

Fiscal Year **2025** Annual Report

Guided Growth

Steady & Stable



Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

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

2025 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Kansas Public Employees Retirement System
A component unit of the State of Kansas
For the Fiscal Year Ended June 30, 2025

Prepared by KPERS Staff
611 South Kansas Avenue, Suite 100
Topeka, KS 66603-3869

Alan D. Conroy, Executive Director
Kris Holm, 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



October 31, 2025

We are pleased to present the Kansas Public Employees Retirement System's (KPERS, the Retirement System, or the System) Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2025 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, kspers.gov.

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 Baker Tilly US, LLP conducted an independent audit of the Retirement System's financial statements for Fiscal Year 2025.

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 350,000 members, including active, inactive and retired members. The Retirement System paid \$2.3 billion in retirement benefit payments for Fiscal Year 2025. Over 88 percent of those benefits remained in Kansas. Retirement System assets totaled \$29.4 billion on June 30, 2025.

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 468 local public employers. In Fiscal Year 2025, KPERS 457 added 18 new affiliated employers. The 401(a) plan has 42 employers, including 12 new employers in Fiscal Year 2025. It is an employer-sponsored retirement plan that allows for both employee and employer contributions.

The KPERS 457 plan has over 28,273 total and 16,594 actively contributing participants. Total plan assets equaled about \$1.67 billion at the end of Fiscal Year 2025. 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, 2025, KPERS' 20-year annualized total return average was 7.5 percent.

For Fiscal Year 2025, the Retirement System's broadly diversified investment portfolio produced a total return of 10.3 percent, compared to the Policy Index benchmark of 12.0 percent for the fiscal year.

The Retirement System's investment portfolio ended the fiscal year at approximately \$29.3 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 56. 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 68.

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 seventh 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, which is the same as the 2023 valuation. As of the 2024 actuarial valuation, the State is on a funding plan for the KPERS State/School group to reach the 80 percent funded ratio mark in 2031, 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 70.

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, 2024, actuarial valuation, the System's UAL increased by about \$363 million to \$10.05 billion. The UAL was previously \$9.7 billion as of December 31, 2023. Primary drivers of the increase are the ongoing impact of negative investment returns for CY 2022, as well as CY 2024 salaries being higher than expected by actuarial assumptions.

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 remained steady at 74 percent, the same as 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 launched its pension administration system modernization project in Fiscal Year 2025. 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. The project is estimated to take about five years to complete. In the meantime, KPERS will continue to use the current system. To that end, efforts in Fiscal Year 2025 included:

- Developing a five-year project plan to accommodate 11 iterations of software design.
- Understanding needs and forecasting resources for project demands and operational workloads.
- Ensuring proper documentation of business procedures and common software development life cycle practices.
- Continuing data cleansing efforts to prepare for modernization.
- Designing business requirements and pension administration system screen for collecting member information and beneficiaries, as well as details about affiliated employers and member employments.
- Beginning work on a new employer web portal and improving the employer reporting process.
- Using best practice organizational change management strategies to engage and prepare KPERS staff, employers and members for new processes and tools.
- Designing training and self-serve knowledge bases to empower users to execute tasks with ease.
- Collecting data and implementing security tools to keep our member data safe.

A dedicated project team is working on the modernization initiative, with the goal of transforming 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 2025.

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.

In Fiscal Year 2025, KPERS continued to build the program and transform the way we do business. This included maintaining 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. KPERS continues to work with a vendor on identifying and remediating data quality issues as we prepare to migrate our data into 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.

2025 Legislative Changes

The 2025 Legislature enacted Senate Bill 64, which provided for three changes to the KPERS statutes. Those included: extending the administrative appeals deadline for members, from 30 days to 60 days, updating statutes to comply with federal Internal Revenue Code, and revising internal references in KPERS statutes. All changes were effective July 1, 2025. Staff began work to implement all changes related to this legislation in late Fiscal Year 2025.

2024 Legislative Changes Implemented in 2025

The Legislature passed Senate Bill 291 in 2024 to enhance online security for government agencies and those who visit State of Kansas websites. One requirement of the bill was that all state agencies have websites that end with ".gov" by February 1, 2025. KPERS met this requirement and transitioned the kpers.org domain to kpers.gov on January 15, 2025.

BY THE NUMBERS — IN FISCAL YEAR 2025:

- About 1.4 million retirement benefit payments paid totaling \$2.3 billion
- 5,226 pension inceptions completed
- 22,600 beneficiary designations processed
- \$39.6 million in life insurance benefits paid
- 35,900 member enrollments and transfers processed
- 10,500 withdrawals paid totaling \$64.2 million
- \$13.8 million in benefits paid to 1,600 disabled employees

- 121,429 incoming calls, with an average of 455 a day, answered with an average wait time of 90 seconds to reach customer service
- 28,000 emails answered

AWARDS & ACKNOWLEDGMENTS

KPERS participated in a benchmarking survey conducted by CEM Benchmarking, Inc. When compared with other public pensions in the 2024 survey, KPERS earned an overall service score of 79, which was lower than the peer median score of 83. KPERS' peer group is a high service group that includes the top scoring retirement systems in the CEM database. In addition, KPERS measured very favorably with regard to cost. KPERS' administrative cost per member is \$88, well below the peer median cost of \$101. 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 2024 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 31 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 2025 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



Kris Holm,
Chief Fiscal Officer

BOARD OF TRUSTEES

JAMES ZAKOURA, CHAIRPERSON

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

ERNIE CLAUDEL, VICE-CHAIRPERSON

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

RICH PROEHL

Parsons, Banker, Senior Vice President, Retired,
Labette Bank
Appointed by the Speaker of the House

BRAD STRATTON

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

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
Modernization, Mary Beth Green
Internal Audit, Erin Starr
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, Kris Holm
Corporate Accounting
Employer Reporting
Investment Accounting
Employer Auditing

BENEFITS AND MEMBER SERVICES

Chief Benefits Officer, Dirk Camilletti
Disability and Death Benefits
Retirement Benefits
Withdrawal Benefits
InfoLine
Education and Training

INFORMATION TECHNOLOGY

Chief Information Officer, John Cahill
Application and Data Management
Cybersecurity
Operations

KPERS STAFF

Kelly Alexander	Susan Hancock	Jamie Rose
Michael Arvidson Jr	Alec Hawley	Rika Rowe
Paige Ashley	Jordan Hecker	Teresa Ryan
Julie Baker	Connor Henrichs	Alley Salmon
Chase Barnes	Kelsey Herl	Nathan Schmidt
Sarah Barnhart	Lorie Hernandez	Crystal Schnacker
Yohonna Barraud	Liza Hoffman	Annette Scott
Kristen Basso	Paige Holloway	Ciera Seele
A. Kathleen Billings	Kris Holm	Adam Sester
Harlie Bittel	John Hooker	Luke Shepherd
Candace Blythe	Mirel Howard	Hallie Shermoen
Marissa Boyle	Kaylie Hughes	Rhonda Shumway
Anita Bradley	Brittany Hulse	Cherie Smith
Breanna Briggs	Marais Johnson-Herl	Derek Smith
Amy Brown	Shauna Johnston	Brecken Stadler
Annika Bush	Teresa Jurgens	Curtis Stafford
John Cahill	Vanessa Katra	Marsha Stafford
Tyler Caleb	Casey Kidder	Lindsey Stamps
Dirk Camilletti	Kim Kirkham	Erin Starr
Andryana Campbell	Shannon Kuehler	Kale Stone
Blaine Clark	Les Lauber	Raquel Talavera
Tiana Claspill	Denise Leakey	Amber Tarrant
Amanda Cobler	Lindsey Leslie	Carmen Torres
Alan Conroy	Kristy Lewis	Jessica Tufts
Bradley Crenshaw	Shawnee Lewis	Jason Van Fleet
Scott Crider	Danica Loftin	Jackie VandeVelde
Michael Cumming	Betsy Lopez	Kylie VanWinkle
Becky Dekat	Janette Martin	Daniel Wadsworth
Kali Delka	April Martinez	Lanette Wagner
Kavitha Devulapally	Kurt Mathews	Michael Walker
Stephanie Dial	Ashley McCallister	Jarod Waltner
Athena Dickson	Caren McDonald	Barbi Warhurst
Ardith Dunn	Heather McHardie	Ashley Warren
Amy Dunton	Laurie McKinnon	Emily Washington
Tisha Eastman	Jason McKinzie	Michaela Watson
Yarlenis Ensley	Judy McNeal	Kelsea Watts
Susan Fangman	Kaley Moriarty	Lisa Wehrly
Kelley Ferris	Erika Nash	Amy Whitmer
Melissa Findlay	Lisa Ngole	Jessica Wiley
Bruce Fink	Dawn Nichols	Megan Wilk
Crystal Fischer	Shawn Nix	Emily Wilson
Amy Fishback	Sonja Parry	Reegan Wolford
Alex Foster	Christopher Parsons	Krystal Yegon
Shelly Fruits	Katherine Phelps	Arlen Zentner
Elaine Gaer	Alissa Powell	
Sue Gamblian	Sarah Putman	
Marquese Garrett	Sheila Putman	
Jessica Gatzemeyer	Tyler Pyle	
Billie-Jo Gerisch	Justin Quick	
Michael Gilliland	Kimberley Raines	
Shlomo Ginsburg	Paola Rangel Jimenez	
Taryn Gonzales	Norm Remp	
Lisa Gonzales-Engert	Matthew Renyer	
Mary Beth Green	Anabell Reyes	
Kyle Grimes	Marla Rivares	
Steve Gutierrez	Mike Ronen	
Melinda Hall	Dean Roney	

CONSULTANTS AND ADVISORS

Auditors: Baker Tilly US, LLP, Overland Park, KS

Accounting: KPMG LLP, Chicago, IL

Actuaries: CavMac, 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
MFS Investment Management, Boston, MA
Molpus Timberlands Management, Jackson, MS
Nomura Capital Management, New York, NY
Oaktree Capital Management, Los Angeles, CA
Payden & Rygel Investment Counsel, Los Angeles, CA
Russell Investment Group, Tacoma, WA
Shenkman Capital Management, Inc, New York, NY
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 Broker Commissions" on page 68.

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 2024 annual report. KPERS has received the award for each of the last 31 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, 2024

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 2025.



Public Pension Coordinating Council

Public Pension Standards Award For Funding and Administration 2025

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 that reads "Robert A. Wylie".

Robert A. Wylie
Program Administrator



Financial Section



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, 2025, 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, 2025, 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*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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, 2025, 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.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

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, 2025 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, 2025

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, 2025. 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 \$2.0 billion or 7.2 percent to \$29.4 billion as of June 30, 2025, compared to an increase of \$1.7 billion or approximately 6.5 percent, from \$25.8 billion to \$27.5 billion as of June 30, 2024.

The System's June 30, 2025, financial actuarial valuation calculated a total pension liability at June 30, 2025, of \$39.1 billion, compared to \$37.8 billion as of June 30, 2024, an increase of \$1.3 billion or 3.4 percent. The net pension liability at June 30, 2025, was \$9.6 billion, a decrease over the prior year of approximately \$611.0 million. The discount rate used to determine the total pension liability was 7.00 percent at the current measurement date, June 30, 2025.

On a fair value basis, this year's money-weighted rate of return on investments was 9.94 percent, compared to last year's return of 9.25 percent.

Monthly retirement benefits paid to retirees and beneficiaries increased 3.7 percent to approximately \$2.2 billion for Fiscal Year 2025.

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, 2025, and a Statement of Changes in Fiduciary Net Position for the fiscal year ended June 30, 2025, 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, 2025, amounted to \$29.4 billion.

Following are two summary schedules, Fiduciary Net Position and Changes in Fiduciary Net Position, showing information for Fiscal Years 2025 and 2024 for the pension plan.

