	
Member	7.15%	7.15%	
Employer	10.53%	10.42%	
Amortization of Unfunded Actuarial and Supplemental Liability	13.47%	14.25%	
Actuarial Contribution Rate (Local Employers)	24.00%	24.67%	
Statutory Employer Contribution Rate*	24.00%	24.67%	

*The Statutory Employer Contribution Rate is equal to the Actuarial Rate. This is referred to as the "Uniform" rate and varies for State and Local employers. The rate shown is for Local employers, and the rate for State employers is 24.02 percent this year. The total contribution is equal to the appropriate uniform rate plus the payment required to amortize any unfunded past service liability, determined separately for each employer.

Note: The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rate to fund this benefit improvement is also reflected in the December 31, 2022 valuation results.

SUMMARY OF PRINCIPAL RESULTS – KANSAS RETIREMENT SYSTEM FOR JUDGES

	12/31/2023 Valuation	12/31/2022 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	286	267	7.1%
Retired Members and Beneficiaries	327	332	(1.5%)
Inactive Members	10	9	11.1%
Total Members	623	608	2.5%
Projected Annual Salaries of Active Members	\$ 37,911,625	\$ 32,850,882	15.4%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 14,398,204	\$ 14,632,706	(1.6%)
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 231,058,874	\$ 226,681,352	1.9%
b. Assets for Valuation Purposes	\$ 217,633,425	\$ 210,315,792	3.5%
c. Unfunded Actuarial Liability (a) - (b)	\$ 13,425,449	\$ 16,365,560	(18.0%)
d. Funded Ratio (b) / (a)	94.2%	92.8%	1.5%
e. Market Value of Assets	\$ 207,925,959	\$ 195,146,068	6.5%
f. Funded Ratio on Market Value (e) / (a)	90.0%	86.1%	4.5%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	23.65%	23.44%	
Member	5.63%	5.62%	
Employer	18.02%	17.82%	
Amortization of Unfunded Actuarial and Supplemental Liability	3.27%	5.34%	
Actuarial Contribution Rate	21.29%	23.16%	
Statutory Employer Contribution Rate*	21.29%	23.16%	

*Statutory Employer Contribution Rate is equal to the Actuarial Rate. This rate excludes the contribution for the Death and Disability Program.

Note: The 2024 Legislature passed House Bill 2711 which increased the lump sum retiree death benefit. The increased contribution rate to fund this benefit improvement is also reflected in the December 31, 2022 valuation results.

SUMMARY OF PRINCIPAL RESULTS – ALL SYSTEMS COMBINED

	12/31/2023	12/31/2022	
	Valuation	Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	153,948	151,984	1.3%
Retired Members and Beneficiaries	116,007	113,031	2.6%
Inactive Members	76,386	75,622	1.0%
Total Members	346,341	340,637	1.7%
Projected Annual Salaries of Active Members	\$ 8,595,083,804	\$ 8,059,095,175	6.7%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 2,033,592,870	\$ 1,949,973,606	4.3%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 37,268,529,412	\$ 36,016,132,936	3.5%
b. Assets for Valuation Purposes	\$ 27,582,780,953	\$ 26,449,612,317	4.3%
c. Unfunded Actuarial Liability (a) - (b)	\$ 9,685,748,459	\$ 9,566,520,619	1.2%
d. Funded Ratio (b) / (a)	74.0%	73.4%	0.8%
e. Market Value of Assets	\$ 26,412,275,175	\$ 24,515,922,988	7.7%
f. Funded Ratio on Market Value (e) / (a)	70.9%	68.1%	4.1%

SUMMARY OF PLAN PROVISIONS

PLAN MEMBERSHIP

The Kansas Public Employees Retirement System (the Retirement System, or, the System), is an umbrella organization administering three statewide retirement systems: the Kansas Public Employees Retirement System (KPERS), the Kansas Police and Firemen’s Retirement System (KP&F), and the Kansas Retirement System for Judges. All three systems are defined benefit, contributory plans that cover nearly all public employees in Kansas. The Kansas Retirement System for Judges is a single employer plan, while the other two are cost-sharing, multiple employer plans. Participation by the State of Kansas is mandatory, whereas participation by local political subdivisions is optional, but irrevocable once elected. Benefit payments are also provided for a certain group of legislative employees.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

SUMMARY OF PLAN PROVISIONS

KPERS 1 refers to members before July 1, 2009. KPERS 2 refers to members who either began their participation or rehired on or after July 1, 2009, but before January 1, 2015. KPERS 3 refers to non-corrections members who either began their participation or rehired on or after January 1, 2015. Corrections members do not participate in KPERS 3.

This valuation reflects the benefit structure in place as of December 31, 2023.

EMPLOYEE MEMBERSHIP

Membership is mandatory for all employees in covered positions, except elected officials. A covered position for non-school employees is one that is covered by Social Security, is not seasonal or temporary, and requires at least 1,000 hours of work per year. School employees who work at least 630 hours per year or 3.5 hours per day for at least 180 days are eligible for membership. Effective July 1, 2009, all employees become KPERS members on their date of employment. Prior to July 1, 2009, only School employees were covered immediately, but there was a one-year service requirement for the State and Local groups. Members who retire under the provisions of the Retirement System may not become contributing members again.

NORMAL RETIREMENT

Eligibility – KPERS 1: (a) Age 65, or (b) age 62 with ten years of credited service or (c) any age when combined age and years of credited service equal 85 “points”. Age is determined by the member’s last birthday and is not rounded up.

KPERS 2 & 3: (a) Age 65 with 5 years of credited service or (b) age 60 with 30 years of credited service.

Benefit – KPERS 1 & 2: Benefits are based on the member’s years of credited service, final average salary (FAS), and a statutory multiplier. For those who were hired prior to July 1, 1993, final average salary equals the greater of either: a four-year final average salary, including add-ons, such as sick and annual leave; or a three-year final average salary, excluding add-ons, such as sick and annual leave. For those who are hired on or after July 1, 1993, and before July 1, 2009, final average salary equals the average of the three highest years of salary, excluding add-ons, such as sick and annual leave. Effective July 1, 2009, (KPERS 2), final average salary equals the average of the five highest years of salary, excluding additional compensation.

KPERS 3: KPERS 3 members participate in a cash balance plan with benefits based on the Annuity Savings Account balance, the Retirement Annuity Account balance, and an annuity factor. The member’s annuity factor at retirement is based on the member’s age and benefit payment form. The current annuity factors were adopted by the Board upon recommendation of the actuary. They are expected to be updated periodically. The interest rate used to calculate the current annuity factors is 5.00 percent (7.00 percent assumed investment return, minus 2.00 percent), and the mortality table used is a set of blended mortality rates from the current post-retirement mortality assumptions for KPERS members. The blended mortality rates are projected to 2030 using improvement scale MP-2016. The weighting used to blend the mortality rates is shown in the following table:

	Members	Beneficiaries
State – Males	17.5%	42.5%
State – Females	42.5%	17.5%
School – Males	7.5%	8.5%
School – Females	8.5%	7.5%
Local – Males	12.5%	11.5%
Local – Females	11.5%	12.5%

A member’s Annuity Savings Account balance is the sum of mandatory member contributions plus the interest credits and dividends on those contributions. A member’s Retirement Annuity Account is the sum of all employer retirement credits to the account plus the interest credits and dividends on those credits.

Mandatory member contributions are 6 percent of compensation. The employer retirement credits follow the schedule below:

Years of Service	Retirement Credit Rate
Less than 5	3%
5 – 11	4%
12 – 23	5%
24 or more	6%

Interest credits are 4 percent per annum, paid quarterly. The interest credits are based on the account balances as of the last day of the preceding quarter. There is also a possibility of additional interest credits, depending on KPERS' investment return. These additional interest credits are called "dividends" and are equal to 75 percent of the five-year average net compound rate of return, as determined by the Board, for the preceding calendar year and the previous four calendar years on the market value of assets that is above 6.0 percent. A schedule of dividend rates over the past five years is contained in the following table:

Year	Applicable Rate of Return	Compound Average	Dividend
2019	17.1%	7.1%	0.825%
2020	11.1%	9.3%	2.475%
2021	15.7%	10.7%	3.525%
2022	(9.8%)	5.7%	0.000%
2023	10.6%	8.5%	1.875%

Prior Service Credit – Prior service credit is 0.75 percent or 1.00 percent of final average salary per year [School employees receive 0.75 percent of final average salary for each year of prior service that is not credited under the former Kansas School Retirement System (KSRS)].

PARTICIPATING SERVICE CREDIT

KPERS 1: Participating service credit is 1.75 percent of final average salary for years of service prior to January 1, 2014. Participating service credit is 1.85 percent of final average salary for years of service after December 31, 2013.

KPERS 2: For those retiring on or after January 1, 2012, participating service credit is 1.85 percent for all years of service.

KPERS 3: Not applicable for the Cash Balance Plan.

EARLY RETIREMENT

Eligibility – Eligibility is age 55 and 10 years of credited service.

Benefit – KPERS 1: The normal retirement benefit is reduced 0.2 percent per month for each month between the ages of 60 and 62, and 0.6 percent for each month between the ages of 55 and 60.

KPERS 2: The normal retirement benefit is reduced actuarially for early commencement. The reduction factor is 35.0 percent at age 60 and 57.5 percent at age 55. If the member has 30 years of credited service, the early retirement reduction is less (50 percent of regular reduction).

KPERS 3: The early retirement benefit is determined in the same manner as a normal retirement benefit, but is based on the account balances and annuity factor at the member's retirement age.

VESTING REQUIREMENTS

Eligibility – Effective July 1, 2009, a member must have five years of credited service (ten years prior to July 1, 2009). Should the vested member terminate employment, the member must leave accumulated contributions on deposit with the Retirement System to be eligible for future benefits. If a vested member terminates employment and withdraws accumulated contributions, the member forfeits all rights and privileges under the Retirement System.

Benefit – KPERS 1 & 2: Retirement benefits are payable when the vested member reaches normal retirement age, or reduced benefits are payable when the vested member reaches a specified early retirement age.

KPERS 3: Retirement benefits are payable when the vested member meets the retirement eligibility requirements and is based on the member's account balances at retirement. The member's vested account will be granted interest credits and dividends during the deferral period between termination of employment and retirement.

OTHER BENEFITS

Withdrawal Benefit – Members who terminate employment may withdraw contributions with interest after the last day on the employer's payroll. Withdrawing member contributions forfeits all membership rights and benefits, which a member may have accrued prior to withdrawing their contributions from the Retirement System. Inactive, non-vested members who return to covered employment within five years after terminating employment, will not have lost any membership rights or privileges if they haven't withdrawn contributions. The Retirement Act provides for withdrawal of contributions 31 days after employment terminates, but it does not allow members to borrow from contributions.

Disability Benefit – KPERS 1 & 2: Members receiving disability benefits under the KPERS Death and Disability Benefits Program

continue to receive service credit under KPERS. If a disabled member retires after receiving disability benefits for at least five years immediately preceding retirement, the member's final average salary is adjusted by the actuarial salary increase assumption rates in existence during the member's period of disability prior to July 1, 1993, 5 percent per year to July 1998 and the change in CPI-U less 1 percent, not to exceed 4 percent after July 1998.

KPERS 3: For any KPERS 3 member who becomes disabled, such member's Annuity Savings Account and Retirement Annuity Account will be credited with employee contributions, employer retirement credits, interest credits and dividends for the entire period of disability, but no later than the member's normal retirement age. The salary upon which credits are based shall be the employee's salary at the time of disability. After five years of disability, the underlying salary shall be increased by the lesser of (a) the percentage increase in CPI-U, minus 1 percent, and (b) 4 percent per annum.

Death Benefits – Pre-retirement death (non-service connected)

– **KPERS 1 & 2:** The member's accumulated contributions plus interest are paid in a lump sum to the designated beneficiary. In lieu of receiving the member's accumulated contributions, the surviving spouse of a member who is eligible to retire at death may elect to receive benefits under any survivor option. The spouse must be the member's sole designated beneficiary to exercise this option. If the member had at least 10 years of credited service, but had not reached retirement age, the spouse may elect to leave the member's contributions on deposit with the System and receive a monthly benefit to begin on the date the member would have been eligible to retire.

KPERS 3: If a vested member dies before attaining normal retirement age, the member's surviving spouse shall receive an annuity on the date the member would have attained normal retirement age had such member not died. The benefit is based upon the member's Annuity Savings Account and Retirement Annuity Account, and is payable as a single life annuity with 10-year certain.

Service-Connected Accidental Death – The member's accumulated contributions plus interest, plus lump sum amount of \$50,000, plus annual benefit based on 50 percent of final average salary; reduced by Workers' Compensation benefits and subject to a minimum benefit of \$100 a month; are payable to a spouse, minor children or dependent parents, for life, or until the youngest child reaches age 18 (or up to age 23 if they are full-time students), in this order of preference. The monthly accidental death benefit is in lieu of any joint/survivor benefit for which the surviving spouse would have been eligible. For KPERS 3 members, final average salary equals the average of the three final years of salary.

Post-Retirement Death – A lump sum amount of \$6,000 is payable to the member's beneficiary. If the member has selected a retirement option, benefits are paid to the joint annuitant or the designated beneficiary. Under joint and survivor retirement options, if the joint annuitant predeceases the retired member, the reduced option benefit is increased to the amount the retired member would have received if no retirement option had been elected. Benefits payable to a joint annuitant cease at the joint annuitant's death. If a member does not select an option, the designated beneficiary receives the excess, if any, of the member's accumulated contributions plus interest over total benefits paid to date of death.

MEMBER CONTRIBUTIONS

KPERS 1: Prior to January 1, 2014, member contributions were 4 percent of compensation for KPERS 1. 2012 HB 2333 established an election by KPERS 1 members, contingent upon IRS approval, between different contribution rate and benefit levels. The legislation provided that, if the IRS rejected or did not take action to approve the election, KPERS 1 members would default to an increase in their employee contributions to 5 percent of compensation effective January 1, 2014, and 6 percent effective January 1, 2015, with an increase in the benefit multiplier to 1.85 percent beginning January 1, 2014, for future years of service only. Subsequently, the IRS issued a private letter ruling stating that the election granted to KPERS 1 members under 2012 HB 2333 was impermissible.

KPERS 2: The member contribution rate for KPERS 2 is 6 percent of compensation.

KPERS 3: The member contribution rate for KPERS 3 is 6 percent of compensation.

INTEREST ON MEMBER CONTRIBUTIONS

KPERS 1: Interest is credited to members' contribution accounts on June 30 each year, based on the account balance as of the preceding December 31. Those who became members prior to July 1, 1993, have interest credited to their accounts at the assumed investment rate of return. Those who become members on and after July 1, 1993, have interest credited to their accounts at the rate of 4 percent per year.

KPERS 2: Interest is credited to members' contribution accounts on June 30 each year, based on the account balance as of the preceding December 31, at the rate of 4 percent per year.

KPERS 3: Interest credited varies by years of service. Please refer to the KPERS 3 Benefit section under Normal Retirement in these Plan Provisions.

EMPLOYER CONTRIBUTIONS

Rates are certified by the Board of Trustees, based on the results of annual actuarial valuations and statutory provisions.

BOARD OF REGENTS PLAN MEMBERS (TIAA AND EQUIVALENTS)

Board of Regents plan members (TIAA and equivalents) do not make contributions to KPERS.

Group A: Joined the Board of Regents prior to January 1, 1962. These members receive prior service benefits for service before 1962. The benefit is 1.00 percent of final average salary for each year of credited prior service. The final average salary is calculated using current pay as a member of the Board of Regents, if higher than pay received under KPERS. Service after 1961 is counted for purposes of determining eligibility for vesting.

Group B: Joined the Board of Regents after January 1, 1962, but prior to July 1, 1998. These members receive prior service benefits for service credited under KPERS. The benefit is 1.75 percent of final average salary for each year of credited prior service. The final average salary is calculated using current pay as a member of the Board of Regents, if higher than pay received under KPERS. Service after joining the Board of Regents is counted for purposes of determining eligibility for vesting.

Group C: Joined the Board of Regents after July 1, 1998. These members receive prior service benefits for service credited under KPERS. The benefit is 1.75 percent or 1.85 percent (as applicable under the KPERS 1 and KPERS 2 benefit provisions) of final average salary for each year of credited prior service. The final average salary is calculated using current pay as a member of the Board of Regents, if higher than pay received under KPERS. Service after 1961 is counted for purposes of determining eligibility for vesting.

CORRECTIONAL MEMBERS

Correctional employees, as certified to the Board of Trustees by the Secretary of Corrections, are defined in K.S.A. 74-4914a: (a) correctional officers, (b) certain directors and deputy directors of correctional institutions, (c) correctional power plant operators, (d) correctional industries employees, (e) correctional food service employees and (f) correctional maintenance employees.

KPERS 1: For groups (a) and (b) with at least 3 consecutive years of credited service in such positions immediately preceding retirement, normal retirement age is 55 or Rule of 85; and early retirement requirements are age 50 with 10 years of credited service. For groups (c), (d), (e) and (f) with at least 3 consecutive years of service in such positions immediately preceding retirement, normal retirement age is 60 or Rule of 85, and early retirement requirements are 55 with 10 years of credited service.

KPERS 2: For groups (a) and (b) with at least 3 consecutive years of credited service in such positions immediately preceding retirement, normal retirement age is 55 with 10 years of credited service, and early retirement requirements are age 50 with 10 years of credited service. For groups (c), (d), (e) and (f) with at least 3 consecutive years of service in such positions immediately preceding retirement, normal retirement age is 60 with 10 years of credited service, and early retirement requirements are 55 with 10 years of credited service.

COST-OF-LIVING ADJUSTMENTS (COLAS)

KPERS 2: Members Who Retired Prior to July 1, 2012: 2 percent cost-of-living adjustment (COLA) each year beginning at age 65 or the second July 1 after the retirement date, whichever is later. Other KPERS 2 members will not receive a COLA.

KPERS 3: Upon retirement, the benefit option selected by the member may include a self-funded cost of living adjustment feature, in which the account value is converted to a benefit amount that increases by a fixed percentage over time.

KANSAS POLICE & FIREMEN'S RETIREMENT SYSTEM

NORMAL RETIREMENT

Tier I – Age 55 and 20 years of service or 32 years of service (regardless of age).

Tier II – Age 50 and 25 years of service, or age 55 and 20 years of service or age 60 and 15 years of service.

Benefits – Benefits are based on the member's final average salary. For those who were hired prior to July 1, 1993, final average salary equals the average of the highest three of the last five years of credited participating service, including add-ons, such as sick and annual leave. For those who are hired on or after July 1, 1993, final average salary equals the average of the highest three of the last five years of participating service, excluding add-ons, such as sick and annual leave. Benefits are based on a member's years of credited service and a multiplier of 2.5 percent of final average salary for each year of credited service, to a maximum of 90 percent of final average salary (first effective July 1, 2013).

Local Plan – For members covered by local plan provisions on the employer's entry date, normal retirement is at age 50 with 22 years of credited service.

EARLY RETIREMENT

Eligibility – Members must be at least age 50 and have 20 years of credited service.

Benefit – Normal retirement benefits are reduced 0.4 percent per month under age 55.

VESTING REQUIREMENTS

Eligibility – Tier I: The member must have 20 years of credited service; if terminating employment, the member must leave contributions on deposit with the Retirement System to be eligible for future benefits. Unreduced benefits are payable at age 55 or reduced benefits are payable as early as age 50.

Eligibility – Tier II: The member must have 15 years of credited service to be considered vested. If terminating employment, the member must leave contributions on deposit with the Retirement System to be eligible for future benefits. A vested member may draw unreduced benefits as early as age 50 with 25 years of credited service, age 55 with 20 years of credited service or age 60 with 15 years of credited service. A reduced benefit is available at age 50 with 20 years of credited service.

OTHER BENEFITS

Withdrawal Benefits – Members who terminate employment before retirement may withdraw contributions with interest after the last day on the employer's payroll. Withdrawal of contributions forfeits all membership rights and benefits, which a member may have accrued prior to withdrawing accumulated contributions from the Retirement System. Inactive, nonvested members, who return to covered employment within five years after terminating employment, will not have lost any membership rights or privileges if they haven't withdrawn contributions.

DISABILITY BENEFITS

Tier I: Service-connected disability – There are no age or service requirements to be eligible for this benefit. There is an annual benefit of 50 percent of final average salary, plus 10 percent of final average salary for each dependent child under age 18 (or up to age 23 for full-time students), to a maximum of 75 percent of final average salary. If dependent child benefits aren't payable, the benefit is 50 percent of final average salary or 2.5 percent for each year of credited service up to a maximum of 90 percent of final average salary. Upon the death of a member after two years from the proximate cause of death which is the original service-connected disability, the same benefits are payable. Upon the death of a member after two years from a cause different than the disability for which the member is receiving service-connected disability benefits, the surviving spouse receives a lump sum payment of 50 percent of final average salary. Additionally, a pension benefit of one-half the member's benefit is payable to either the spouse or to the dependent children.

Tier I: Non-Service-connected disability – An annual benefit of 2.5 percent times years of credited service times final average salary with a minimum of 25 percent of final average salary and a maximum of 90 percent of final average salary.

Tier II: Service-connected disability – The annual benefit is 50 percent of final average salary. Service Credit is granted during the period of disability. Disability benefits convert to age and service retirement at the earliest date the member is eligible for full retirement benefits. If the member is disabled for at least five years immediately preceding retirement, the member's final average salary is adjusted during the period of disability. If the member dies prior to the conversion of the disability benefit to a service retirement benefit, the spouse's benefit will be:

- 50 percent of the member's final average salary; or
- If there are no dependent children, the benefit the member would have been entitled to if they had retired on the date of death.

In addition, an annual benefit of 10 percent of the member's final average salary would be paid for each of the member's dependent children until the earlier of age 18 (or 23 if a full-time student) or death. However, in no case would the total of benefits payable exceed 75 percent of the member's final average salary.

Tier II: Non-Service-connected disability – The annual benefit is 50 percent of final average salary. Service Credit is granted during the period of disability. Disability benefits convert to age and service retirement at the earliest date the member is eligible for full retirement benefits. If the member is disabled for at least five years immediately preceding retirement, the member's final average salary is adjusted during the period of disability. If the member dies prior to the conversion of the disability benefit to a service retirement benefit, the member's spouse will receive a lump sum benefit equal to 50 percent of the member's final average salary at the time the member was disabled.