SUMMARY STATEMENT OF FIDUCIARY POSITION

	As of	As of
	June 30, 2025	June 30, 2024
Assets		
Cash and Deposits	\$ 36,845,168	\$ 26,718,214
Receivables	391,102,125	379,677,273
Investments at Fair Value	29,260,439,065	27,279,178,377
Capital Assets and Supplies Inventory	1,248,373	1,721,747
Total Assets	<u>29,689,634,731</u>	<u>27,687,295,611</u>
Liabilities		
Administrative Costs	3,613,234	3,445,013
Benefits Payable	7,261,001	9,960,020
Securities Purchased	228,924,333	199,444,158
Total Liabilities	<u>239,798,568</u>	<u>212,849,191</u>
Net Position Restricted for Pensions	<u>\$ 29,449,836,163</u>	<u>\$ 27,474,446,420</u>

SUMMARY STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Year Ended	Year Ended
	June 30, 2025	June 30, 2024
Additions		
Contributions	\$ 1,690,768,728	\$ 1,630,245,774
Net Investment Income	2,682,900,114	2,343,613,661
Other Miscellaneous Income	1,030,837	801,736
Total Additions	<u>4,374,699,679</u>	<u>3,974,661,171</u>
Deductions		
Monthly Retirement Benefits	2,249,004,186	2,169,445,171
Refunds	100,542,930	93,619,779
Death Benefits	17,932,188	13,039,363
Administrative Expenses	31,830,632	24,770,066
Total Deductions	<u>2,399,309,936</u>	<u>2,300,874,379</u>
Net Increase	1,975,389,743	1,673,786,792
Fiduciary Net Position Beginning of Year	<u>27,474,446,420</u>	<u>25,800,659,628</u>
Fiduciary Net Position End of Year	<u>\$ 29,449,836,163</u>	<u>\$ 27,474,446,420</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 \$1.7 billion in Fiscal Year 2025, compared to approximately \$1.6 billion in Fiscal Year 2024.

The System recognized net investment income of \$2.7 billion for Fiscal Year 2025. The total time-weighted return for the portfolio, net of fees, was 9.9 percent, compared to the benchmark return of 12.0 percent. System investments at fair value amounted to \$29.3 billion at June 30, 2025. The Retirement System's time-weighted one-, three-, five-, ten-, and 20-year investment performance returns, net of fees, are shown in the following table. The actuarial assumed rate of return is 7.00 percent.

2025				
1 Year	Last 3 Years	Last 5 Years	Last 10 Years	Last 20 Years
9.9%	8.7%	9.0%	7.3%	7.2%

The System recognized net investment income of \$2.3 billion for the 2024 Fiscal Year. System investments at fair value amounted to \$27.3 billion at June 30, 2024.

At June 30, 2025, the System held \$15.2 billion in US equity and international equity securities. US equity and international equity securities earned net returns of approximately 15.3 percent and 15.2 percent, respectively, for Fiscal Year 2025.

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

The System held \$7.4 billion in US debt securities at June 30, 2025. The net performance of the System's core-fixed and non-core fixed income securities during Fiscal Year 2025 was 6.3 percent and 11.3 percent, respectively. Real estate investments amounted to \$3.5 billion at June 30, 2025, and returned approximately 2.4 percent for the 2025 Fiscal Year. The System held \$2.8 billion in alternative investments, which earned a return of approximately 4.3 percent for the 2025 Fiscal Year. At June 30, 2025, the pension plan held \$415.9 million in short-term investments and the custodial funds held \$290.0 million. Cash and deposits include investment cash and foreign currencies held at the custodial bank as of June 30, 2025, totaling approximately \$36.8 million.

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.

Deductions from fiduciary net position restricted for pensions include retirement benefits, refunds, survivor benefits and administrative expenses. For the 2025 Fiscal Year, retirement benefits amounted to approximately \$2.2 billion, an increase of \$79.6 million or 3.7 percent from Fiscal Year 2024. For the 2025 Fiscal Year, System administrative expenses amounted to \$31.8 million, an increase of \$7.1 million from Fiscal Year 2024. 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, 2025, 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, 2025, the pension plan's fiduciary net position as a percentage of the total pension liability was 75.26 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 to fund a portion of the School-Group's unfunded actuarial liability. The bonds were successfully issued in August 2015 and the proceeds transferred to the 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 kspers.gov. 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, 2025*

	Pension Plan	Custodial Funds
Assets:		
Cash	\$ 92,633	\$ 13,450,128
Cash at Custodial Bank	36,752,535	—
Deposits with Insurance Carrier	—	(1,468)
Total Cash	<u>36,845,168</u>	<u>13,448,660</u>
Receivables:		
Contributions	167,173,594	13,461,168
Investment Income	151,523,092	1,044,849
Sales of Investment Securities	72,405,439	—
Total Receivables	<u>391,102,125</u>	<u>14,506,017</u>
Investments at Fair Values:		
Domestic Equities	9,445,385,973	—
International Equities	5,723,655,591	—
Short Term	415,854,983	289,988,801
Fixed Income	7,386,068,202	—
Alternative Investments	2,778,408,568	—
Real Estate	3,511,065,748	—
Total Investments	<u>29,260,439,065</u>	<u>289,988,801</u>
Capital Assets and Supplies Inventory	<u>1,248,373</u>	<u>—</u>
Total Assets	<u>29,689,634,731</u>	<u>317,943,478</u>
Liabilities:		
Administrative Costs	3,613,234	90
Benefits Payable	7,261,001	6,766,458
Securities Purchased	228,924,333	—
Total Liabilities	<u>239,798,568</u>	<u>6,766,548</u>
Net Position		
Restricted for:		
Pensions	29,449,836,163	—
Individuals, organizations, and other governments	—	687,407
Postemployment benefits other than pensions	—	310,489,523
	<u>\$ 29,449,836,163</u>	<u>\$ 311,176,930</u>

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, 2025*

	Pension Plan	Custodial Funds
Additions:		
Contributions:		
Member Contributions	\$ 565,048,383	\$ 9,058,181
Employer Contributions	1,125,720,345	97,554,593
Total Contributions	<u>1,690,768,728</u>	<u>106,612,774</u>
Investment:		
Net Appreciation in Fair Value of Investments	2,010,600,274	—
Interest	382,618,490	12,339,499
Dividends	262,596,247	—
Real Estate Income, Net of Operating Expenses	130,485,076	—
Other Investment Income	27,882,289	—
	<u>2,814,182,376</u>	<u>12,339,499</u>
Less Investment Expense	131,282,262	—
Net Investment Income / (Loss)	<u>2,682,900,114</u>	<u>12,339,499</u>
Other Miscellaneous Income	<u>1,030,837</u>	<u>367,516</u>
Total Additions	<u>4,374,699,679</u>	<u>119,319,789</u>
Deductions:		
Monthly Retirement Benefits Paid	2,249,004,186	—
Refund of Contributions	100,542,930	—
Death Benefits	17,932,188	—
Insurance Premiums and Disability Benefits	—	48,555,901
Administrative Expenses	31,830,632	596,430
Total Deductions	<u>2,399,309,936</u>	<u>49,152,331</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>1,975,389,743</u>	<u>70,167,458</u>
Fiduciary Net Position Restricted for Pensions, Individuals, Organizations, and Other Governments and		
Postemployment Benefits Other than Pensions		
Beginning of Year	27,474,446,420	241,009,472
End of Year	<u>\$ 29,449,836,163</u>	<u>\$ 311,176,930</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, 2024, (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⁾	111,041	6,495	334	117,870
Terminated employees entitled to benefits but not yet receiving them	31,933	299	10	32,242
Inactive members, deferred disabled	1,202	220	—	1,422
Inactive members not entitled to benefits	41,292	2,099	—	43,391
Current employees	146,792	8,619	277	155,688
Total	332,260	17,732	621	350,613

⁽¹⁾ Represents System membership at December 31, 2024.

⁽²⁾ Number of retirement payees as of December 31, 2024.

NUMBER OF PARTICIPATING EMPLOYERS

	KPERS	KP&F	Judges
State of Kansas	1	1	1
Counties	105	43	—
Cities	372	95	—
Townships	62	2	—
School Districts	286	—	—
Libraries	123	—	—
Conservation Districts	84	—	—
Extension Councils	58	—	—
Community Colleges	19	—	—
Educational Cooperatives	22	—	—
Recreation Commissions	46	1	—
Hospitals	27	—	—
Cemetery Districts	12	—	—
Other	216	8	—
Total	1,433	150	1

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 \$6,000 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⁾	10.81 %	11.54 %
School Employee ⁽¹⁾	11.72	11.54
Judges ⁽¹⁾	21.45	21.45
Local Government Employee ⁽²⁾	9.71	9.71
Police and Firemen ⁽²⁾	24.67	24.67

(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.

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 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 and are recognized 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 21 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, 2025:

Asset Class	Interim Target Allocations
Domestic Equities	26.0 %
International Equities	21.0
Core Fixed Income ⁽¹⁾	14.0
Non-Core Fixed Income ⁽¹⁾	10.0
Real Assets ⁽²⁾	5.0
Short Term Investments	3.0
Real Estate	10.0
Alternatives	11.0
	100.0 %

⁽¹⁾ The Core Fixed Income and Non-Core Fixed Income asset class above, is reported in Fixed Income on the Statement of Fiduciary Position.

⁽²⁾ The Real Assets asset class above, is reported in Real Estate on the Statement of Fiduciary Position.

The System's target allocation is to have 21.0 percent of assets in dedicated international equities. At June 30, 2025, 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, 2025, the System's total foreign currency exposure was 34.5 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, 2025, the outstanding balance was \$1,466,497. 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 furniture, fixtures, equipment and land as of June 30, 2025, was \$26,148,532, with accumulated depreciation of \$24,909,507. 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 space 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, 2025, was \$3,288,152. The office building and garage are being depreciated over a period of 33 years on an accelerated method. At June 30, 2025, the book value of the System's administrative headquarters was \$330,005.

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.

RISK 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

The System reviewed GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ended June 30, 2025, and have deemed it immaterial to the System's financial statements.

As part of the System's adoption of GASB Statement No. 102, *Certain Risk Disclosures*, management assessed concentrations and constraints and determined that no additional disclosure is required given that the financial statement note disclosures already contain adequate information about the System's purpose, operations, risks, and inherent concentrations.

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, 2025, the System's deposits with its disability administrator were \$0, with amount due to the administrator of \$1,468. 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, 2025, at fair value:

Investment Type	Fair Value
Domestic Equities	\$ 9,445,385,973
International Equities	5,723,655,591
Fixed Income:	
US Government	1,834,105,360
US Agencies	915,370,633
US Corporate	4,636,592,209
Short Term Investments	705,843,784
Real Estate:	
Partnerships	1,301,133,473
Commingled Funds	2,177,883,574
Separate Accounts	32,048,701
Alternatives	2,778,408,568
Total	\$ 29,550,427,866

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, 2025, the System had US Dollar and foreign currency balances at custodial banks with a net value of \$36.8 million. This is primarily foreign currency deposits facilitating international investments in the respective local markets. The System's deposits of \$13.5 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).

The following table summarizes the foreign currencies held by the Retirement System as of June 30, 2025:

FOREIGN CURRENCY RISK

Currency	USD Equivalent	Percent
Australian Dollar	\$ 43,677,794	0.75 %
Brazilian Real	102,941,767	1.76
British Pound Sterling	775,281,554	13.27
Canadian Dollar	453,910,116	7.77
Danish Krone	224,520,011	3.84
Euro Currency	2,156,611,013	36.92
Hong Kong Dollar	3	0.00
Indonesian Rupiah	36,841,862	0.63
Israeli New Shekel	151,665,679	2.60
Japanese Yen	759,429,312	13.00
Mexican New Peso	71,111,460	1.22
New Taiwan Dollar	395,725,729	6.78
Norwegian Krone	263	0.00
Singapore Dollar	102,092,959	1.75
South African Rand	78,185,587	1.34
South Korean Won	107,416,855	1.84
Swedish Krona	106,914,093	1.84
Swiss Franc	270,078,667	4.62
Thailand Baht	4,251,581	0.07
	\$ 5,840,656,305	100.00 %

CONCENTRATION OF CREDIT RISK

No single issuer represents 1.0 percent or more of System assets other than the US Government (5.6 percent) and Agencies (3.6 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.

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, 2025, subject to credit risk are shown with current credit ratings.