DEATH BENEFITS (TIER I AND TIER II)

Active Member Service Connected Death – There is no age or service requirement. An annual benefit equal to the greater of the accrued retirement benefit under the 100 percent joint and survivor option and 50 percent of final average salary is payable to the spouse, plus 10 percent of final average salary for each dependent child under age 18 (or up to age 23 for full-time students), to a maximum of 90 percent of final average salary.

Active Member Non-Service Connected Death – A lump sum of 100 percent of final average salary and a pension of 2.5 percent of final average salary per year of credited service (to a maximum of 50 percent) is payable to the spouse. If there is no spouse, the monthly benefit is paid to the dependent children (age 18, or 23 if a full time student). If there is no surviving spouse or eligible children, the beneficiary will receive a lump sum payment of 100 percent of the member's current annual pay, inclusive of the member's accumulated contributions.

Inactive Member Death – If an inactive member is eligible for retirement when death occurs, and the inactive member's

spouse is the sole beneficiary, the spouse may elect to receive benefits as a joint annuitant under any option in lieu of a refund of the member's accumulated contributions.

Post-Retirement Death – There is a lump sum amount of \$6,000 payable, less any death benefit payable under local plan provisions. If the member has selected a retirement option, benefits are paid to the joint annuitant or the designated beneficiary. Under joint and survivor options, if the joint annuitant predeceases the retired member, the benefit is increased to the amount the retired member would have received if no option had been selected. Benefits payable to the joint annuitant cease when the joint annuitant dies. If no option is selected, the designated beneficiary receives the excess, if any, of the member's accumulated contributions over total benefits paid to the date of death. The surviving spouse of a transfer member (who was covered by local plan on the employer's entry date, who dies after retirement, and who has not elected a retirement benefit option) receives a lump sum payment of 50 percent of final average salary. Additionally, a pension benefit of three-fourths of the member's benefit is payable either to the spouse or dependent children.

CLASSIFICATIONS

Tier I – Members have Tier I coverage if they were employed prior to July 1, 1989, and they did not elect coverage under Tier II.

Tier II – Members have Tier II coverage if they were employed July 1, 1989, or later. This also includes members employed before July 1, 1989, who elected Tier II coverage.

Some KP&F members are considered either Tier I or Tier II Transfer or Brazelton members.

Transfer Member – A member who is a former member of a local plan who elected to participate in KP&F. Former Kansas Highway Patrol and former Kansas Bureau of Investigation members are included in this group.

Brazelton Member – A member who participated in a class action lawsuit, whose contribution is lower, and whose benefits are offset by Social Security.

MEMBER CONTRIBUTIONS

Member contributions are 7.15 percent of compensation, effective July 1, 2013.

Brazelton members contribute 0.008 percent with a Social Security offset. Benefits payable to these members are reduced by one-half of original Social Security benefits accruing from employment with the participating employer.

EMPLOYER CONTRIBUTIONS

Individual rates are certified by the Board of Trustees for each participating employer based on the results of annual actuarial valuations.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

Upon attaining normal retirement age, all KP&F members have the option of participating in the DROP plan for a minimum of three years and no more than five years. After electing to participate, a member's monthly retirement benefit is deposited into the member's DROP account for the duration of the DROP period. The DROP account accrues interest on an annual basis, equaling either 0.0 percent or 3.0 percent. Employer and employee contributions continue to be made to the System, but the member does not earn any additional service credit after the effective date of the DROP election. At the end of the DROP period, a member is entitled to a distribution from the DROP account.

KANSAS JUDGES RETIREMENT SYSTEM

NORMAL RETIREMENT

Eligibility – (a) Age 65, or (b) age 62 with ten years of credited service or (c) any age when combined age and years of credited service equals 85 "points". Age is determined by the member's last birthday and is not rounded up.

Benefit – The benefit is based on the member's final average salary, which is the average of the three highest years of service under any retirement system administered by KPERS. The basic formula for those who were members prior to July 1, 1987, is 5 percent of final average salary for each year of service up to ten years, plus 3.5 percent for each year of service greater than ten, to a maximum of 70 percent of final average salary. For those who became members on or after July 1, 1987, the formula is 3.5 percent for each year, to a maximum benefit of 70 percent of final average salary.

EARLY RETIREMENT

Eligibility – A member must be age 55 and have ten years of credited service to take early retirement.

Benefit – The retirement benefit is reduced 0.2 percent per month for each month between the ages of 60 and 62, and 0.6 percent per month for each month between the ages of 55 and 60.

VESTING REQUIREMENTS

Eligibility – There is no minimum service requirement; however, after terminating employment, the member must leave

contributions on deposit with the Retirement System in order to be eligible for future benefits. Eligible judges who have service credited under KPERS have vested benefits under both KPERS and the Retirement System for Judges when the combined total credited service equals ten years.

Benefit – Normal benefit accrued at termination is payable at age 62 or in reduced amount at age 55, provided the member has 10 years of credited service. Otherwise, benefits are not payable until age 65.

OTHER BENEFITS

Disability Benefits – These benefits are payable if a member is defined as totally and permanently disabled as certified by the Supreme Court. The disability benefit, payable until age 65, is 3.5 percent of final average salary for each year of service (minimum of 50 percent and maximum of 70 percent of final average salary). Benefits are recalculated when the member reaches retirement age based on participating service credit for the period of disability. If a judge is disabled for at least five years immediately preceding retirement, the judge's final average salary is adjusted.

Withdrawal Benefit – Members who terminate employment may withdraw contributions with interest, but they will forfeit any right to a future benefit if they do.

Pre-Retirement Death – A refund of the member's accumulated contributions is payable. In lieu of receiving the member's accumulated contributions, the surviving spouse of a member who is eligible to retire at death may elect to receive benefits under any survivor benefit option. If the member had at least ten years of credited service, but hadn't reached retirement age at the time of death, the spouse may elect a monthly benefit to begin on the date the member first would have been eligible to retire as long as the member's contributions aren't withdrawn.

Post-Retirement Death – A lump sum death benefit of \$6,000 is payable to the member's beneficiary. If the member had selected an option with survivor benefits, those benefits are paid to the joint annuitant or to the member's designated beneficiary. Under retirement options with survivor benefits, if the joint annuitant predeceases the retired member, the retirement benefit is increased to the amount the retired member would have received if no survivor benefits had been elected. Benefits payable to a joint annuitant cease when the joint annuitant dies. If no option was chosen by the retired member, the member's designated beneficiary receives the excess, if any, of the member's accumulated contributions over the total benefits paid to the date of the retired member's death.

MEMBER CONTRIBUTIONS

Judges contributions are 6 percent of compensation. Upon reaching the maximum retirement benefit level of 70 percent of final average salary, the contribution rate is reduced to 2 percent.

EMPLOYER CONTRIBUTIONS

Rates are certified by the Board of Trustees, based on the results of annual actuarial valuations.

ASSUMPTIONS AND METHODS – KPERS

Rate of Investment Return	7.00 percent		
Price Inflation	2.75 percent		
Payroll Growth	3.00 percent		
KPERS 3 Interest Crediting Rate, Including Dividends	6.00 percent per annum		
Administrative Expenses	0.23 percent of covered payroll		
Rates of Mortality	The Pub-2010 Tables adjusted by an age setback or set forward. Rates are projected into the future using Scale MP-2021.		
Post-retirement	School Males:	Teachers Below Median Retirees	+1
	School Females:	Teachers Below Median Retirees	+1
	State Males:	General Below Median Retirees	-1
	State Females:	Safety Median Retirees	+1
	Local Males:	General Below Median Retirees	+0
	Local Females:	General Below Median Retirees	+1
Pre-retirement	School Males:	Teachers Below Median Employees	+1
	School Females:	Teachers Below Median Employees	+1
	State Males:	General Below Median Employees	-1
	State Females:	Safety Median Employees	+1
	Local Males:	General Below Median Employees	+0
	Local Females:	General Below Median Employees	+1
Beneficiary Mortality	School Males:	Below Median Contingent Survivors	+1
	School Females:	Below Median Contingent Survivors	+1
	State Males:	Below Median Contingent Survivors	-1
	State Females:	Median Contingent Survivors	+1
	Local Males:	Below Median Contingent Survivors	+0
	Local Females:	Below Median Contingent Survivors	+1
Disabled Life Mortality	School Males:	Non-Safety Disabled Retirees	+1
	School Females:	Non-Safety Disabled Retirees	+1
	State Males:	Non-Safety Disabled Retirees	-1
	State Females:	Safety Disabled Retirees	+1
	Local Males:	Non-Safety Disabled Retirees	+0
	Local Females:	Non-Safety Disabled Retirees	+1

Rates of Salary Increase

Total salary increase includes merit plus general wage increase.

Years of Service	School	Merit Increase*	
		State	Local
1	8.15%	6.50%	6.80%
5	2.70%	1.60%	2.50%
10	1.25%	0.90%	1.50%
15	0.75%	0.40%	1.10%
20	0.25%	0.05%	0.85%
25	0.00%	0.00%	0.40%
30	0.00%	0.00%	0.00%

*General wage increase assumption of 3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)

Load for Pre-1993 Hires

State: 2.70 percent
School: 0.50 percent
Local: 2.25 percent
KPF: 7.50 percent
C55/C60: 2.50 percent

Rates of Termination

Duration	School		State		Local	
	Male	Female	Male	Female	Male	Female
0	20.75%	23.00%	21.00%	21.50%	23.00%	25.00%
1	17.25%	18.00%	18.00%	19.00%	19.00%	22.00%
2	13.75%	14.50%	15.25%	16.50%	16.50%	19.00%
3	10.75%	11.25%	13.50%	14.00%	13.50%	15.75%
4	8.75%	9.75%	12.00%	12.00%	11.75%	13.50%
5	7.50%	8.25%	10.75%	10.00%	10.00%	12.10%
6	6.75%	7.25%	9.50%	9.00%	9.00%	10.25%
7	6.00%	6.50%	8.50%	8.25%	8.00%	9.30%
8	5.25%	5.50%	7.50%	7.50%	7.00%	8.50%
9	5.00%	5.00%	6.50%	7.00%	6.30%	7.50%
10	4.60%	4.50%	5.50%	6.50%	5.60%	6.70%
11	4.30%	4.00%	5.00%	6.00%	5.20%	6.25%
12	4.00%	3.50%	4.50%	5.50%	4.90%	5.75%
13	3.75%	3.25%	4.25%	5.00%	4.60%	5.25%
14	3.50%	3.00%	4.00%	4.60%	4.00%	4.75%
15	3.25%	2.75%	3.80%	4.20%	3.80%	4.50%
16	3.00%	2.50%	3.60%	3.90%	3.60%	4.25%
17	2.75%	2.25%	3.40%	3.70%	3.40%	4.00%
18	2.50%	2.00%	3.20%	3.20%	3.20%	3.80%
19	2.25%	1.90%	3.00%	3.00%	3.00%	3.60%
20	2.00%	1.80%	2.80%	2.80%	2.80%	3.40%
21	1.75%	1.70%	2.60%	2.60%	2.60%	3.20%
22	1.50%	1.60%	2.40%	2.40%	2.40%	3.00%
23	1.25%	1.50%	2.20%	2.20%	2.20%	2.70%
24	1.00%	1.40%	2.00%	2.00%	2.00%	2.40%
25	1.00%	1.30%	1.80%	1.80%	1.80%	2.00%
26	1.00%	1.20%	1.60%	1.60%	1.60%	1.75%
27	1.00%	1.10%	1.40%	1.40%	1.40%	1.50%
28	1.00%	1.00%	1.20%	1.20%	1.20%	1.25%
29	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
30	1.00%	1.00%	0.80%	0.80%	0.80%	0.80%
30+	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Retirement Rates

School Members:

Age	Early Retirement			Normal Retirement			Rule of 85 (Tier 1 Only)	
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	1st Year With 85 Points	After 1st Year With 85 Points
53	-	-	-	-	-	-	20.0%	-
54	-	-	-	-	-	-	20.0%	15.0%
55	3.0%	3.0%	3.0%	-	-	-	20.0%	15.0%
56	3.0%	3.0%	3.0%	-	-	-	22.0%	15.0%
57	3.0%	3.0%	3.0%	-	-	-	24.0%	15.0%
58	3.0%	3.0%	3.0%	-	-	-	26.0%	15.0%
59	5.0%	5.0%	5.0%	-	-	-	28.0%	20.0%
60	10.0%	10.0%	5.0%	-	35.0%	20.0%	35.0%	22.0%
61	15.0%	15.0%	5.0%	-	22.0%	15.0%	25.0%	22.0%
62	-	25.0%	5.0%	25.0%	25.0%	15.0%	-	25.0%
63	-	22.0%	5.0%	22.0%	22.0%	15.0%	-	22.0%
64	-	22.0%	5.0%	22.0%	22.0%	15.0%	-	22.0%
65	-	-	-	35.0%	35.0%	30.0%	-	35.0%
66	-	-	-	35.0%	35.0%	30.0%	-	35.0%
67-74	-	-	-	30.0%	30.0%	35.0%	-	30.0%
75	-	-	-	100.0%	100.0%	100.0%	-	100.0%

State Members:

Age	Early Retirement			Normal Retirement			Rule of 85 (Tier 1 Only)	
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	1st Year With 85 Points	After 1st Year With 85 Points
53	-	-	-	-	-	-	18.0%	-
54	-	-	-	-	-	-	18.0%	10.0%
55	4.0%	4.0%	3.0%	-	-	-	18.0%	10.0%
56	4.0%	4.0%	3.0%	-	-	-	18.0%	10.0%
57	4.0%	4.0%	3.0%	-	-	-	18.0%	10.0%
58	5.0%	5.0%	3.0%	-	-	-	18.0%	10.0%
59	5.0%	5.0%	5.0%	-	-	-	18.0%	10.0%
60	5.0%	5.0%	5.0%	-	18.0%	15.0%	18.0%	10.0%
61	10.0%	10.0%	5.0%	-	18.0%	10.0%	18.0%	15.0%
62	-	15.0%	5.0%	18.0%	18.0%	10.0%	-	18.0%
63	-	15.0%	5.0%	18.0%	18.0%	10.0%	-	18.0%
64	-	15.0%	5.0%	18.0%	18.0%	10.0%	-	18.0%
65	-	-	-	30.0%	30.0%	25.0%	-	30.0%
66	-	-	-	30.0%	30.0%	25.0%	-	30.0%
67-72	-	-	-	27.0%	27.0%	25.0%	-	27.0%
73	-	-	-	20.0%	20.0%	25.0%	-	20.0%
74	-	-	-	20.0%	20.0%	25.0%	-	20.0%
75	-	-	-	100.0%	100.0%	100.0%	-	100.0%

Local Members:

Age	Early Retirement			Normal Retirement			Rule of 85 (Tier 1 Only)	
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3	1st Year With 85 Points	After 1st Year With 85 Points
53	-	-	-	-	-	-	15.0%	-
54	-	-	-	-	-	-	15.0%	8.0%
55	3.0%	3.0%	3.0%	-	-	-	15.0%	8.0%
56	3.0%	3.0%	3.0%	-	-	-	15.0%	8.0%
57	3.0%	3.0%	3.0%	-	-	-	15.0%	8.0%
58	3.0%	3.0%	3.0%	-	-	-	15.0%	10.0%
59	6.0%	6.0%	5.0%	-	-	-	15.0%	10.0%
60	6.0%	6.0%	5.0%	-	15.0%	15.0%	15.0%	10.0%
61	10.0%	10.0%	5.0%	-	20.0%	10.0%	25.0%	20.0%
62	-	20.0%	5.0%	20.0%	20.0%	10.0%	-	20.0%
63	-	20.0%	5.0%	20.0%	20.0%	10.0%	-	20.0%
64	-	20.0%	5.0%	20.0%	20.0%	10.0%	-	20.0%
65	-	-	-	30.0%	30.0%	25.0%	-	30.0%
66	-	-	-	30.0%	30.0%	25.0%	-	30.0%
67-70	-	-	-	30.0%	30.0%	30.0%	-	30.0%
71-74	-	-	-	22.0%	22.0%	30.0%	-	22.0%
75	-	-	-	100.0%	100.0%	100.0%	-	100.0%

Inactive vested members: Earliest unreduced retirement age.

Correctional employees with an age 55 normal retirement date:

Age	Rate
55-59	10%
60	15%
61-63	20%
64	35%
65	100%

Correctional employees with an age 60 normal retirement date:

Age	Rate
60	20%
61	20%
62	25%
63	20%
64	20%
65	35%
66	35%
67	35%
68	100%

TIAA employees:

Age 66

Rates of Disability

Age	School	State	Local
25	0.013%	0.011%	0.012%
30	0.014%	0.032%	0.026%
35	0.017%	0.050%	0.039%
40	0.029%	0.098%	0.058%
45	0.056%	0.146%	0.101%
50	0.092%	0.195%	0.146%
55	0.124%	0.244%	0.174%
60	0.179%	0.268%	0.213%

Indexation of Final Average Salary for Disabled Members:

1.75 percent per year

Probability of Vested Members Leaving Contributions With System

KPERS 1:

Age	School	State	Local
25	90%	65%	60%
30	90%	65%	70%
35	90%	70%	80%
40	90%	80%	90%
45	90%	85%	90%
50	90%	90%	90%
55	100%	100%	100%

KPERS 2:

Members are assumed to elect to take a refund if it is more valuable than the deferred annuity. The comparison is based on 7.00 percent interest and the Pub-2010 General below Median Retiree Mortality Table projected generationally using Scale MP-2021.

KPERS 3:

100 percent of vested members are assumed to leave their contributions with the System.

Marriage Assumption

70 percent of all members are assumed married with male spouse assumed to be three years older than the female.

Partial Lump Sum Option (PLSO)

40 percent of KPERS 1 and KPERS 2 members are assumed to take a PLSO equal to 30 percent of the value of their benefit upon retirement. 100 percent of KPERS 3 members are assumed to take a PLSO equal to 30 percent of the value of their benefit upon retirement.

PLSO Factors

Interest Rate: 7.00 percent

Mortality: SOA 1983 Group Annuity Mortality Table, blended 50 percent male and 50 percent female.

KPERS 3 Annuity Factors

Interest Rate: 7.00 percent

Mortality: Same as post-retirement mortality assumption for each group.

ASSUMPTIONS AND METHODS – KP&F

Rate of Investment Return	7.00 percent
Price Inflation	2.75 percent
Payroll Growth	3.00 percent
Administrative Expenses	0.23 percent of covered payroll
Rates of Mortality	Mortality rates are projected into the future using Scale MP-2021
Post-retirement	Pub-2010 Safety Above Median Retiree Table, set forward two years
Pre-retirement	Pub-2010 Safety Above Median Employee Table, set forward two years *
	<i>*70 percent of preretirement deaths assumed to be service related.</i>

Beneficiary Mortality	Pub-2010 Above Median Contingent Survivor Table, set forward two years
Disabled Life Mortality	Pub-2010 Safety Disabled Retiree Table, set forward two years
Rates of Salary Increase	Total salary increase includes merit plus general wage increase.

Years of Service	Rate of Increase*
1	8.50%
5	3.25%
10	1.15%
15	0.55%
20	0.00%
25	0.00%

**General wage increase assumption of 3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)*

Rates of Termination	Years of Service	Rate
	1	12.1%
	5	6.6%
	10	3.1%
	15	2.0%
	20	1.2%
	25	0.0%

Retirement Rates

Tier 1:

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
50	5%	55	35%
51	7%	56	30%
52	7%	57	30%
53	15%	58	35%
54	30%	59	30%
		60	30%
		61	35%
		62	100%

Tier 2:

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
50	10%	50	30%
51	10%	51	25%
52	10%	52	25%
53	10%	53	25%
54	20%	54	25%
		55	25%
		56	25%
		57	25%
		58	20%
		59	30%
		60	30%
		61	30%
		62	30%
		63	30%
		64	30%
		65	100%

Inactive Vested:

Earliest unreduced retirement age.

Rates of Disability

Age	Rate*
22	0.035%
27	0.063%
32	0.135%
37	0.315%
42	0.504%
47	0.684%
52	0.864%
57	0.900%

*90 percent of disabilities are assumed to be service-connected.

Marriage Assumption

80 percent of all members are assumed married with male spouse assumed to be three years older than female. When an active member dies, they have no child beneficiaries.

Partial Lump Sum Option (PLSO)

40 percent of members are assumed to take a PLSO equal to 30 percent of the value of their benefit upon retirement.

PLSO Factors

Interest Rate: 7.00 percent

Mortality: SOA 1983 Group Annuity Table, blended 50 percent male and 50 percent female.

DROP Election

KP&F members are assumed to enter DROP for the maximum DROP period if it is more favorable than entering standard retirement.

Interest Credited on DROP Accounts 3 percent, compounded annually.

ASSUMPTIONS AND METHODS – JUDGES

Rate of Investment Return	7.00 percent
Price Inflation	2.75 percent
Administrative Expenses	0.23 percent of covered payroll
Rates of Mortality	Mortality rates are projected into the future using Scale MP-2021.
Post-retirement	Pub-2010 General Above Median Retiree Table, set back one year
Pre-retirement	Pub-2010 General Above Median Employee Table, set back one year
Beneficiary Mortality	Pub-2010 Above Median Contingent Survivor Table, set back one year
Disabled Life Mortality	Pub-2010 Non-Safety Disabled Retiree Table, set back one year
Rates of Salary Increase	4.00 percent
Rates of Termination	None assumed
Rates of Disability	None assumed

Retirement Rates	Age	Rate
	62	20%
	63-65	10%
	66	33%
	67-69	20%
	70+	100%

Marriage Assumption 70 percent of all members are assumed married with male spouse assumed to be three years older than female.

Partial Lump Sum Option (PLSO) 40 percent of members are assumed to take a PLSO equal to 30 percent of the value of their benefit upon retirement.

PLSO Factors Interest Rate: 7.00 percent
Mortality: SOA 1983 Group Annuity Mortality Table, blended 50 percent male and 50 percent female.