CREDIT RISK

Quality Rating	Short Term Investments	Corporate ⁽¹⁾	U.S. Government	Agency	Total
Not Rated	\$ 429,433,522	\$ 188,414,703	–	– \$ 617,848,225	
AAA	–	455,655,896	–	–	455,655,896
AA	5,800,244	70,675,345	1,834,105,360	884,820,866	2,795,401,815
A	53,758,619	359,422,016	–	21,761,954	434,942,589
BBB	212,206,452	948,445,590	–	8,787,813	1,169,439,855
BB	4,570,480	964,206,203	–	–	968,776,683
B	74,467	1,303,115,824	–	–	1,303,190,291
CCC	–	322,754,705	–	–	322,754,705
CC	–	13,901,028	–	–	13,901,028
C	–	1,943,086	–	–	1,943,086
D	–	9,049,484	–	–	9,049,484
Total	\$ 705,843,784	\$ 4,637,583,880	\$ 1,834,105,360	\$ 915,370,633	\$ 8,092,903,657

⁽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⁾	U.S. Government	Agency	Total
0 - 1 Yr	\$ 705,843,784	\$ 781,742,032	\$ 167,120,084	\$ 64,456,550	\$ 1,719,162,450
1 - 3 Yrs	–	1,425,695,368	444,921,802	132,990,311	2,003,607,481
3 - 5 Yrs	–	1,462,646,902	341,399,956	282,931,193	2,086,978,051
5 - 10 Yrs	–	749,439,804	444,625,147	426,163,171	1,620,228,122
> 10 Yrs	–	218,059,774	436,038,371	8,829,408	662,927,553
Grand Total	\$ 705,843,784	\$ 4,637,583,880	\$ 1,834,105,360	\$ 915,370,633	\$ 8,092,903,657

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

ANNUAL MONEY-WEIGHTED RATE OF RETURN

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.94 percent. This return was 9.25 percent for Fiscal Year 2024. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

- 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.

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.

The following table summarizes the derivatives held by the Retirement System as of June 30, 2025:

INVESTMENT DERIVATIVE SUMMARY			
	Asset Class ⁽¹⁾	Notional Value	Fair Value
Domestic Equity Futures	Domestic Equities	\$ 74,123,541	\$ -
International Equity Futures	International Equities	171,409,845	-
Fixed Futures	Fixed	46,740,914	-
Foreign Currency Forwards	Fixed	2,961,736,692	(32,916,372)
To-Be-Announced (TBA) Agency Bonds ⁽²⁾	Fixed	25,966,007	25,966,007

⁽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, 2025, at fair value:

INVESTMENT DERIVATIVE FAIR VALUES				
	June 30, 2024	Increases	Decreases	June 30, 2025
Credit Default Swaps	\$ 811,595	\$ 48,600,000	\$ (49,411,595)	\$ -
Foreign Currency Forwards	14,301,338	15,220,572	(62,438,282)	(32,916,372)
TBA Agency Bonds	51,491,131	922,816,467	(948,341,591)	25,966,007
	\$ 66,604,064	\$ 986,637,039	\$ (1,060,191,468)	\$ (6,950,365)

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, 2025, 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 \$16.1 million were associated with futures for the year ending June 30, 2025.

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, 2025, the fair value of international equities was \$5.7 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, 2025:

INVESTMENT CURRENCY FORWARDS

		Notional Cost (USD)	Pending Foreign Exchange Receivables (USD)	Pending Foreign Exchange Payables (USD)	Fair Value June 30, 2025 (USD)
Australian Dollar	\$	120,390,655	\$ 121,118,934	\$ (121,117,825)	\$ 1,109
Brazilian Real		1,462,638	1,461,714	(1,462,638)	(924)
British Pound Sterling		234,090,413	234,472,581	(238,129,441)	(3,656,860)
Canadian Dollar		236,604,303	237,049,198	(239,515,728)	(2,466,530)
Danish Krone		61,196,957	61,225,381	(63,454,460)	(2,229,079)
Euro Currency		843,836,829	846,211,722	(870,948,089)	(24,736,367)
Israeli New Shekel		57,092,810	58,982,097	(57,910,083)	1,072,014
Japanese Yen		541,063,784	541,342,566	(540,279,843)	1,062,723
New Zealand Dollar		179,509,027	182,275,650	(180,332,017)	1,943,633
Norwegian Krone		278,559,769	281,928,647	(278,653,122)	3,275,525
Singapore Dollar		153,253,395	154,018,683	(154,509,743)	(491,060)
Swedish Krona		64,806,232	64,975,312	(65,478,583)	(503,271)
Swiss Franc		189,869,880	190,477,732	(196,665,017)	(6,187,285)
	\$	2,961,736,692	\$ 2,975,540,217	\$ (3,008,456,589)	\$ (32,916,372)

Investment forwards counterparty exposure at June 30, 2025, is as follows:

INVESTMENT FORWARDS COUNTERPARTY EXPOSURE

Counterparty Name	Notional \$USD	Fair Value	Lowest Long Term Rating
Australia & New Zealand Banking Group	\$ 444,451,046	\$ (2,345,919)	AA-
Bank of America, N.A.	176,421,116	(6,502,999)	A+
Bank of New York Mellon	158,553,036	271,603	A
Barclays Bank PLC Wholesale	119,527,164	(3,280,471)	BBB+
BNP Paribas SA	63,090,090	(995,724)	A+
Brown Brothers Harriman & Co.	105,940	145	A+
Citibank N.A.	14,786,516	(85,123)	A+
Citigroup Global Markets LTD	901,272	(1,391)	A+
Credit Agricole CIB	295,770,117	(10,351,692)	A+
Goldman Sachs International	64,187,255	35,778	A+
HSBC Bank PLC	268,507,667	592,348	A-
Income Repatriation Boston IBS	2,251,589	2,054	N/R
J.P. Morgan Chase Bank N.A. London	85,632,960	(1,512,579)	AA-
Morgan Stanley & Co.	2,736,378	(2,837)	A+
Natwest Markets PLC	87,694,186	(2,339,453)	A
Royal Bank of Canada (UK)	300,494,091	5,623,573	A+
Standard Chartered Bank	3,295,327	1,891	A+
State Street Bank London	336,944,779	(10,230,420)	A
Toronto Dominion Bank	265,207,924	(1,433,229)	A
UBS AG	88,638,893	197,515	A+
Westpac Banking Corporation	182,539,346	(559,442)	AA-
	\$ 2,961,736,692	\$ (32,916,372)	

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, 2025:

INVESTMENTS AND DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE					
Fair Value Measurements Using:					
	Total	Quoted prices in active markets for identical assets Level 1	Significant other observable inputs Level 2	Significant unobservable inputs Level 3	
Investments by Fair Value Level					
Debt Securities					
US Treasury	\$ 1,648,046,551	\$ 258,784,715	\$ 1,389,261,836	\$ —	—
GNMA	186,058,809	—	186,058,809	—	—
US Agency	889,404,626	—	889,404,626	—	—
US Corporate, Municipalities	4,130,251,715	—	4,129,439,922	811,793	811,793
Yankees	506,340,494	—	506,340,494	—	—
Total Debt Securities	7,360,102,195	258,784,715	7,100,505,687	811,793	
Equity Securities					
Domestic Common Stock	9,442,571,400	9,442,565,723	—	5,677	5,677
Domestic Preferred	2,814,573	2,814,573	—	—	—
International Common	5,723,655,591	5,723,655,591	—	—	—
Total Equity Securities	15,169,041,564	15,169,035,887	—	5,677	
Real Estate and Alternatives					
Separate Properties	29,191,903	—	—	29,191,903	29,191,903
Home Office Property, Rentable	2,856,798	—	—	2,856,798	2,856,798
Alternatives Distribution	139,550	—	—	139,550	139,550
Total Real Estate and Alternatives	32,188,251	—	—	32,188,251	
Investments by Fair Value Level					
Derivatives by Fair Value					
To-Be-Announced Agencies	25,966,007	—	25,966,007	—	—
Total Derivatives by Fair Value Level	25,966,007	—	25,966,007	—	
Total Investments and Derivatives by Fair Value Level	\$ 22,587,298,017	\$ 15,427,820,602	\$ 7,126,471,694	\$ 33,005,721	
Investments Measured at Net Asset Value (NAV)					
Private Equity Partnerships	2,778,269,018	1,351,721,305	N/A	N/A	N/A
Real Estate Partnerships	1,301,133,473	866,457,962	N/A	N/A	N/A
Real Estate Core Funds	2,086,126,155	75,000,000	Quarterly	90 days	90 days
Real Estate Other Funds	91,757,419	—	Biannual	90 days	90 days
Total investments measured at NAV	6,257,286,065	2,293,179,267			
Short Term Investments measured at amortized cost					
STIF Funds	87,247,341				
Money Market Investments	618,596,443				
Total Short Term Investments	705,843,784				
Total Investment Value	29,550,427,866				

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, 2025. 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.

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 included in the fair value of the fixed income asset class on the Statement of Net Fiduciary Position. For more information on these investments, see the Foreign Currency Forwards section in Note 4. Fair value for these is reflected by adjusting those payable/receivable values for daily fluctuations in currency exchange rates. The System had \$3.0 billion in outstanding currency forward contract payables and receivables at June 30, 2025. The net fluctuation in currency rates at that time decreased the unrealized fair value of those contracts by \$32,916,372.

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 ninety (90) 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, 2024, 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 (30) 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, 2024, 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, 2025.

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, 2025, was \$687,406.

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, 2025, was \$310,489,523.

The balance of the System's pension reserves and the net pension liability at June 30, 2025, is as follows:

Reserves	Balance	Net Pension Liability	Pension Reserves
Members Accumulated Contribution Reserve	\$ 7,332,723,422	\$ –	\$ 7,332,723,422
Retirement Benefit Accumulations Reserve	13,371,122,306	(9,679,878,639)	3,691,243,667
Retirement Benefit Payment Reserve	18,362,207,810	–	18,362,207,810
Expense Reserve	63,661,264	–	63,661,264
Totals	\$ 39,129,714,802	\$ (9,679,878,639)	\$ 29,449,836,163

NOTE 7 – NET PENSION LIABILITY OF PARTICIPATING EMPLOYERS

The components of the net pension liability of the participating employers at June 30, 2025, is as follows:

State	\$ 5,579,044,379
School	20,392,231,674
Local	7,830,411,531
KP&F	5,087,670,254
Judges	240,356,964
Total Pension Liability	\$ 39,129,714,802
Fiduciary Net Position	29,449,836,163
Employers' Net Pension Liability	\$ 9,679,878,639
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26 %

ACTUARIAL ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025, 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 Rate of Return
Global Equities	43.0 %	8.2 %
Alternatives	11.0	12.0
Real Estate	15.0	5.7
Yield Driven	12.0	5.3
Infrastructure	3.0	6.8
Core Fixed Income	13.0	2.2
Short Term Investments	3.0	0.3
Total	100.0 %	

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 projection of cash flows to determine the discount rate.

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	\$14,329,380,734	\$ 9,679,878,639	\$ 5,771,599,084

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.

State of Kansas in addition to the State's regular employer contributions to KPERS.

NOTE 9 – CONTINGENCIES

As of June 30, 2025, 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.

REQUIRED SUPPLEMENTARY INFORMATION - RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE EMPLOYERS' NET PENSION LIABILITY

Last Ten Fiscal Years (\$ in Thousands)

	2025	2024	2023	2022	2021
Total Pension Liability:					
Service Cost	\$ 788,885	\$ 748,384	\$ 710,959	\$ 666,910	\$ 608,798
Interest	2,562,112	2,476,240	2,380,618	2,321,174	2,257,132
Changes of Benefit Terms	–	–	26,651	–	101
Differences Between Expected and Actual Experience	380,885	522,106	479,358	192,192	113,131
Changes of Assumptions	–	(198,974)	–	962,890	1,001,426
Benefit Payments, Including					
Refunds of Member Contributions	(2,367,479)	(2,276,104)	(2,188,482)	(2,112,655)	(2,006,981)
Net Change in Total Pension Liability	1,364,403	1,271,652	1,409,104	2,030,511	1,973,607
Total Pension Liability – Beginning	37,765,312	36,493,661	35,084,557	33,054,046	31,080,439
Total Pension Liability – Ending (a)	<u>39,129,715</u>	<u>37,765,312</u>	<u>36,493,661</u>	<u>35,084,557</u>	<u>33,054,046</u>
Plan Fiduciary Net Position:					
Contributions – Employer	1,125,720	1,095,564	1,062,707	1,025,928	1,007,571
Contributions – Member	565,048	534,682	508,218	481,840	459,314
Contributions – Non-Employer ⁽¹⁾	–	–	271,134	1,100,000	–
Total Net Investment Income	2,682,900	2,343,614	1,698,368	(1,295,608)	5,185,034
Other Miscellaneous Income	1,032	802	890	37,474	19,967
Benefit Payments, Including					
Refunds of Member Contributions	(2,367,479)	(2,276,105)	(2,188,482)	(2,112,655)	(2,006,981)
Administrative Expenses	(31,831)	(24,770)	(24,253)	(19,498)	(17,184)
Net Change in Plan Fiduciary Net Position	1,975,390	1,673,787	1,328,582	(782,519)	4,647,721
Plan Fiduciary Net Position – Beginning	27,474,446	25,800,660	24,472,076	25,254,595	20,606,874
Plan Fiduciary Net Position – Ending (b)	<u>29,449,836</u>	<u>27,474,446</u>	<u>25,800,660</u>	<u>24,472,076</u>	<u>25,254,595</u>
Employers' Net Pension Liability (a) - (b)	\$ 9,679,879	\$ 10,290,866	\$ 10,693,001	\$ 10,612,481	\$ 7,799,451

See accompanying independent auditors' report.