TECHNICAL VALUATION PROCEDURES

DATA PROCEDURES

In-pay members: If a birth date is not available, the member is assumed to have retired at 62. If a retirement date is also not available, the member is assumed to be 75.

If a beneficiary birth date is needed but not supplied, males are assumed to be three years older than females.

Not in-pay members: If a birth date is not available, it is assigned according to the following schedule:

System	Active member age at hire	Inactive member age at valuation
KPERS	34.7	50
KPF	27.5	49
Judges	43.4	54

If gender is not provided, it is assigned randomly with a 40 percent probability of being male and 60 percent probability of being female.

If salary information is not available for an active record, it is assigned according to the following schedule:

System	Salary
KPERS	\$ 29,400
KPF	\$ 47,600
Judges	\$ 89,000

Salaries for first year members are annualized.

OTHER VALUATION PROCEDURES

No actuarial accrued liability in excess of the unclaimed member contribution balance is held for nonvested, inactive members. A reserve is also held for accounts that have been forfeited but could be reclaimed in the future.

Benefits above the projected IRC Section 415 limit for active participants are assumed to be immaterial for the valuation. The compensation limitation under IRC Section 401(a) (17) is considered in this valuation. On a projected basis, the impact of this limitation is insignificant.

Salary increases are assumed to apply to annual amounts.

Decrement assumptions are assumed to occur mid-year, except that immediate retirement is assumed for those who are at or above the age at which retirement rates are 100 percent. Standard

adjustments are made for multiple decrements. Withdrawal does not operate once early or unreduced retirement eligibility is met.

KPERS 3 employees who transfer employment to a non-KPERS covered position are treated as actives who are not accruing benefits.

ACTUARIAL METHODS

1. Funding Method

Under the entry age normal cost method, the actuarial present value of each member's projected benefits is allocated on a level basis over the member's compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial liability. The unfunded actuarial liability represents the difference between the actuarial liability and the actuarial value of assets as of the valuation date. The unfunded actuarial liability is calculated each year and reflects experience gains/losses.

There is currently a lag between the valuation date in which the employer contribution rates are determined and the effective date of those contribution rates, i.e., a two year lag for Local employers and a two and one-half year lag for the State/School group. The unfunded actuarial liability (UAL) is projected from the valuation date to the first day of the fiscal year in which the contribution rate will apply based on the scheduled statutory contribution rates and expected payroll in the intervening years.

For valuations beginning with December 31, 2016 and following, the unfunded actuarial liability is amortized using a "layered" approach. The unfunded actuarial liability in the December 31, 2015 valuation, which was projected to June 30, 2018 for the State/School and Judges groups and to December 31, 2017 for the Local and KP&F groups, served as the initial or "legacy" amortization base. In the December 31, 2021 valuation, the outstanding unfunded actuarial liability bases were combined and the total balance was re-amortized over a closed 17-year period for State/School and Local, a closed 22-year period for KP&F, and a closed 20-year period for Judges. The change in the unfunded actuarial liability, resulting from the assumption changes reflected in the 2016 and 2019 valuations, was amortized over a closed 25-year period. Changes in the unfunded actuarial liability that result from actuarial experience each year (gains and losses) are amortized over a closed 20-year period that begins with the fiscal year in which the contribution rates will apply.

The UAL is amortized as a level percentage of payroll for all groups except Judges, who use a level dollar payment. The payroll growth assumption is 3 percent so the annual

amortization payments will increase 3 percent each year. As a result, if total payroll grows 3 percent per year, as assumed, the amortization payment will remain level as a percentage of total current payroll.

In our opinion, the amortization policy meets the requirements of Actuarial Standard of Practice Number 4. The approach is intended to promote stable contributions, balance cost among generations of taxpayers and members, and ensure adequate advance funding of benefits. The amortization schedule will fully fund the UAL within 20 years, and the scheduled contributions currently exceed the

normal cost plus interest on the UAL which means the UAL is being reduced.

2. Asset Valuation Method

For actuarial purposes, assets are valued using an asset smoothing method. The difference between the actual return and the expected return (based on the actuarial assumed net rate of return) on the market value of assets is calculated each year and recognized equally over a five-year period.

SCHEDULE OF FUNDING PROGRESS

Last Ten Years as of December 31 (In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets(a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
12/31/14	\$ 15,662,010	\$ 25,130,467	\$ 9,468,457	62%	\$ 6,560,105	144%
12/31/15	17,408,578	25,947,781	8,539,203	67	6,603,613	129
12/31/16	18,256,373	27,317,754	9,061,381	67	6,650,451	136
12/31/17	19,246,613	28,153,827	8,907,214	68	6,744,301	132
12/31/18	19,898,330	29,100,136	9,201,806	68	7,048,621	131
12/31/19	20,975,535	29,982,337	9,006,802	70	7,336,004	123
12/31/20	22,422,299	30,910,302	8,488,003	73	7,505,899	113
12/31/21	24,803,793	34,630,796	9,827,004	72	7,672,392	128
12/31/22	26,449,612	36,016,133	9,566,521	73	8,059,095	119
12/31/23	27,582,781	37,268,529	9,685,748	74	8,595,084	113

SHORT TERM SOLVENCY TEST

Last Ten Years as of December 31

Valuation Date	Member Contributions (A)	Retirants and Beneficiaries (B)	Active Member Employer Financed Portion (C)	Actuarial Value of Assets	Portions of Accrued Liabilities Covered by Assets		
					(A)	(B)	(C)
12/31/14	\$ 5,791,313,287	\$ 12,361,327,805	\$ 6,977,825,595	\$ 15,662,009,783	100%	80%	-%
12/31/15	5,942,762,790	13,095,276,871	6,909,740,897	17,408,577,508	100	88	-
12/31/16	6,008,633,568	14,095,278,126	7,213,842,679	18,256,373,273	100	87	-
12/31/17	6,008,405,879	14,751,711,502	7,393,709,608	19,246,613,272	100	90	-
12/31/18	6,132,527,315	15,401,874,720	7,565,734,390	19,898,329,527	100	89	-
12/31/19	6,298,997,993	15,982,142,480	7,701,196,138	20,975,535,342	100	92	-
12/31/20	6,440,728,342	16,664,329,950	7,805,243,895	22,422,299,116	100	96	-
12/31/21	6,558,938,055	18,409,538,578	9,662,319,771	24,803,792,904	100	99	-
12/31/22	6,747,562,596	19,137,308,347	10,131,261,993	26,449,612,317	100	100	6
12/31/23	6,965,643,164	19,760,895,190	10,541,991,058	27,582,780,953	100	100	8

SCHEDULE OF ACTIVE MEMBER VALUATION DATA⁽¹⁾*Last Ten Years as of December 31*

Valuation Date	Number of Active Members	Percentage Change in Membership	Number of Participating Employers	Percentage Increase in Number of Participating Employers	Total Annual Payroll (in millions)	Average Payroll	Percentage Increase in Average Payroll
12/31/14	154,203	(0.80%)	1,518	0.70%	\$ 6,560	\$ 42,542	1.60%
12/31/15	152,175	(1.30)	1,517	(0.10)	6,603	43,395	2.00
12/31/16	152,119	(0.04)	1,515	(0.10)	6,650	43,719	0.80
12/31/17	151,687	(0.30)	1,523	0.50	6,744	44,462	1.70
12/31/18	154,055	1.60	1,526	0.20	7,048	45,754	2.90
12/31/19	156,253	1.43	1,534	0.52	7,336	46,950	2.61
12/31/20	153,959	(1.47)	1,536	0.13	7,506	48,753	3.84
12/31/21	152,288	(1.09)	1,543	-2.34	7,672	50,381	3.34
12/31/22	151,984	(0.20)	1,552	0.58	8,059	53,026	5.25
12/31/23	153,948	1.29	1,583	2.00	8,595	55,831	5.29

(1) Data provided to actuary reflects active membership information as of January 1.

MEMBERSHIP PROFILE

Last Ten Years as of December 31

Valuation Date	Active	Inactive	Retirees & Beneficiaries	Total Membership
12/31/14	154,203	50,255	90,907	295,365
12/31/15	152,175	53,159	94,333	299,667
12/31/16	152,119	55,755	97,547	305,421
12/31/17	151,687	59,966	100,575	312,228
12/31/18	154,055	61,495	103,216	318,766
12/31/19	156,253	63,257	106,058	325,568
12/31/20	153,959	64,793	108,400	327,152
12/31/21	152,288	70,224	111,269	333,781
12/31/22	151,984	75,622	113,728	341,334
12/31/23	153,948	76,386	115,671	346,005

RETIRANTS, BENEFICIARIES - CHANGES IN ROLLS – ALL SYSTEMS

Last Ten Fiscal Years

Year	Number at Beginning of Year	Additions		Deletions		Number at End of Year	Percentage Change in Number of Retirants	Percentage Change in Additions Allowances	Average Annual Allowance	Year-End Annual Allowances
		Number Added	Annual Allowances	Number Removed	Annual Allowances					
6/30/15	89,304	6,419 \$	108,490,198	2,981 \$	29,617,203	92,742	380.00%	910.00%	15,634 \$	1,449,898,078
6/30/16	92,742	6,494	110,741,918	3,055	30,319,950	96,150	3.70	2.10	16,104	1,548,362,854
6/30/17	96,150	6,252	108,364,288	3,203	32,500,089	99,199	3.20	3.70	16,179	1,604,984,334
6/30/18	99,199	6,164	108,928,173	4,788	36,466,045	100,575	1.42	3.20	16,700	1,679,587,567
6/30/19	100,575	6,180	112,564,089	3,371	37,385,700	103,384	2.82	1.42	16,904	1,747,623,791
6/30/20	103,384	5,946	113,015,303	3,241	39,376,802	106,058	2.59	2.79	17,242	1,828,655,721
6/30/21	106,058	6,810	127,741,773	4,171	48,133,609	108,697	2.49	2.59	17,632	1,916,524,189
6/30/22	108,697	6,923	139,793,363	4,142	50,297,855	111,478	2.56	2.49	18,008	2,007,550,258
6/30/23	111,478	6,097	123,801,468	3,983	50,018,886	113,592	1.90	2.56	18,343	2,083,604,625
6/30/24	113,592	5,733	115,498,266	3,806	46,447,460	115,519	1.70	1.90	18,780	2,169,445,171

SUMMARY OF MEMBERSHIP DATA

Retiree and Beneficiary Member Valuation Data ⁽¹⁾	12/31/23	12/31/22
KPERS		
Number	109,298	106,475
Average Benefit	\$ 16,276	\$ 16,004
Average Age	73.55	73.25
Police & Fire		
Number	6,382	6,224
Average Benefit	\$ 37,652	\$ 37,165
Average Age	66.85	66.5
Judges		
Number	327	332
Average Benefit	\$ 44,031	\$ 44,075
Average Age	75.96	75.55
System Total		
Number	116,007	113,031
Average Benefit	\$ 17,530	\$ 17,252
Average Age	73.19	72.89
Active Member Valuation Data ⁽¹⁾	12/31/23	12/31/22
KPERS		
Number	145,378	143,849
Average Current Age	44.82	44.87
Average Service	10.59	10.74
Average Pay	\$ 54,028	\$ 51,381
Police & Fire		
Number	8,284	7,868
Tier I	5	12
Tier II	8,174	7,812
DROP	105	44
Average Current Age	38.68	38.61
Average Service	10.49	10.76
Average Pay	\$ 84,815	\$ 80,735
Judges		
Number	286	267
Average Current Age	56.57	56.48
Average Service	9.37	9.23
Average Pay	\$ 132,558	\$ 123,037
System Total		
Number	153,948	151,984
Average Current Age	44.51	44.56
Average Service	10.59	10.73
Average Pay	\$ 55,831	\$ 53,026

(1) Data provided to actuary reflects membership information as of January 1.

SCHEDULE OF EMPLOYER CONTRIBUTION RATES

Last Ten Fiscal Years (1)

KPERS State/School			KPERS Local		
Fiscal Year	Actuarial Rate	Actual Rate	Fiscal Year	Actuarial Rate	Actual Rate
2015 ⁽²⁾	14.34%	11.27%/8.65%	2015	9.48%	9.48%
2016	14.95	10.91	2016	9.18	9.18
2017	14.85	10.81	2017	8.46	8.46
2018	14.89	12.01	2018	8.39	8.39
2019	13.23	13.21	2019	8.89	8.89
2020	14.74	14.41	2020	8.61	8.61
2021	14.23	14.23	2021	8.87	8.87
2022 ⁽³⁾	13.33	13.33	2022	8.9	8.9
2023 ⁽³⁾	13.11	13.11	2023	8.43	8.43
2024	12.57	12.57	2024	9.26	9.26

KP&F Uniform Rate			Judges		
Fiscal Year	Actuarial Rate	Actual Rate	Fiscal Year	Actuarial Rate	Actual Rate
2015	21.36%	21.36%	2015	22.59%	22.59%
2016	20.42	20.42	2016	23.98	23.98
2017	19.03	19.03	2017	21.36	21.36
2018	20.09	20.09	2018	15.89	15.89
2019	22.13	22.13	2019	14.68	14.68
2020	21.93	21.93	2020	18.65	18.65
2021	22.8	22.8	2021	17.26	17.26
2022	22.99	22.99	2022	18.4	18.4
2023	22.86	22.86	2023	17.77	17.77
2024	23.10	23.10	2024	16.48	16.48

(1) Rates shown for KPERS State/School, and Judges represent the rates for the fiscal years ending June 30. KPERS Local and KP&F rates are reported for the calendar years. Rates have been restated to exclude Group Life and Disability insurance premiums.

(2) Due to budget constraints, the Governor used the allotment procedure and reduced the State/School KPERS employer combined contribution rate to 8.65 percent for the second half of the 2015 fiscal year.

(3) Recertified from 14.09% to 13.33% for FY 2022 and from 13.86% to 13.11% for FY 2023 after passage of SB 159 in the 2021 Session.

Statistical

Section



STATISTICAL HIGHLIGHTS OF THE SYSTEM'S FINANCIAL TRENDS

The Statistical Section presents several schedules that provide financial trend analysis of the Retirement System's overall financial health and additional analytical information on employers' membership data and retirement benefits. The schedules beginning on this page through page 118 provide revenues, expenses and funding status information for the past ten years for the pension plan. On page 119, a schedule shows the total benefits and type of refunds that were paid.

On pages 120 through 124, various schedules are presented to depict the level of monthly benefits by number of retirees, retirement type and options and years of service. Starting on page 125, information is provided showing the top ten participating employers determined by number of covered active employees. The source of the information in these schedules is derived from the annual comprehensive financial reports, unless otherwise indicated.

REVENUES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Contributions		Miscellaneous	Net	
	Member	Employer		Investment Income	Total
2015	382,057,886	690,564,482	1,076,946	561,194,353	1,634,893,667
2016 ⁽¹⁾	404,856,265	1,739,183,965	2,906,188	49,169,897	2,196,116,315
2017	414,537,657	761,610,061	1,071,115	2,060,925,477	3,238,144,310
2018	420,284,941	887,734,800	5,733,655	1,516,929,281	2,830,682,677
2019	437,352,839	1,138,895,032	5,488,299	1,216,685,443	2,798,421,613
2020	451,568,458	1,059,543,667	20,699,113	347,463,816	1,879,275,054
2021	459,313,973	1,007,571,241	19,967,235	5,185,033,888	6,671,886,337
2022 ⁽²⁾	481,840,395	2,125,927,718	37,474,396	(1,295,608,395)	1,349,634,114
2023 ⁽³⁾	508,218,315	1,333,841,438	890,489	1,698,368,273	3,541,318,515
2024	534,682,273	1,095,563,501	801,736	2,343,613,661	3,974,661,171

(1) The State of Kansas issued \$1 billion in pension obligation bonds, Series 2015H, in August 2015.

(2) Pension obligation bonds, Series 2021K proceeds of \$500.0M issued in Fiscal Year 2022. Additional contributions School group in 2018, 2019, 2020, 2022 and 2023.

(3) School Employer Contributions include a receipt of \$271.1M per SB 121 of \$600.0M per SB 421. The payments, in full or in part, to be applied to the unfunded actuarial liability of participating employers under K.S.A. 74-4931 (School Employers).

BENEFITS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Monthly Retirement Benefits	Retirement Dividend	Death Benefits	Refund of Contributions Separations	Refund of Contributions Deaths
2015	\$ 1,447,659,817	\$ 2,238,261	\$ 10,019,588	\$ 57,187,901	\$ 7,274,097
2016	1,546,424,413	1,938,441	10,545,850	62,141,534	5,981,201
2017	1,603,302,992	1,681,412	11,210,914	63,915,235	6,565,825
2018	1,678,136,889	1,450,678	11,299,715	58,339,135	6,627,827
2019	1,746,382,699	1,241,092	11,357,122	68,199,860	6,116,462
2020	1,827,588,769	1,066,952	11,263,225	58,076,648	8,851,960
2021	1,915,616,690	907,500	13,809,622	68,143,781	8,503,793
2022	2,006,800,102	750,157	13,831,599	80,771,303	10,502,089
2023	2,082,983,301	621,323	12,821,438	79,874,038	12,182,235
2024	2,168,910,550	534,621	13,039,363	84,825,274	8,794,505

EXPENSES BY TYPE

Last Ten Fiscal Years

Fiscal Year	Refund of Contributions			Administration	Uncollectable Pension Contributions ⁽¹⁾	Total
	Benefits	Separations	Death			
2015	\$ 1,459,917,666	\$ 57,187,901	\$ 7,274,097	\$ 10,789,271	\$ -	\$ 1,535,168,935
2016	1,558,908,704	62,141,534	5,981,201	12,171,633	-	1,639,203,072
2017	1,616,195,248	63,915,235	6,565,825	11,116,172	98,943,780	1,796,736,260
2018	1,690,887,282	58,339,135	6,627,827	12,459,619	-	1,768,313,863
2019	1,758,980,913	68,199,860	6,116,462	13,279,726	-	1,846,576,961
2020	1,839,918,946	58,076,648	8,851,960	13,607,382	-	1,920,454,936
2021	1,930,333,812	68,143,781	8,503,793	17,183,637	-	2,024,165,023
2022	2,021,381,857	80,771,303	10,502,089	19,498,079	-	2,132,153,328
2023	2,096,426,062	79,874,038	12,182,235	24,252,656	-	2,212,734,991
2024	2,182,484,535	84,825,274	8,794,505	24,770,066	-	2,300,874,379

(1) In the 2017 Legislative session, Sub for HB 2052 eliminated the repayment of delayed Fiscal Year 2016 contributions. The receivable was written off in Fiscal Year 2017. In the 2019 Legislative session, legislation was passed to pay the Fiscal Year 2016 contributions with interest, \$115 million was received.

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Additions										
Contributions										
Member Contributions	\$ 534,682,273	\$ 508,218,315	\$ 481,840,395	\$ 459,313,973	\$ 451,568,458	\$ 437,352,839	\$ 420,284,941	\$ 414,537,657	\$ 404,856,265	\$ 382,057,886
Employer Contributions	1,095,563,501	1,333,841,438	2,125,927,718	1,007,571,241	1,059,543,667	1,138,895,032	887,734,800	761,610,061	1,739,183,965	690,564,482
Total Contributions	1,630,245,774	1,842,059,753	2,607,768,113	1,466,885,214	1,511,112,125	1,576,247,871	1,308,019,741	1,176,147,718	2,144,040,230	1,072,622,368
Investments										
Net Appreciation (Depreciation)										
in Fair Value of Investments	1,845,915,882	1,266,933,731	(1,625,408,068)	4,865,677,791	(9,577,522)	798,206,290	1,145,750,895	1,708,585,923	(267,355,951)	263,094,676
Interest	252,374,667	197,896,834	134,630,290	133,831,909	152,608,428	162,200,077	143,874,114	125,024,597	137,732,569	132,688,575
Dividends	248,359,768	215,444,715	234,760,510	195,697,077	206,409,770	240,616,896	219,737,719	196,065,374	160,160,990	140,607,740
Real Estate Income,										
Net of Operating Expenses	129,686,416	117,904,464	111,257,792	101,335,088	93,651,199	106,326,053	94,853,455	91,728,610	79,977,708	75,353,304
Other Investment Income	29,017,513	39,874,438	45,341,926	33,153,081	17,622,755	16,525,693	14,706,420	13,394,069	9,562,040	10,573,421
	2,505,354,246	1,838,054,182	(1,099,417,550)	5,329,694,946	460,714,630	1,323,875,009	1,618,922,603	2,134,798,573	120,077,356	622,317,716
Less Investment Expense	(161,740,585)	(139,685,909)	(196,190,845)	(144,661,058)	(113,250,814)	(107,189,566)	(101,993,321)	(73,873,096)	(70,907,459)	(65,240,875)
Net Investment Income	2,343,613,661	1,698,368,273	(1,295,608,395)	5,185,033,888	347,463,816	1,216,685,443	1,516,929,282	2,060,925,477	49,169,897	557,076,841
From Securities Lending Activities										
Securities Lending Income	-	-	-	-	-	-	-	-	-	3,932,462
Securities Lending Expenses										
Borrower Rebates	-	-	-	-	-	-	-	-	-	648,826
Management Fees	-	-	-	-	-	-	-	-	-	(463,776)
Total Securities Lending Activities Expense	-	-	-	-	-	-	-	-	-	185,050
Net Income from Security Lending Activities	-	-	-	-	-	-	-	-	-	4,117,512
Total Net Investment Income	2,343,613,661	1,698,368,273	(1,295,608,395)	5,185,033,888	347,463,816	1,216,685,443	1,516,929,282	2,060,925,477	49,169,897	561,194,353
Other Miscellaneous Income	801,736	890,489	37,474,396	19,967,235	20,699,113	5,488,299	5,733,655	1,071,115	2,904,581	1,076,391
Total Additions	3,974,661,171	3,541,318,515	1,349,634,114	6,671,886,337	1,879,275,054	2,798,421,613	2,830,682,678	3,238,144,310	2,196,114,708	1,634,893,112
Deductions										
Monthly Retirement Benefits	(2,169,445,171)	(2,083,604,625)	(2,007,550,258)	(1,916,524,189)	(1,828,655,721)	(1,747,623,791)	(1,679,587,567)	(1,604,984,334)	(1,548,362,854)	(1,449,898,078)
Refunds of Contributions	(93,619,779)	(92,056,272)	(91,273,393)	(76,647,575)	(66,928,608)	(74,316,322)	(64,966,962)	(70,481,060)	(68,122,735)	(64,461,998)
Death Benefits	(13,039,363)	(12,821,438)	(13,831,599)	(13,809,622)	(11,263,225)	(11,357,122)	(11,299,715)	(11,210,914)	(10,545,850)	(10,019,588)
Administrative Expenses	(24,770,066)	(24,252,656)	(19,498,079)	(17,183,637)	(13,607,382)	(13,279,726)	(12,459,620)	(11,116,172)	(12,171,633)	(10,789,271)
Uncollectable Pension										
Contributions	-	-	-	-	-	-	-	(98,943,780)	-	-
Total Deductions to Plan Net Position	(2,300,874,379)	(2,212,734,991)	(2,132,153,329)	(2,024,165,023)	(1,920,454,936)	(1,846,576,961)	(1,768,313,864)	(1,796,736,260)	(1,639,203,072)	(1,535,168,935)
Change in Net Position	\$ 1,673,786,792	\$ 1,328,583,524	\$ (782,519,215)	\$ 4,647,721,314	\$ (41,179,882)	\$ 951,844,652	\$ 1,062,368,814	\$ 1,441,408,050	\$ 556,911,636	\$ 99,724,177