⁽¹⁾ Pension obligation bond 2015H issued in Fiscal Year 2016, pension obligation bond 2021K issued in Fiscal Year 2022, \$500 million. Additional contributions 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)

	2020	2019	2018	2017	2016
Total Pension Liability:					
Service Cost	\$ 581,722	\$ 563,297	\$ 552,423	\$ 570,703	\$ 571,263
Interest	2,217,512	2,146,531	2,084,822	2,046,674	1,985,329
Changes of Benefit Terms	–	–	–	713	–
Differences Between Expected and Actual Experience	110,055	75,441	(47,143)	(154,326)	(133,493)
Changes of Assumptions	529,310	–	–	574,844	–
Benefit Payments, Including					
Refunds of Member Contributions	(1,906,848)	(1,833,297)	(1,755,854)	(1,686,676)	(1,627,032)
Net Change in Total Pension Liability	1,531,751	951,972	834,248	1,351,932	796,067
Total Pension Liability – Beginning	<u>29,548,688</u>	<u>28,596,716</u>	<u>27,762,469</u>	<u>26,410,538</u>	<u>25,614,471</u>
Total Pension Liability – Ending (a)	<u>31,080,439</u>	<u>29,548,688</u>	<u>28,596,716</u>	<u>27,762,469</u>	<u>26,410,538</u>
Plan Fiduciary Net Position:					
Contributions – Employer	1,008,544	925,352	831,735	761,610	739,184
Contributions – Member	451,568	437,353	420,285	414,538	404,856
Contributions – Non-Employer ⁽¹⁾	51,000	213,543	56,000	–	1,000,000
Total Net Investment Income	347,464	1,216,685	1,516,929	2,060,925	49,171
Other Miscellaneous Income	20,699	5,488	5,734	(97,873)	2,904
Benefit Payments, Including					
Refunds of Member Contributions	(1,906,848)	(1,833,297)	(1,755,854)	(1,686,676)	(1,627,032)
Administrative Expenses	(13,607)	(13,280)	(12,460)	(11,116)	(12,172)
Net Change in Plan Fiduciary Net Position	(41,180)	951,845	1,062,369	1,441,408	556,911
Plan Fiduciary Net Position – Beginning	<u>20,648,054</u>	<u>19,696,209</u>	<u>18,633,840</u>	<u>17,192,432</u>	<u>16,635,521</u>
Plan Fiduciary Net Position – Ending (b)	<u>20,606,874</u>	<u>20,648,054</u>	<u>19,696,209</u>	<u>18,633,840</u>	<u>17,192,432</u>
Employers' Net Pension Liability (a) - (b)	<u>\$ 10,473,565</u>	<u>\$ 8,900,634</u>	<u>\$ 8,900,507</u>	<u>\$ 9,128,629</u>	<u>\$ 9,218,106</u>

See accompanying independent auditors' report.

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

SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY

Last Ten Fiscal Years (\$ in Thousands)

	2025	2024	2023	2022	2021
Total Pension Liability	\$ 39,129,715	\$ 37,765,312	\$ 36,493,661	\$ 35,084,557	\$ 33,054,046
Plan Fiduciary Net Position	<u>29,449,836</u>	<u>27,474,446</u>	<u>25,800,660</u>	<u>24,472,076</u>	<u>25,254,595</u>
Employers' Net Pension Liability	<u>\$ 9,679,879</u>	<u>\$ 10,290,866</u>	<u>\$ 10,693,001</u>	<u>\$ 10,612,481</u>	<u>\$ 7,799,451</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26 %	72.75 %	70.70 %	69.75 %	76.40 %
Covered Payroll	\$ 9,176,819	\$ 8,747,170	\$ 8,299,627	\$ 7,837,185	\$ 7,547,246
Net Pension Liability as a Percentage of Covered Payroll	105.48 %	117.65 %	128.84 %	135.41 %	103.34 %

	2020	2019	2018	2017	2016
Total Pension Liability	\$ 31,080,439	\$ 29,548,688	\$ 28,596,716	\$ 27,762,469	\$ 26,410,538
Plan Fiduciary Net Position	<u>20,606,874</u>	<u>20,648,054</u>	<u>19,696,209</u>	<u>18,633,840</u>	<u>17,192,432</u>
Employers' Net Pension Liability	<u>\$ 10,473,565</u>	<u>\$ 8,900,634</u>	<u>\$ 8,900,507</u>	<u>\$ 9,128,629</u>	<u>\$ 9,218,106</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.30 %	69.88 %	68.88 %	67.12 %	65.10 %
Covered Payroll	\$ 7,411,388	\$ 7,168,557	\$ 6,824,710	\$ 6,715,593	\$ 6,388,450
Net Pension Liability as a Percentage of Covered Payroll	141.32 %	124.16 %	130.42 %	135.93 %	144.29 %

See accompanying independent auditors' report.

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

Last Ten Fiscal Years (\$ in Thousands)

	2025	2024	2023	2022	2021
Actuarially Determined Contribution	\$ 1,120,843	\$ 1,058,065	\$ 1,050,427	\$ 1,015,599	\$ 1,029,106
Contribution In Relation to the Actuarially Determined Contribution	1,112,609	1,076,590	1,046,681	1,009,750	993,217
Contribution Deficiency (Excess)	\$ 8,234	\$ (18,525)	\$ 3,746	\$ 5,849	\$ 35,889
Covered Payroll	\$ 9,176,819	\$ 8,747,170	\$ 8,299,627	\$ 7,837,185	\$ 7,547,246
Contributions as a Percentage of Covered Payroll	12.12 %	12.31 %	12.61 %	12.88 %	13.16 %
	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 1,022,243	\$ 921,045	\$ 937,808	\$ 920,789	\$ 891,638
Contribution In Relation to the Actuarially Determined Contribution	992,099	908,931	817,653	745,021	721,313
Contribution Deficiency (Excess)	\$ 30,144	\$ 12,114	\$ 120,155	\$ 175,768	\$ 170,325
Covered Payroll	\$ 7,411,388	\$ 7,168,557	\$ 6,824,710	\$ 6,715,593	\$ 6,388,450
Contributions as a Percentage of Covered Payroll	13.39 %	12.70 %	11.98 %	11.09 %	11.29 %

See accompanying independent auditors' report.

SCHEDULE OF INVESTMENT RETURNS

Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Annual Money-Weighted Rate of Return, Net of Investment Expense	9.94 %	9.25 %	7.02 %	(5.12)%	25.89 %
	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return, Net of Investment Expense	1.76 %	6.31 %	8.34 %	12.35 %	0.33 %

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	12/31/2024	12/31/2024	12/31/2024
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 14-20 years	Layered Bases 18-20 years	Layered Bases 17-20 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

12/31/2024 valuation:

The 2024 valuation incorporated 2024 legislation that impacted the provisions and funding of KPERS.

- House Bill 2711 increased the lump sum retiree death benefit from \$4,000 to \$6,000.

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 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, 2025

Kansas Public Employees Retirement System

State / School Contributions

Members	\$ 359,672,722
Employers	<u>697,694,226</u>
Total State / School Contributions	\$ <u>1,057,366,948</u>

Local Contributions

Members	146,241,608
Employers	<u>232,828,720</u>
Total Local Contributions	<u>379,070,328</u>

Total Contributions KPERS

\$ **1,436,437,276**

Kansas Police and Firemen's System

State Contributions

Members	6,276,590
Employers	<u>20,237,024</u>
Total State Contributions	<u>26,513,614</u>

Local Contributions

Members	50,548,217
Employers	<u>166,056,247</u>
Total Local Contributions	<u>216,604,464</u>

Total Contributions KP&F

243,118,078

Kansas Retirement System for Judges

State Contributions

Members	2,309,246
Employers	<u>8,904,128</u>
Total State Contributions	<u>11,213,374</u>

Total Contributions Judges

11,213,374

Grand Total All Contributions

\$ **1,690,768,728**

SCHEDULE OF ADMINISTRATIVE EXPENSES

Pension Plan

Fiscal Year Ended June 30, 2025

Salaries and Wages	\$ 13,154,326
Professional Services	
Actuarial	\$ 287,000
Audit	112,000
Data Processing	2,477,349
Legal	75,259
Other Professional Services	<u>11,618,728</u>
Total Professional Services	<u>14,570,336</u>
Communication	
Postage	416,979
Printing	135,470
Telephone	<u>367,654</u>
Total Communication	<u>920,103</u>
Building Administration	
Building Management	127,638
Janitorial Service	146,480
Utilities	<u>135,453</u>
Total Building Administration	<u>409,571</u>
Miscellaneous	
Dues and Subscriptions	36,962
Office and Equipment Rent	42,563
Other Miscellaneous	714,858
Repair and Maintenance	87,898
Supplies	85,830
Temporary Services	944,559
Travel	81,943
Depreciation	<u>781,683</u>
Total Miscellaneous	<u>2,776,296</u>
Total Administrative Expenses	<u>\$ 31,830,632</u>

SCHEDULE OF INVESTMENT INCOME BY ASSET CLASS

Pension Plan

Fiscal Year Ended June 30, 2025

Asset Classification	Interest, Dividends and Other Transactions	Gains and Losses	Total
Marketable Equity Securities			
Domestic Equities	\$ 138,349,891	\$ 1,142,890,138	\$ 1,281,240,029
International Equities	124,246,356	614,114,405	738,360,761
Subtotal Marketable Equities	262,596,247	1,757,004,543	2,019,600,790
Marketable Fixed Income Securities			
Government	104,844,176	48,833,384	153,677,560
Corporate	257,585,302	141,176,057	398,761,359
Subtotal Marketable Fixed	362,429,478	190,009,441	552,438,919
Temporary Investments	20,189,012	(110,258,061)	(90,069,049)
Total Marketable Securities	645,214,737	1,836,755,923	2,481,970,660
Real Estate	130,485,076	30,952,870	161,437,946
Alternative Investments	27,882,289	142,891,481	170,773,770
Total Real Estate and Alternative Investments	158,367,365	173,844,351	332,211,716
	803,582,102	2,010,600,274	2,814,182,376
Manager and Custodian Fees and Expenses			
Investment Manager Fees			(42,880,040)
Custodian Fees & Expenses			(1,966,496)
Investment Legal & Consulting Expenses			(2,696,160)
Partnership Management Fees & Expenses			(79,829,527)
Investment Operations Expenses			(3,910,039)
Total Investment Fees and Expenses			(131,282,262)
Net Investment Income			\$ 2,682,900,114

SCHEDULE OF INVESTMENT MANAGEMENT FEES AND EXPENSES

Pension Plan

Fiscal Year Ended June 30, 2025

Domestic Equity Managers

BlackRock Institutional Trust Co.	\$ 350,140
Mellon Capital Management Corp.	295,540
	645,680

Subtotal Domestic Equity Managers**International Equity Managers**

Baillie Gifford Overseas Limited	5,423,036
JP Morgan Investment Management	2,492,012
Lazard Asset Management LLC	6,362,504
MFS Investment Management	1,138,999
Wellington Management Co.	6,614,703
	22,031,254

Subtotal International Equity Managers**Core Fixed Income Managers**

BlackRock Institutional Trust Co.	1,808
MacKay Shields LLC	1,578,363
Payden & Rygel Investment Counsel	1,037,458
T Rowe Price Associates Inc.	1,133,286
Western Asset Management Co.	891,179
	4,642,094

Subtotal Core Fixed Income Managers**Non-Core Fixed Income Managers**

Beach Point Capital Management	2,278,059
Loomis Sayles & Co. L.P.	2,706,968
Nomura Capital Management	654,720
OakTree Capital Management	2,234,911
Shenkman Capital Management Inc.	673,903
	8,548,561