BENEFIT AND REFUND DEDUCTIONS FROM NET POSITION BY TYPE

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Type of Benefit										
Age and Service Benefits:										
Retirees	\$ 2,069,503,742	\$ 1,987,003,447	\$ 1,915,554,369	\$ 1,829,040,388	\$ 1,745,041,997	\$ 1,667,501,420	\$ 1,602,718,657	\$ 1,531,384,982	\$ 1,478,101,413	\$ 1,383,140,272
Survivors	99,941,429	96,601,178	91,995,889	87,483,802	83,613,724	80,122,371	76,868,910	73,599,352	70,261,441	66,757,806
Death in Service Benefits	13,039,363	12,821,438	13,831,599	13,809,622	11,263,225	11,357,122	11,299,715	11,210,914	10,545,850	10,019,588
Total Benefits	\$ 2,182,484,534	\$ 2,096,426,063	\$ 2,021,381,857	\$ 1,930,333,812	\$ 1,839,918,946	\$ 1,758,980,913	\$ 1,690,887,282	\$ 1,616,195,248	\$ 1,558,908,704	\$ 1,459,917,666
Type of Refund										
Death	\$ 8,794,505	\$ 12,182,235	\$ 10,502,090	\$ 8,503,794	\$ 8,851,960	\$ 6,116,462	\$ 6,627,827	\$ 6,643,401	\$ 5,981,201	\$ 7,274,097
Separation	84,825,274	79,874,038	80,771,303	68,143,781	58,076,648	68,199,860	58,339,135	63,837,659	62,141,534	57,187,901
Total Refunds	\$ 93,619,779	\$ 92,056,273	\$ 91,273,393	\$ 76,647,575	\$ 66,928,608	\$ 74,316,322	\$ 64,966,962	\$ 70,481,060	\$ 68,122,735	\$ 64,461,998

HIGHLIGHT OF OPERATIONS

Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Membership Composition										
Number of Retirants	106,984	104,645	102,014	99,617	97,570	94,869	92,101	89,284	87,103	83,911
Number of Survivors ⁽¹⁾	9,023	9,083	8,572	8,233	8,050	7,864	7,706	7,490	7,230	6,996
New Retirants During the Fiscal Year	7,982	5,754	6,124	5,583	5,584	5,548	5,534	4,277	6,494	6,419
Active and Inactive Members ⁽²⁾	230,334	227,606	222,512	218,752	219,510	215,550	211,653	207,874	205,334	204,458
Participating Employers	1,585	1,552	1,541	1,536	1,534	1,526	1,523	1,515	1,517	1,518
Financial Results (in millions)										
Member Contributions	\$ 535	\$ 508	\$ 482	\$ 459	\$ 452	\$ 437	\$ 420	\$ 415	\$ 405	\$ 382
Employer Contributions ⁽³⁾	1,096	1,334	2126	1,008	1,060	1,139	888	762	1,781	691
Retirement/Death Benefits	2,182	2,084	2,008	1,930	1,840	1,759	1,691	1,616	1,559	1,460
Investment Income	2,341	1,698	(1,296)	5,185	347	1,217	1,517	2,061	49	561
Employer Contribution Rate										
KPERS–State/School	12.53%	13.11%	13.33%	14.23%	14.41%	13.21%	12.01%	10.81%	10.91%	11.27%
								8.65%	8.65%	8.65%
KPERS–Local ⁽⁴⁾	8.43	8.43	8.90	8.87	8.61	8.89	8.39	8.46	9.18	9.48
KP&F (Uniform Participating) ⁽⁴⁾	22.86	22.86	22.99	22.80	21.93	22.13	20.09	19.03	20.42	21.36
Judges	16.48	17.77	18.40	17.26	18.65	14.68	15.89	21.36	23.98	22.59
Unfunded Actuarial Liability (in millions)										
KPERS–State/School	\$ 6,201	\$ 6,261	\$ 6,892	\$ 6,143	\$ 6,545	\$ 6,756	\$ 6,581	\$ 6,690	\$ 6,276	\$ 7,244
KPERS–Local	2,090	1,952	1,784	1,420	1,502	1,502	1,458	1,515	1,486	1,488
KP&F	1,382	1,337	1,141	919	949	933	860	846	772	726
Judges	13	16	10	6	10	11	8	11	6	11
Funding Ratios ⁽⁵⁾										
KPERS–State/School	75.20%	74.20%	70.70%	70.80%	68.10%	66.10%	66.00%	64.50%	65.20%	58.80%
KPERS–Local	71.70	72.20	73.30	76.10	73.70	72.70	72.50	70.30	69.10	67.40
KP&F	70.50	70.20	72.80	75.30	73.50	73.00	74.10	73.40	74.00	74.10
Judges	94.20	92.80	95.30	96.80	94.70	94.40	95.90	93.90	96.40	93.50

*(1) This is the number of joint annuitants as of December 31st, per the System's records.**(2) Membership information taken from System's actuarial valuation.**(3) The State of Kansas issued pension obligation bonds, Series 2015H, in August 2015. In Fiscal Year 2022, pension obligation bonds, Series 2021K, were issued.**(4) KPERS Local and KP&F contribution rates are reported on a calendar year basis.**(5) The funding percentage indicates the actuarial soundness of the System. Generally, the greater the percentage, the stronger the System.*

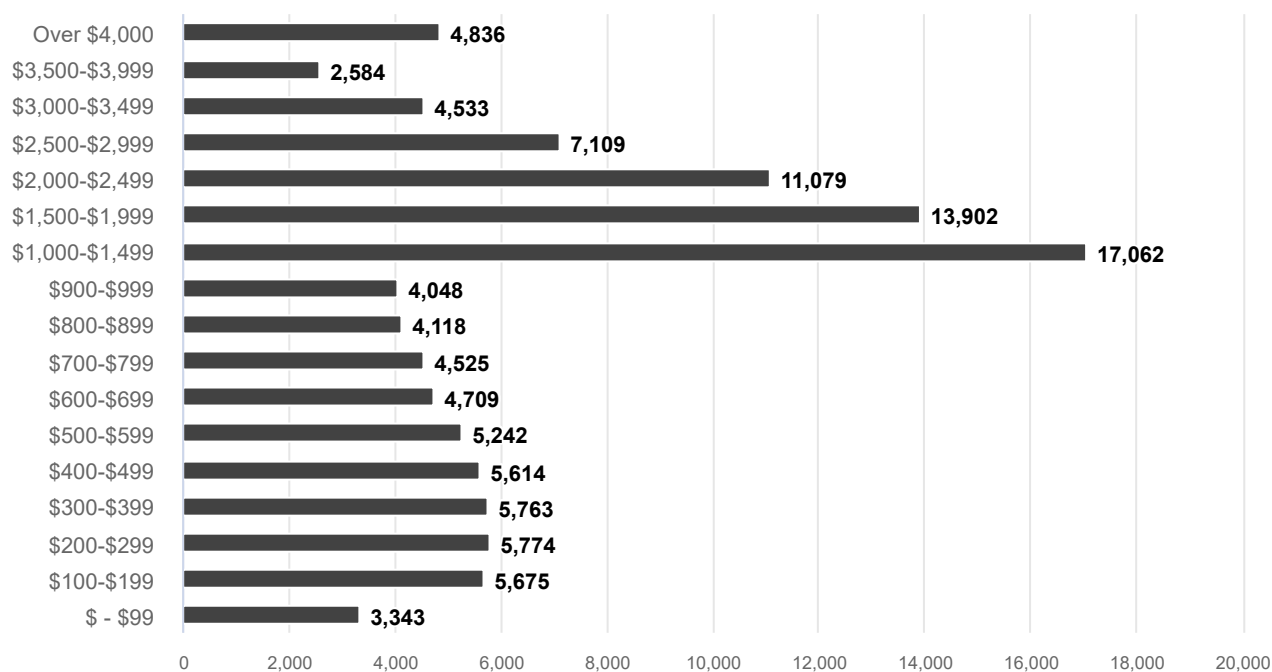
NUMBER OF RETIRED MEMBERS AND SURVIVORS BY TYPE OF BENEFIT

as of December 31, 2023

Monthly Benefit	Number of Retirees	Normal Retirement	Early Retirement	Service-Connected Death or Disability	Nonservice-Connected Death or Disability
\$ - 99	3,343	2,643	697	-	3
\$100-199	5,675	3,751	1,905	11	8
\$200-299	5,774	3,675	2,090	3	6
\$300-399	5,763	3,644	2,091	13	15
\$400-499	5,614	3,709	1,870	15	20
\$500-599	5,242	3,472	1,727	21	22
\$600-699	4,709	3,282	1,392	16	19
\$700-799	4,525	3,263	1,231	19	12
\$800-899	4,118	3,039	1,036	34	9
\$900-999	4,048	3,126	877	23	22
\$1,000-1,499	17,062	14,396	2,494	113	59
\$1,500-1,999	13,902	12,924	821	92	65
\$2,000-2,499	11,079	10,712	304	36	27
\$2,500-2,999	7,109	6,959	115	20	15
\$3,000-3,499	4,533	4,440	65	18	10
\$3,500-3,999	2,584	2,527	38	11	8
\$4,000 or More	4,836	4,764	56	10	6
Totals	109,916	90,326	18,809	455	326