Subtotal Non-Core Fixed Income Managers**Currency Overlay and Securitization Managers**

Adrian Lee & Partners	1,847,102
Insight Investment Inc.	1,982,625
Russell Investment Group	237,258
	4,066,985

REIT Investment Manager

CenterSquare Investment Management Inc.	2,359,763
	2,359,763

Cash Equivalent Manager

Payden & Rygel Investment Counsel	585,703
	585,703

Total Investment Management Fees**42,880,040****Other Fees and Expenses**

State Street Bank - Custodian Fees and Other Expenses	1,966,496
Consultant Fees	2,340,245
Legal Expenses	355,915
Investment Operations	3,910,039
Partnership Management Expenses	79,829,527
	88,402,222

Subtotal Other Fees and Expenses**88,402,222****Total****\$ 131,282,262**

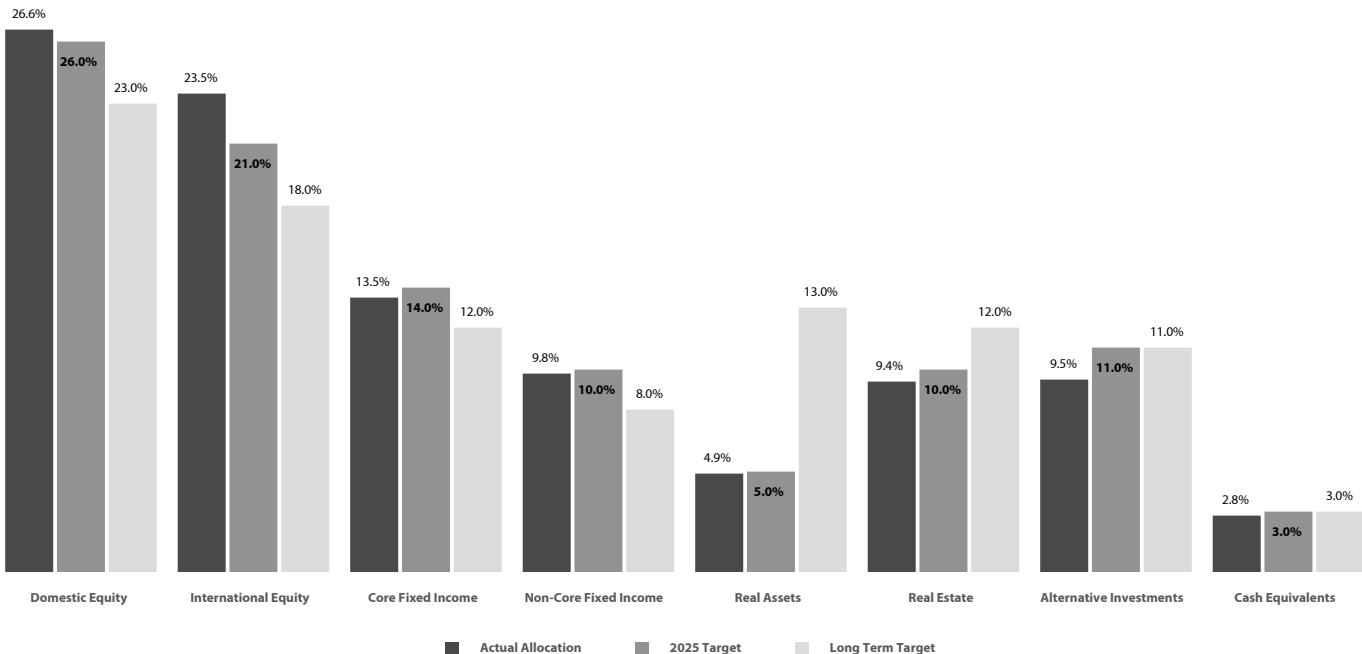


Investment Section

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 2025 were \$29.3 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. 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 2025, 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; core fixed income (formerly fixed income); non-core fixed income (formerly "yield driven" assets); real assets (formerly "real return" assets); real estate; alternative investments; and cash equivalents. The Board of Trustees adopted new naming conventions for three asset classes, as noted, to better reflect the underlying investment strategy. These changes were effective from January 1, 2025 and after. *(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. This study was updated in September 2024 with new long-term and interim asset allocation targets adopted effective January 1, 2025. An implementation plan to achieve the new long term target asset mix was adopted by the Board in November 2024 and is in progress. The table above reflects both the targets in place at June 30, 2025 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. The core fixed income asset class invests in high quality fixed income securities. Due to its relatively low correlation with equities, the core fixed income portfolio serves to diversify the risk of equity investing.

The non-core fixed income asset class is designed to house fixed income investments which are not considered core in nature. The non-core fixed income asset class consists of the System's high yield bond portfolios.

The real assets asset class contains the System's investments in infrastructure, timber and U.S. Real Estate Investment Trust (REIT) assets. (Prior to January 1, 2025, the System's REIT investment was housed in the former "yield driven" asset class.) The real assets program is intended to provide diversification, income and some protection against inflation risk in the System's portfolio.

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.

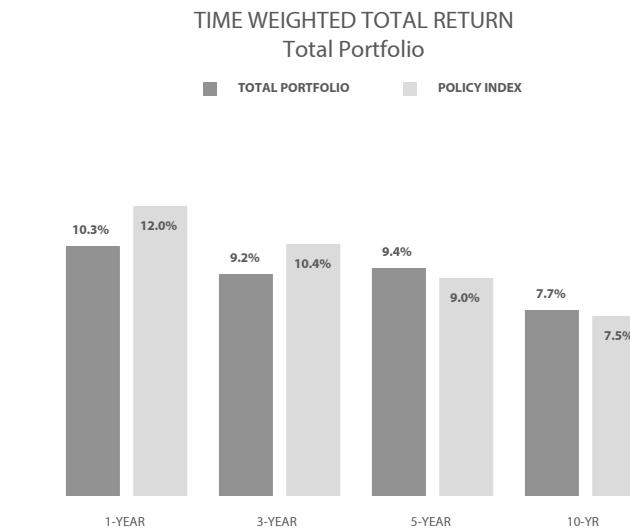
The System's alternative investments, which consist primarily of investments in private partnerships that make venture capital investments, pursue leveraged buyout strategies or own private debt, represent the higher end of the investment risk/return spectrum. Private equity managers pursue higher growth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

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.



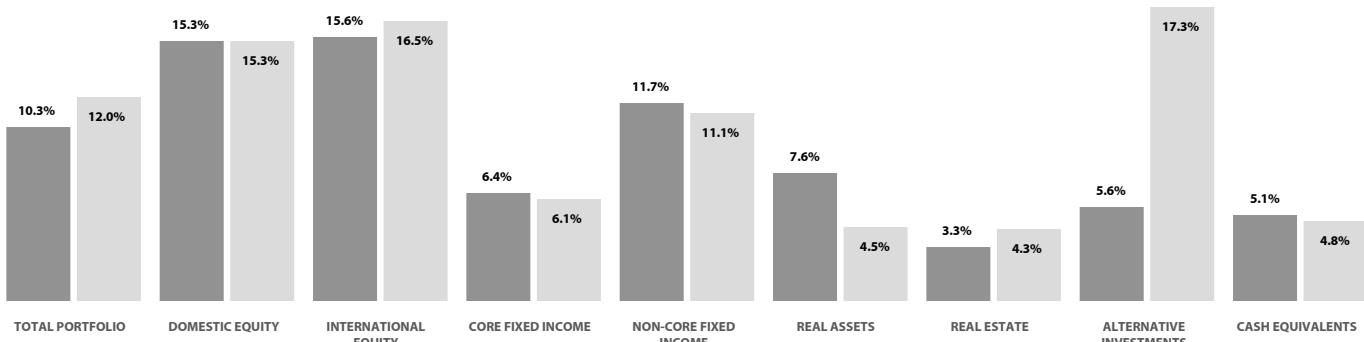
FISCAL YEAR 2025 INVESTMENT PERFORMANCE

The Retirement System's total investment portfolio experienced a 10.3 percent total return for the one year ending June 30, 2025. The 10.3 percent return underperformed the KPERS Policy Index by 1.7 percent for the fiscal year. For the three years ending June 30, 2025 the System's total investment portfolio has produced an average annualized return of 9.2 percent, which underperformed the Policy Index by 1.2 percent. The System's investment portfolio generated a 9.4 percent total return during the five years ending June 30, 2025, exceeding the Policy Index benchmark by 0.4 percent. For the ten-year period, total return has been 7.7 percent, and has exceeded the Policy Index by 0.2 percent, as of June 30, 2025.

For the 25-year period ending June 30, 2025, the System's assets have produced an average annualized total return of 6.7 percent, exceeding the Policy Index by 0.1 percent. The System's portfolio has exceeded the current 7.0 percent actuarial return assumption over the 1-, 3-, 5- and 10-year periods while trailing over the 25-year period, ending June 30, 2025.

TIME WEIGHTED TOTAL RETURN BY ASSET CLASS
Fiscal Year 2025

■ KPERS ■ INDEX



FINANCIAL MARKET AND PERFORMANCE OVERVIEW

Fiscal Year 2025 was a positive year for investors. Returns on U.S. equities were very robust with the Russell 3000 Index delivering 15.3 percent over the year. Sentiment remained strong into the close of Fiscal Year 2025 despite concerns on tariff and trade policy, increasing fiscal deficits and on-going geopolitical uncertainty. Other risk assets responded as well, with the System's international equity benchmark returning 16.5 percent and the non-core fixed income benchmark returning 11.1 percent over the year ending June 30, 2025. The System maintained its asset allocation discipline throughout and the portfolio delivered a 10.3 percent total return for Fiscal Year 2025.

Public domestic equities increased over Fiscal Year 2025 with the Russell 3000 Index producing a 15.3 percent return, while the MSCI U.S. REITS Index produced a total return of 8.9 percent for investors.

International equities gained, as the System's total international equity benchmark delivered a 16.5 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 6.1 percent for the fiscal year, while high yield bonds delivered positive returns with the Bloomberg U.S. Corporate High Yield Index producing a 10.3 percent total return for the fiscal year.

Private real estate returns, as measured by the NCREIF ODCE Index, were modest, though positive at 3.3 percent for the

fiscal year. The System's private equity portfolio posted a 5.6 percent return for Fiscal Year 2025.

INVESTMENT STAFF

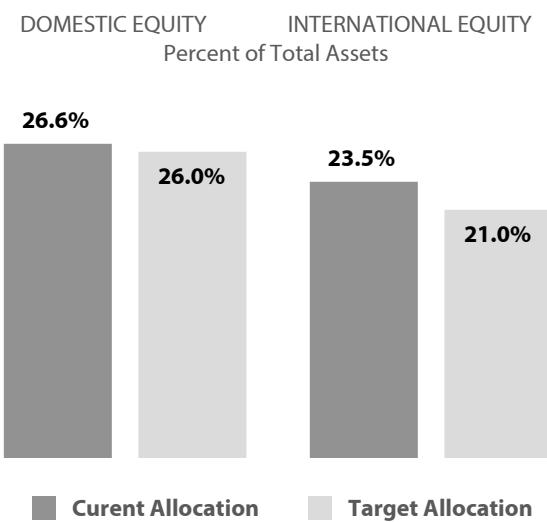
The System employs a staff of ten investment professionals to provide oversight and management of the assets and external investment managers. Under the oversight of the Chief Investment Officer (CIO), responsibility for the portfolio is assigned to the respective investment teams. The Deputy CIO for 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, Investment Officer for Private Markets and Assistant Investment Officer for Private Markets manage the System's real estate, private equity and real assets programs. 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 focuses 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, 2025, the fair value of the System's global equity portfolio was \$14.7 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.

PORFOLIO STRUCTURE

The following graphs describe the current and target allocations at June 30, 2025:



DOMESTIC EQUITY

Domestic equities represent 53.0 percent of the total public equity portfolio and 26.6 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

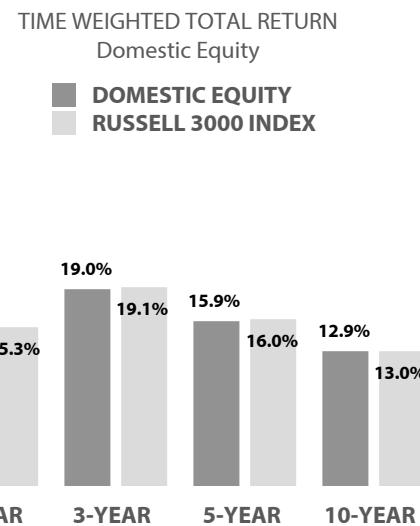
International equities represent 47.0 percent of the total public equity portfolio and 23.5 percent of total assets. International equity investments are benchmarked against the MSCI All Country World – ex U.S.A. ex China Net Index. Equity investments in companies domiciled outside of the United States 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.