NUMBER OF RETIRED MEMBERS AND SURVIVORS BY MONTHLY BENEFIT AMOUNT

As of December 31, 2023



NUMBER OF RETIRED MEMBERS AND SURVIVORS BY TYPE OF PAYMENT OPTION

as of December 31, 2023

Monthly Benefit	Maximum No Survivor	Joint 1/2 to Survivor	Joint Same to Survivor	Life Certain w/10 Yrs	Joint 3/4 to Survivor	Widowed Children Survivor	Life Certain w /5 Yrs	Life Certain w /15 Yrs	Lump Sum Acc Contr
\$ - 99	2,415	250	482	256	40	3	65	120	-
\$100-199	4,030	586	938	223	121	19	57	133	1
\$200-299	4,132	655	1,030	122	129	8	48	113	-
\$300-399	4,174	646	947	92	160	27	31	101	-
\$400-499	3,987	746	908	90	146	35	34	68	-
\$500-599	3,722	683	848	65	176	43	30	63	-
\$600-699	3,288	638	775	61	174	34	20	65	-
\$700-799	3,126	674	688	56	185	30	25	59	-
\$800-899	2,796	628	642	47	172	40	16	33	-
\$900-999	2,696	668	628	40	178	44	16	30	-
\$1,000-1,499	11,075	2,875	2,620	190	965	164	51	136	-
\$1,500-1,999	8,971	2,398	1,872	95	834	166	35	71	-
\$2,000-2,499	7,281	1,940	1,265	70	621	118	23	39	-
\$2,500-2,999	4,668	1,246	766	50	414	75	20	18	-
\$3,000-3,499	3,025	767	470	18	270	47	5	14	-
\$3,500-3,999	1,660	453	286	12	169	35	5	8	-
\$4,000 or More	2,693	1,097	669	31	395	22	3	15	-
Totals	73,739	16,950	15,834	1,518	5,149	910	484	1,086	1

AVERAGE BENEFIT BY YEARS OF SERVICE - FIVE YEAR SUMMARY

New Retirees by Calendar Year

Service Credit		2019		2020		2021		2022		2023	
Less Than 5	Retired Members		521		610		865		882		1,493
	Average FAS*	\$	34,717.32	\$	32,598.61	\$	33,346.59	\$	33,569.44	\$	30,474.30
	Average Benefit	\$	382.91	\$	371.67	\$	440.44	\$	477.33	\$	471.27
	Average Years		2.61		2.30		1.88		1.86		1.49
5-9.99	Retired Members		849		854		950		889		1,247
	Average FAS*	\$	38,845.72	\$	40,334.48	\$	43,278.03	\$	43,491.48	\$	46,490.73
	Average Benefit	\$	571.28	\$	678.27	\$	815.98	\$	831.11	\$	954.17
	Average Years		7.38		7.27		7.32		7.33		7.36
10-14.99	Retired Members		947		977		1,023		958		1,402
	Average FAS*	\$	42,358.16	\$	43,788.04	\$	46,920.34	\$	48,193.75	\$	49,538.56
	Average Benefit	\$	907.08	\$	995.85	\$	1,138.02	\$	1,217.64	\$	1,327.19
	Average Years		12.44		12.44		12.41		12.46		12.45
15-19.99	Retired Members		923		958		1,110		1,077		1,512
	Average FAS*	\$	48,170.28	\$	49,126.55	\$	55,529.49	\$	57,491.03	\$	59,392.63
	Average Benefit	\$	1,381.52	\$	1,509.56	\$	1,850.96	\$	1,931.25	\$	2,063.76
	Average Years		17.37		17.44		17.31		17.36		17.32
20-24.99	Retired Members		1,026		1,044		1,153		1,037		1,406
	Average FAS*	\$	57,724.11	\$	60,576.34	\$	66,701.97	\$	67,931.55	\$	69,466.34
	Average Benefit	\$	2,141.85	\$	2,369.88	\$	2,726.40	\$	2,749.91	\$	2,880.06
	Average Years		22.41		22.45		22.42		22.38		22.11
25-29.99	Retired Members		808		687		645		594		608
	Average FAS*	\$	66,556.55	\$	66,454.21	\$	69,658.43	\$	71,802.07	\$	71,474.64
	Average Benefit	\$	2,941.62	\$	2,897.55	\$	3,156.21	\$	3,293.16	\$	3,311.97
	Average Years		27.04		27.06		27.16		27.14		27.01
30-34.99	Retired Members		347		322		296		237		250
	Average FAS*	\$	65,555.78	\$	67,355.53	\$	67,280.42	\$	69,449.92	\$	69,359.97
	Average Benefit	\$	3,204.28	\$	3,281.49	\$	3,448.54	\$	3,563.04	\$	3,536.83
	Average Years		32.32		32.29		32.19		32.24		32.03
35-39.99	Retired Members		142		112		73		71		57
	Average FAS*	\$	64,734.42	\$	66,267.26	\$	70,516.90	\$	67,409.61	\$	69,100.01
	Average Benefit	\$	3,425.34	\$	3,549.21	\$	3,789.17	\$	3,649.07	\$	3,906.87
	Average Years		36.81		36.64		36.59		36.71		36.44
40-44.99	Retired Members		19		13		9		9		7
	Average FAS*	\$	57,189.40	\$	67,785.50	\$	69,896.39	\$	83,331.53	\$	71,476.84
	Average Benefit	\$	3,602.29	\$	3,941.62	\$	4,086.19	\$	5,126.29	\$	4,581.69
	Average Years		41.62		41.81		41.56		41.56		41.57
45-49.99	Retired Members		2		4		-		-		-
	Average FAS*	\$	79,448.46	\$	70,960.18	\$	-	\$	-	\$	-
	Average Benefit	\$	4,608.91	\$	4,848.39	\$	-	\$	-	\$	-
	Average Years		46.50		46.56		-		-		-
50 and Over	Retired Members		-		2		-		-		-
	Average FAS*	\$	-	\$	112,775.69	\$	-	\$	-	\$	-
	Average Benefit	\$	-	\$	7,795.94	\$	-	\$	-	\$	-
	Average Years		-		52.75		-		-		-
Total Number	Retired Members		5,584		5,583		6,124		5,754		7,982
	Average FAS*	\$	50,471.05	\$	50,471.05	\$	53,416.89	\$	54,127.70	\$	53,323.99
	Average Benefit	\$	1,624.10	\$	1,624.10	\$	1,777.98	\$	1,801.14	\$	1,763.54
	Average Years		17.48		17.48		15.75		15.42		14.15

*Average "Final Average Salary"

Source: Data provided by KPERS Information Technology and Benefits and Member Services divisions.

PRINCIPAL PARTICIPATING EMPLOYERS

Last Ten Calendar Years

Participating Government	2023			2022		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
State of Kansas	23,111	1	15.01 %	21,727	1	14.30 %
USD 259 Wichita	7,279	2	4.73	7,324	2	4.82
USD 233 Olathe	4,406	3	2.86	4,407	3	2.90
USD 500 Kansas City	3,528	4	2.29	3,585	4	2.36
USD 512 Shawnee Mission	3,374	5	2.19	3,332	5	2.19
USD 229 Blue Valley	2,814	6	1.83	3,212	6	2.11
Johnson County	3,243	7	2.11	3,188	7	2.10
USD 501 Topeka Public Schools	2,195	8	1.43	2,378	8	1.56
Sedgwick County	2,090	9	1.36	2,192	9	1.44
USD 305 Salina	1,603	10	1.04	1,952	10	1.28
All Other ⁽¹⁾	100,305		65.15	98,687		64.94
Total (1,569 employers)	153,948		100.00 %	151,984		100.00 %

Participating Government	2021			2020		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
State of Kansas	20,889	1	13.72 %	22,955	1	14.91 %
USD 259 Wichita	7,317	2	4.80	7,596	2	4.93
USD 233 Olathe	4,839	3	3.18	5,076	3	3.30
USD 500 Kansas City	3,608	4	2.37	3,628	4	2.36
USD 512 Shawnee Mission	3,399	5	2.23	3,502	5	2.28
USD 229 Blue Valley	3,171	6	2.08	3,228	6	2.10
Johnson County	3,160	7	2.08	3,222	7	2.09
Sedgwick County	2,436	8	1.60	2,484	8	1.61
Unified Government of Wyandotte Co	2,187	10	1.44	2,344	10	1.52
USD 501 Topeka Public Schools	1,933	9	1.27	1,985	9	1.29
All Other	99,349		65.23	97,939		63.61
Total	152,288		100.00 %	153,959		100.00 %

(1) In 2023, "All Other" consisted of:

Type	Number	Covered Employees
School Districts	279	49,040
Cities and Counties	531	29,842
Post Secondary Education ⁽²⁾	41	10,766
Other	708	10,657
	1,559	100,305

(2) Not Including State Board of Regents institutions

Source: Data provided by KPERS Information Technology and Benefit and Member Services divisions.

PRINCIPAL PARTICIPATING EMPLOYERS

Last Ten Calendar Years

Participating Government	2019			2018		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
State of Kansas	23,237	1	14.87 %	22,872	1	14.70 %
USD 259 Wichita	7,386	2	4.73	7,051	2	4.53
USD 233 Olathe	4,802	3	3.07	4,611	3	2.96
USD 500 Kansas City	3,668	4	2.35	3,678	4	2.36
USD 512 Shawnee Mission	3,471	5	2.22	3,424	5	2.20
USD 229 Blue Valley	3,355	6	2.15	3,295	6	2.12
Johnson County	2,626	7	1.68	3,202	7	2.06
Sedgwick County	2,347	8	1.50	2,521	8	1.62
USD 501 Topeka Public Schools	1,758	9	1.13	2,009	9	1.29
Unified Government of Wyandotte Co	2,069	10	1.32	2,403	10	1.54
All Other	98,106		64.98	98,989		64.60
Total	152,825		100.00 %	154,055		100.00 %

Participating Government	2017			2016		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
State of Kansas	23,215	1	15.19 %	23,577	1	15.50 %
USD 259 Wichita	6,903	2	4.52	6,820	2	4.48
USD 233 Olathe	4,441	3	2.91	4,233	3	2.78
USD 500 Kansas City	3,558	5	2.33	3,488	5	2.29
USD 512 Shawnee Mission	3,385	4	2.22	3,315	4	2.18
USD 229 Blue Valley	3,200	6	2.09	3,118	6	2.05
Johnson County	3,162	7	2.07	3,065	7	2.01
Sedgwick County	2,514	8	1.65	2,488	8	1.64
USD 501 Topeka Public Schools	2,373	9	1.55	2,374	9	1.56
USD 497 Lawrence	2,048	10	1.34	2,029	10	1.33
All Other	96,888		64.14	97,612		64.17
Total	151,687		100.00 %	152,119		100.00 %

PRINCIPAL PARTICIPATING EMPLOYERS

Last Ten Calendar Years

Participating Government	2015			2014		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
State of Kansas	23,748	1	15.49 %	24,389	1	15.82 %
USD 259 Wichita	6,926	2	4.52	6,921	2	4.49
USD 233 Olathe	4,225	3	2.76	4,310	3	2.80
USD 500 Kansas City	3,493	5	2.28	3,544	5	2.30
USD 512 Shawnee Mission	3,337	4	2.18	3,428	4	2.22
USD 229 Blue Valley	3,100	6	2.02	3,106	6	2.01
Johnson County	3,067	7	2.00	3,052	7	1.98
Sedgwick County	2,490	8	1.62	2,536	8	1.64
USD 501 Topeka Public Schools	2,351	9	1.53	2,408	9	1.56
USD 497 Lawrence	1,757	10	1.15	1,784	10	1.16
All Other	98,843		64.46	98,725		64.02
Total	153,337		100.00 %	154,203		100.00 %

Being their fiduciary
means we put members
first in all that we do.

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2024

Kansas Public Employees Retirement System
a component unit of the State of Kansas

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