The System also retains two firms to manage a currency overlay program to manage the currency risk inherent in non-U.S. dollar denominated equity investments. The currency overlay program is a risk management tool intended to mitigate currency risk over the medium to long-term. Over shorter periods, the program may, depending on the direction of the U.S. dollar relative to foreign currencies, increase or decrease the return of the international equity portfolio.

PERFORMANCE

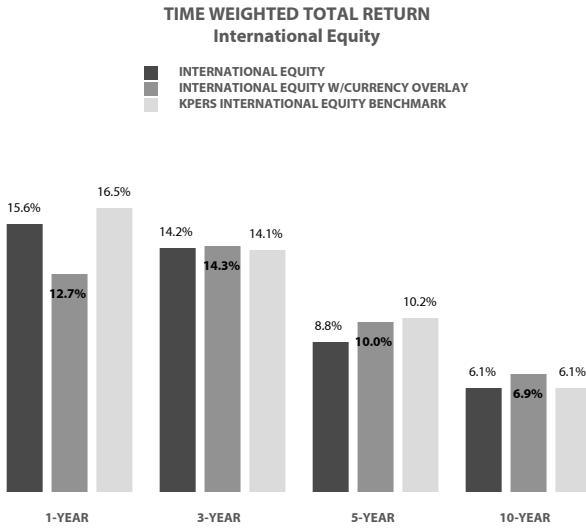
The return of the System's domestic equity portfolio was in line with the portfolio's benchmark during Fiscal Year 2025. The domestic equity portfolio produced a positive 15.3 percent total return during the fiscal year. Over longer time periods, the return on the domestic equity portfolio was also in line with its benchmark, as expected, given its purely passive approach.

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



The international equity portfolio provided positive returns during Fiscal Year 2025, but trailed the benchmark return. The international equity portfolio produced a total return of 15.6 percent for the fiscal year, relative to the 16.5 percent return for the benchmark. Two of the System's four active international equity managers outperformed and one underperformed the benchmark during Fiscal Year 2025. The fourth manager was hired during the fiscal year and did not manage assets for the full fiscal year.

The following chart reports the performance of the international equity portfolio and the international equity portfolio including the currency overlay program:



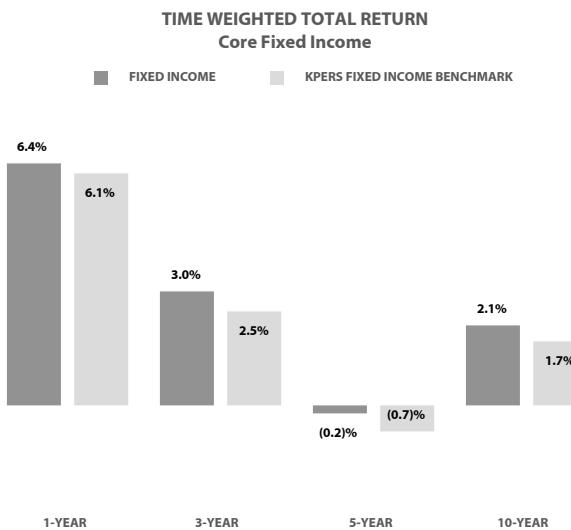
CORE FIXED INCOME

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

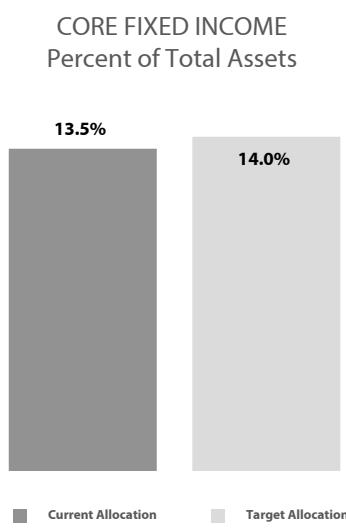
The core U.S. fixed income portfolio produced a total return of 6.4 percent during Fiscal Year 2025, outperforming the benchmark return of 6.1 percent. All three investment managers outperformed the benchmark during the period. Over longer periods, the core fixed income portfolio has produced positive relative returns, as active management has added value.

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



NON-CORE FIXED INCOME INVESTMENTS

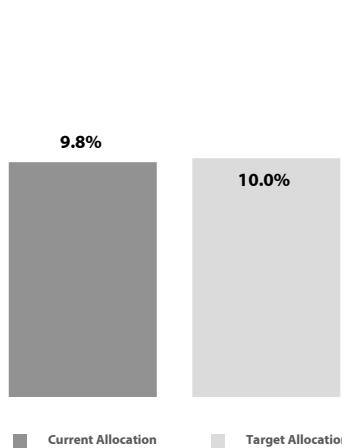
As of June 30, 2025, the System's non-core fixed income portfolio had a fair value of \$2.9 billion, representing 9.8 percent of total assets. The strategy is actively managed by five managers. The non-core fixed income asset class is designed to produce current income and an element of diversification 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, 2025:

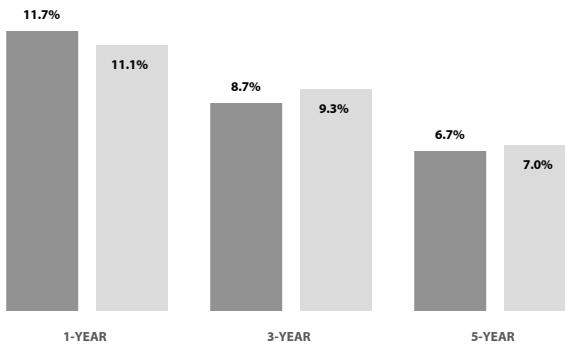
NON-CORE FIXED INCOME
Percent of Total Assets



TIME WEIGHTED TOTAL RETURN

Non-Core Fixed Income

NON-CORE FIXED INCOME
KPERS NON-CORE FIXED INCOME BENCHMARK



REAL ASSETS INVESTMENTS

The real assets portfolio is designed to provide the System with diversification at the total portfolio level and provide a partial hedge against future inflationary episodes. The real assets asset class contains private market investments in infrastructure and timber and public market exposure in U.S. Real Estate Investment Trust (REITs) assets. The real return portfolio represents 4.9 percent of the System's total assets, and had a fair value of \$1.4 billion as of June 30, 2025.

PORTFOLIO STRUCTURE

The following graph describes the current and target allocations at June 30, 2025:

HIGH YIELD FIXED INCOME

The high yield fixed income strategy represents 100 percent of the non-core fixed income portfolio and 9.8 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 high yield fixed income portfolio maintains a minimum investment of 70 percent in high yield corporate debt securities. Two of the System's high yield fixed income managers outperformed the benchmark during Fiscal Year 2025, one manager underperformed, and two managers hired during the year did not manage assets for the full fiscal year.

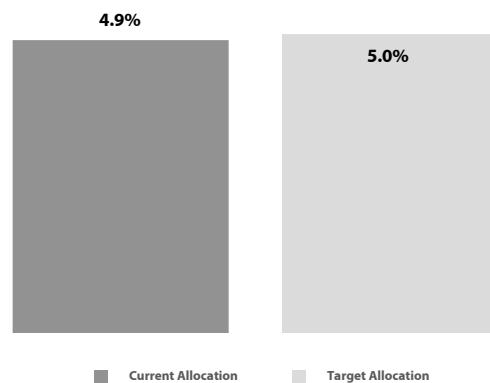
REAL ESTATE INVESTMENT TRUSTS (REITS)

U.S. Real Estate Investment Trusts (REITs) represent 0.0 percent of the non-core fixed income portfolio at the end of Fiscal Year 2025. On January 1, 2025, REITs were moved from the System's former "yield driven" portfolio in the real assets portfolio. The REIT manager produced a total return of 10.9 percent, outperforming the benchmark by 2.0 percent during Fiscal Year 2025. Returns on the REIT program are included in the non-core fixed income asset class return composite through December 31, 2024.

PERFORMANCE

The non-core fixed income portfolio produced a total return of 11.7 percent in Fiscal Year 2025, outperforming the asset class benchmark return of 11.1 percent. The non-core fixed income portfolio has delivered positive returns over longer time periods.

REAL ASSETS
Percent of Total Assets



TIMBER

Timber investments are a component of the System's real asset allocation due to their historically positive correlation to inflation and comprised 8.4 percent of the real assets 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 2025, the System's timber investments produced a 1.3 percent total return, underperforming the strategy benchmark by 4.6 percent.

INFRASTRUCTURE

The infrastructure portfolio represents 43.5 percent of the real assets 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 12.8 percent for the fiscal year, outperforming the strategy benchmark by 5.9 percent.

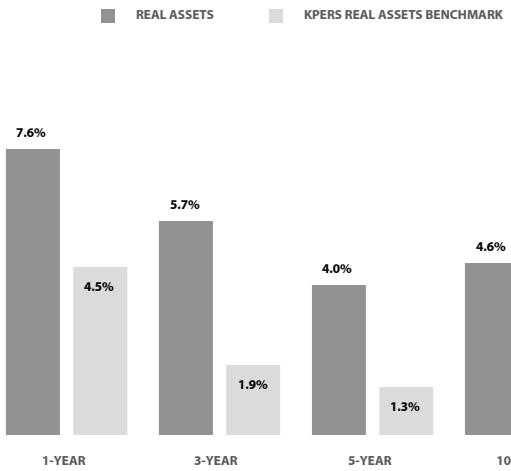
U.S. REITS

U.S. Real Estate Investment Trusts (REITs) represent 48.1 percent of the real assets portfolio at the end of Fiscal Year 2025. On January 1, 2025, REITs were moved from the System's former "yield driven" portfolio into the real assets portfolio. Per the implementation plan adopted in November 2024, the publicly traded REIT portfolio will serve as a funding source for future investments in private infrastructure and timber investments. The REIT manager produced a total return of 10.9 percent, outperforming the benchmark by 2.0 percent during the Fiscal Year 2025. Returns on the REIT program are included in the real assets return composite from January 1, 2025 through June 30, 2025.

PERFORMANCE

The System's real assets portfolio outperformed its benchmark in Fiscal Year 2025, producing a 7.6 percent total return against a benchmark return of 4.5 percent. Infrastructure was the strongest performing investment strategy in the asset class. The real assets portfolio has outperformed its benchmark over the one-, three-, five-, and ten-year time periods ending June 30, 2025.

TIME WEIGHTED TOTAL RETURN
Real Assets



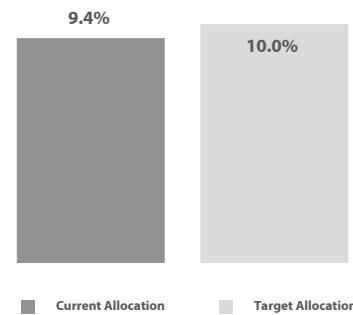
REAL ESTATE INVESTMENTS

As of June 30, 2025, the real estate portfolio had a fair value of \$2.8 billion, representing 9.4 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 2025. 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

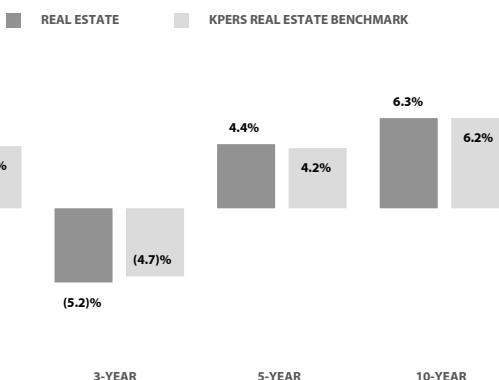
The non-core segment consists of investments that generally involve some element of property lifecycle risk (such as positioning, leasing and development) while also using greater leverage (debt) than core strategies. While providing elements of inflation protection and a diversification benefit to the 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.

PERFORMANCE

The System's real estate portfolio underperformed its benchmark in Fiscal Year 2025. The core real estate portfolio produced a total return of 3.9 percent, outperforming the strategy benchmark by 0.4 percent, while the non-core real estate portfolio underperformed its benchmark by 5.0 percent, with a total return of 1.5 percent. In total, the System's real estate portfolio produced a total return of 3.3 percent, which underperformed the benchmark return by 1.0 percent. Longer term results from the real estate asset class produced a 6.3 percent total return for the trailing ten years, exceeding the asset class benchmark total return of 6.2 percent.

TIME WEIGHTED TOTAL RETURN

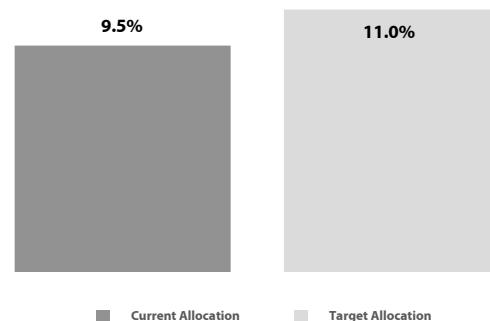
Real Estate



ALTERNATIVE INVESTMENTS

As of June 30, 2025, the System's alternative investment portfolio had a fair value of \$2.8 billion, representing 9.5 percent of the total portfolio. Since the inception of the alternative investment program in 1997 through June 30, 2025, the System has committed \$5.9 billion to 146 funds with 63 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 \$4.7 billion to 92 funds with 32 general partners.

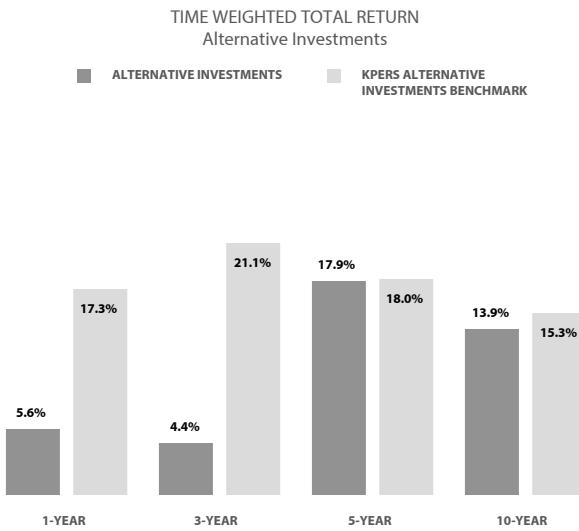
The second portfolio is the Alternative Investment Portfolio (AIP), which represents less than 0.1 percent of the market value of the asset class. From 1997 to 2001, AIP made commitments to 54 funds with 35 general partners across five styles: buyout, venture capital, mezzanine, distressed debt and natural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

PERFORMANCE

The System's alternative investments portfolio underperformed its benchmark in Fiscal Year 2025, producing

a 5.6 percent total return against a benchmark return of 17.3 percent.

Private equity investments typically span ten years or longer. Therefore, the long 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 underperforming this objective over the ten-year time period, with a total return of 13.9 percent.



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, 2025

Description	Cost	Market Value
Apax Europe IX, L.P.	\$ 26,315,507	\$ 44,281,262
Apax Europe X, L.P.	38,751,068	52,700,174
Apax Europe XI, L.P.	13,532,561	17,813,235
Apollo Investment Fund VIII, L.P.	26,116,428	15,420,184
Apollo Investment Fund IX, L.P.	42,289,516	61,029,481
Ares Corporate Opportunities Fund III, L.P.	3,369,921	58,057
Ares Corporate Opportunities Fund IV, L.P.	6,048,596	3,689,692
Ares Corporate Opportunities Fund V, L.P.	47,900,088	62,698,772
Ares Corporate Opportunities Fund VI, L.P.	35,179,310	55,002,711
Ares Special Situations Fund IV, L.P.	47,686,469	30,463,022
Audax Mezzanine Fund III, L.P.	2,413,464	825,866
Beacon Group Energy Fund II, L.P.	1,480,644	—
Capital Resource Partners IV, L.P.	1	—
CCMP Capital Investors III, L.P.	6,243,704	105,281
Centerbridge Capital Partners II, L.P.	14,310,193	100,000
Centerbridge Capital Partners III, L.P.	18,719,939	19,299,995
Clayton Dublier & Rice VI, L.P.	2,998,283	7,927
Consolidated Storage Company, Inc.	34,155	34,155
Crestview Partners III, L.P.	41,177,037	25,618,170
Encap Energy Capital VIII, L.P.	15,109,156	9,077,445
Encap Energy Capital IX, L.P.	18,448,131	8,039,345
Encap Energy Capital X, L.P.	21,140,581	23,819,938
First Reserve Fund XII, L.P.	17,100,605	13,561
FS Equity Partners VII, L.P.	31,330,834	38,918,505
FS Equity Partners VIII, L.P.	48,091,748	78,216,466
FS Equity Partners IX, L.P.	2,380,952	2,595,485
Green Equity Investors VII, L.P.	36,257,334	49,094,316
Green Equity Investors VIII, L.P.	40,263,268	59,487,891
Green Equity Investors IX, L.P.	19,801,631	23,815,917
GSO Capital Solutions Fund II, L.P.	12,679,094	2,586,053
GSO Capital Solutions Fund III, L.P.	11,030,506	11,079,404
Halpern Denny Fund III, L.P.	1	—
HD Access, Inc.	180,137	105,395
Hellman & Friedman VII, L.P.	577,009	1,207,555
Hellman & Friedman VIII, L.P.	27,426,162	49,705,037
Hellman & Friedman IX, L.P.	66,470,621	118,140,761
Hellman & Friedman X, L.P.	58,464,015	70,699,539
JMI Equity Fund X, L.P.	34,077,179	53,671,421
JMI Equity Fund XI, L.P.	21,915,370	29,707,052
Kinderhook Capital Fund 8, L.P.	2,197,823	1,161,589
Montagu IV, L.P.	2,896,333	845,184
Montagu V, L.P.	38,352,890	62,094,282
Montagu VI, L.P.	35,002,946	47,838,334
New Enterprise Associates 13, L.P.	3,368,913	1,350,648
New Enterprise Associates 16, L.P.	41,239,662	47,793,345
New Enterprise Associates 17, L.P.	41,309,194	44,209,968
New Enterprise Associates 18, L.P.	13,726,102	19,473,469

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

as of June 30, 2025

Description	Cost	Market Value
NEA 18 Venture Growth Equity	13,160,000	12,211,862
New Mountain Partners V, L.P.	18,237,811	32,286,762
New Mountain Partners VI, L.P.	38,452,633	61,584,814
New Mountain Partners VII, L.P.	10,458,455	12,561,880
Pine Brook Capital Partners, L.P.	7,260,582	1,011,733
Pine Brook Capital Partners II, L.P.	32,398,675	30,557,815
Platinum Equity Capital Partners III, L.P.	8,362,196	3,914,361
Platinum Equity Capital Partners IV, L.P.	43,056,637	54,346,388
Platinum Equity Capital Partners V, L.P.	44,838,475	60,539,115
Platinum Equity Capital Partners VI, L.P.	38,071,735	44,946,120
Platinum Equity Small Cap II, L.P.	11,426,897	18,902,007
Quad-C Partners IX, L.P.	25,382,318	36,369,841
Quad-C Partners X, L.P.	22,014,615	30,191,239
Snow Phipps II, L.P.	12,889,665	6,269,262
Snow Phipps III, L.P.	20,150,554	23,751,277
Stellex Capital Partners III, L.P.	13,169,421	12,389,093
TA XII, L.P.	28,690,060	62,453,126
TA XIII, L.P.	32,853,612	59,359,216
TA XIV, L.P.	66,549,807	76,547,251
TA XV, L.P.	4,800,000	4,264,123
TowerBrook Investors III, L.P.	3,982,077	62,825
TowerBrook Investors IV, L.P.	9,511,895	18,307,411
TowerBrook Investors V, L.P.	62,588,570	107,952,640
TPG Growth II, L.P.	3,331,503	543,168
TPG Growth III, L.P.	26,261,593	27,603,114
TPG Growth IV, L.P.	23,679,000	35,595,196
TPG Growth V, L.P.	39,059,300	61,659,363
TPG Growth VI, L.P.	19,635,880	24,068,111
TPG Partners VI, L.P.	6,747,679	222,538
TPG Partners VII, L.P.	27,965,682	13,319,859
TPG Partners VIII, L.P.	57,298,641	87,253,511
TPG Partners IX, L.P.	32,294,635	41,707,455
VantagePoint Venture Partners IV, L.P.	7,596,229	44,377
Vista Equity Partners Fund IV, L.P.	8,583,071	21,874,883
Vista Equity Partners Fund V, L.P.	28,036,164	51,017,436
Vista Equity Partners Fund VI, L.P.	37,705,665	72,839,540
Vista Equity Partners Fund VII L.P.	58,525,059	80,108,106
Warburg Pincus Global Growth, L.P.	51,504,116	91,513,441
Warburg Pincus Global 14, L.P.	24,936,074	32,491,953
Warburg Pincus Private Equity X, L.P.	1	250,890
Warburg Pincus Private Equity XI, L.P.	9,509,365	10,995,708
Warburg Pincus Private Equity XII, L.P.	27,230,729	40,241,299
Wellspring Capital Partners V, L.P.	6,320,644	5,698,756
Wellspring Capital Partners VI, L.P.	46,098,956	64,657,796
Windjammer Mezzanine & Equity Fund II, L.P.	—	26,018
	\$2,146,031,757	\$2,778,408,568

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

LIST OF LARGEST HOLDINGS⁽¹⁾*As of June 30, 2025*

EQUITIES		FIXED INCOME				
Shares	Security	Fair Value (\$)	Par Value	Security	Description	Fair Value (\$)
3,033,255	NVIDIA Corp	\$ 479,223,957	195,000,000	US Treasury N/B	4.375% 31 Jul 2026	\$ 195,776,954
960,993	Microsoft Corp	478,007,528	106,794,000	US Treasury N/B	4.25% 15 Feb 2054	97,416,152
1,910,469	Apple Inc	391,970,925	91,840,000	US Treasury N/B	3.875% 30 Apr 2030	92,198,750
9,546,883	Taiwan Semiconductor Mfg	346,422,565	87,247,341	State Street TR	STIF Fund	87,247,341
1,243,688	Amazon.com Inc	272,852,710	81,080,000	US Treasury N/B	4.75% 15 May 2055	80,623,925
282,966	Meta Platforms Inc Class A	208,854,375	63,525,000	US Treasury N/B	4.25% 15 May 2035	63,624,258
598,629	Broadcom Inc	165,012,084	60,000,000	US Treasury N/B	4.25% 31 Dec 2025	60,000,586
498,039	SAP SE	150,920,378	57,935,000	US Treasury N/B	5% 15 May 2045	59,510,108
168,010	ASML Holding NV	133,635,219	57,620,000	US Treasury N/B	4% 30 Apr 2032	57,692,025
751,834	Alphabet Inc Class A	132,495,706	56,600,000	US Treasury N/B	4.5% 31 Mar 2026	56,754,766

⁽¹⁾ A complete listing of the System's holdings is available at the Retirement System office.**SUMMARY OF INVESTMENT BY ASSET CLASS***(In Thousands)**For the Fiscal Year Ended June 30, 2025*

	Fair Value	Asset Mix	Fair Value
Marketable Securities			
Domestic Equities	\$ 9,445,386	31.96	%
International Equities	5,723,656	19.37	
Total Fixed (1)	7,386,068	25.00	
Temporary Investments (2)	705,843	2.39	
Total Marketable Securities	23,260,953	78.72	
Real Estate and Alternative Investments			
Real Estate (3)	3,511,066	11.88	
Alternatives	2,778,409	9.40	
Total Real Estate and Alternative Investments	6,289,475	21.28	
Total	\$ 29,550,428	100.00	%

(1) Includes Core and Non Core Fixed

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

(3) Includes Real Assets of Timber and Infrastructure

BROKER COMMISSIONS
For the Fiscal Year Ended June 30, 2025

Broker Name	Commissions Paid	Shares	Commissions per Share	Percent of Total Commissions
Equities				
Deutsche Bank	\$ 433,493	51,707,326	\$ 0.008	10.3%
UBS AG	355,211	33,984,342	0.010	8.5
Goldman Sachs	321,699	29,479,318	0.011	7.7
BNP Paribas	296,063	29,540,356	0.010	7.1
JP Morgan Chase & Co.	281,326	25,679,032	0.011	6.7
Jefferies	251,134	17,110,309	0.015	6.0
Morgan Stanley & Co. LLC	250,002	36,950,485	0.007	6.0
Barclays	207,125	24,061,627	0.009	4.9
CLSA Limited	205,136	131,610,454	0.002	4.9
Citigroup Inc.	199,454	18,147,382	0.011	4.7
Merrill Lynch	181,392	29,875,392	0.006	4.3
Royal Bank of Canada	156,134	8,156,528	0.019	3.7
Liquidnet	115,673	5,460,835	0.021	2.8
Bank of America	85,319	9,740,458	0.010	2.0
Societe Generale Group	75,326	11,755,612	0.006	1.8
Instinet Inc.	73,875	4,835,047	0.015	1.8
Virtu Financial	60,068	2,188,887	0.027	1.4
BMO Bank of Montreal	59,676	2,498,432	0.024	1.4
Macquarie	56,330	9,055,134	0.006	1.3
Wells Fargo	55,166	2,014,438	0.030	1.3
Daiwa Securities Group Inc.	51,335	3,346,252	0.015	1.2
Other ⁽¹⁾	426,945	52,783,953	0.008	10.2
Total Equities	\$ 4,197,882	539,981,599	\$ 0.008	100.0%
Fixed Income				
BNY Mellon	\$ 67,002	380,711,383	\$ —	100.0%
Total Fixed	\$ 67,002	380,711,383	\$ —	100.0%
Futures				
Goldman Sachs	\$ 189,726	71,936	\$ 2.637	97.8%
UBS AG	2,981	851	3.503	1.5
Morgan Stanley & Co. LLC	1,320	430	3.070	0.7
Total Futures	\$ 194,027	73,217	\$ 2.650	100.0%
Grand Total	\$ 4,458,911	920,766,199	\$ 0.005	

⁽¹⁾ Other is made up of 54 brokers that had less than 1% of total equity commissions.



Actuarial Section



July 11, 2025

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, 2024 for the purpose of determining contribution rates for Fiscal Year 2028 for the State and Schools (July 1, 2027 to June 30, 2028) and Fiscal Year 2027 for Local employers (calendar year 2027). The major findings of the valuation are contained in the December 31, 2024 valuation report, dated July 11, 2025, which reflects the plan provisions in place on December 31, 2024 and any legislative changes from the 2025 Session. There have been no changes to the benefit provisions or actuarial assumptions and methods since the prior valuation.

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, 2024 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
July 11, 2025
Page 2



In order to prepare the results in the December 31, 2024 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, 2024 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, 2024 valuation report. Accordingly, additional determinations may be needed for other purposes.

Based upon the December 31, 2024 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
July 11, 2025
Page 3

Actuarial computations, based on the actuarial valuation performed as of December 31, 2024, were also prepared as of June 30, 2025 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, 2024 to June 30, 2025, based on standard actuarial formulae. Additional information related to GASB 67 can be found in the Financial Section.

CavMac 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. CavMac's advice is not intended to be a substitute for qualified legal or accounting counsel.



Board of Trustees
July 11, 2025
Page 4

We certify that, to the best of our knowledge and belief, the December 31, 2024 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,

A handwritten signature in blue ink that reads "Patrice A. Beckham".

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

A handwritten signature in blue ink that reads "Bryan K. Hoge".

Bryan K. Hoge, FSA, EA, FCA, MAAA
Principal and Consulting Actuary

A handwritten signature in blue ink that reads "Brent A. Banister".

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 report presents the results of the December 31, 2024 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.

FACTORS IMPACTING THE DECEMBER 31, 2024 VALUATION

The valuation results provide a "snapshot" view of the System's financial condition on December 31, 2024. The net change in the unfunded actuarial liability for the total System was an increase of \$363 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.

The key factors impacting the valuation results include:

- The net rate of return on the market value of assets for calendar year 2024 was 8.8 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 2024 was 6.2 percent. The net result of the favorable investment experience during calendar year 2024 and the scheduled recognition of past investment experience was an actuarial loss of \$227 million. In addition, the net deferred investment loss of \$1.2 billion last year is now a net deferred investment loss of \$0.5 billion in the current valuation (about 2 percent of market value).
- Liability experience for calendar year 2024 was a net liability loss (higher actuarial liability than expected) for all of the groups except Judges. In aggregate, the valuation results reflect a net loss of \$367 million for the year, about 0.95 percent of the total actuarial

liability. The largest component of the liability loss was due to higher salaries than expected based on the 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, that is above 6.0 percent. The dividend for 2024 was dependent on the net rate of return on the market value of assets for calendar years 2020 through 2024. The average annualized net return for the five-year period was 6.9 percent so the statutory formula provided for a dividend of 0.675 percent for 2024. Because the 2024 dividend was less than the assumption of 2.00 percent, there was an 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 2024, and there was no contribution shortfall. As a result, the full UAL payment was received during calendar year 2024, and the unfunded actuarial liability decreased, as scheduled, by \$227 million.

A detailed analysis of the components of the change in the unfunded actuarial liability from December 31, 2023 to December 31, 2024 can be found on page 84.

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 required contribution rate 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, 2024 actuarial valuation is used to set the employer contribution rate for Fiscal Year 2028 for the State/School, State KP&F and Judges groups and calendar year 2027 for the Local and Local KP&F groups.

December 31, 2024 Valuation

System	Actuarial	Statutory	Difference
State ⁽¹⁾	10.84 %	11.38%	(0.54)%
School ⁽¹⁾	11.52%	11.38%	0.14%
State/School ⁽¹⁾	11.38%	11.38%	-%
Local ⁽¹⁾	9.44%	9.44%	-%
Police & Fire - Uniform Rates ⁽²⁾	24.51%	24.51%	-%
Judges	20.42%	20.42%	-%

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%	-%
Local ⁽¹⁾	9.59%	9.59%	-%
Police & Fire - Uniform Rates ⁽²⁾	24.00%	24.00%	-%
Judges	21.29%	21.29%	-%

⁽¹⁾ By statute, rates are allowed to increase by a maximum of 1.20 percent, plus the cost of any benefit enhancements. The December 31, 2024 valuation sets the employer contribution rate for Fiscal Year 2028 for the State and School groups and calendar year 2027 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 24.53 percent for Fiscal Year 2028 and 24.02 percent for Fiscal Year 2027. The uniform rate does not include the payment required to amortize the unfunded past service liability determined separately for each employer.

Based on the results of this valuation, the statutory contribution rates for the 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, 2023 – DECEMBER 31, 2024

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, 2024. 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 required contribution rates between the December 31, 2023 and December 31, 2024 actuarial valuations. On the following pages, each component is examined.

MEMBERSHIP

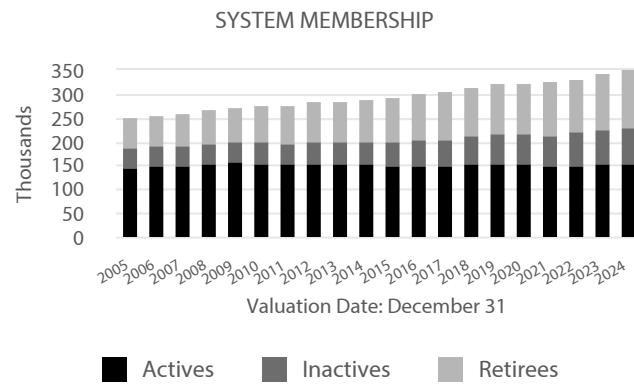
The following table contains a summary of the changes in the active membership between the December 31, 2023 and December 31, 2024 actuarial valuations.

	State	School	Local
12/31/2023 (Starting count)	20,527	87,148	37,703
New actives	2,982	11,203	6,064
Nonvested Terminations	(1,031)	(4,516)	(2,529)
Elected Refund	(512)	(1,112)	(930)
Vested Terminations	(542)	(2,650)	(1,189)
Total Withdrawals	(2,085)	(8,278)	(4,648)
Deaths	(41)	(91)	(50)
Disabilities	(25)	(26)	(20)
Retirements	(579)	(2,095)	(897)
Other/Transfer	138	(227)	89
Change from prior year	390	486	538
12/31/2024 (Ending count)	20,917	87,634	38,241
Change from prior year (%)	1.9%	0.6%	1.4%

	KP&F	Judges	Total
12/31/2023 (Starting count)	8,284	286	153,948
New actives	1,005	5	21,259
Nonvested Terminations	(364)	–	(8,440)
Elected Refund	(91)	–	(2,645)
Vested Terminations	(42)	–	(4,423)
Total Withdrawals	(497)	–	(15,508)
Deaths	(3)	(1)	(186)
Disabilities	(29)	–	(100)
Retirements	(141)	(13)	(3,725)
Other/Transfer	–	–	–
Change from prior year	335	(9)	1,740
12/31/2024 (Ending count)	8,619	277	155,688
Change from prior year (%)	4.0%	(3.1)%	1.1%

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 Judges group. 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, 2024 valuation report.

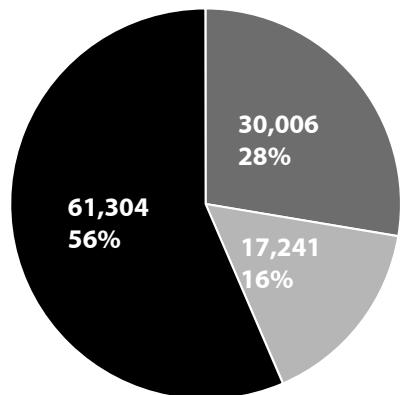


KPERS currently has three different benefit structures. The most recent tier, KPERS 3 (Cash Balance members), covers non-corrections members who either began their participation or were rehired on or after January 1, 2015. KPERS 2 includes members who either began their participation or were rehired on or after July 1, 2009 but before January 1, 2015 and correctional members. Of the 146,792 total active KPERS members, 21,876 (about 15 percent) are KPERS 2 members and 85,640 (about 58 percent) are KPERS 3 members as of the valuation date. The remaining actives (about 27 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, 2024

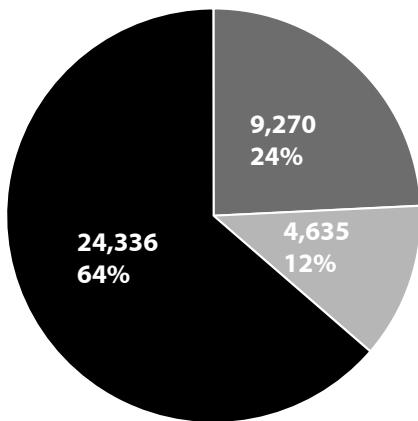
■ KPERS 1 ■ KPERS 2 ■ KPERS 3 Cash Balance

**Total: 108,551**

LOCAL ACTIVE MEMBERSHIP

As of December 31, 2024

■ KPERS 1 ■ KPERS 2 ■ KPERS 3 Cash Balance

**Total: 38,241**

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, 2024, the System had total funds of \$28.0 billion on a market value basis, excluding assets held for the Group Insurance and Optional Life reserves. This was an increase of \$1.6 billion from the December 31, 2023 fund balance of \$26.4 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.

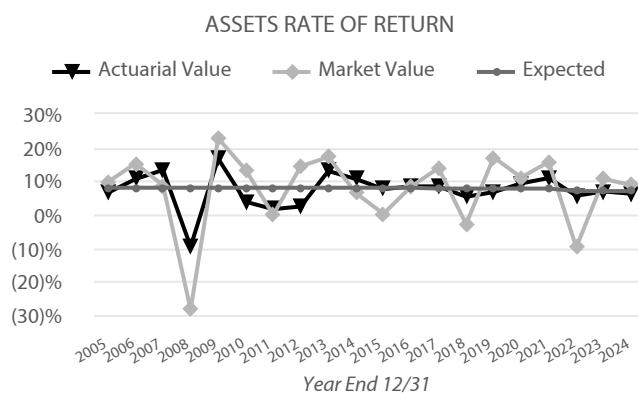
	Market Value \$ (millions)	Actuarial Value \$ (millions)
Assets, December 31, 2023	\$ 26,412	\$ 27,583
• Employer and Member Statutory Contributions	1,651	1,651
• Benefit Payments	(2,319)	(2,319)
• Administrative Expenses	(29)	(29)
• Investment Income, Net of Investment Expenses	2,307	1,680
Assets, December 31, 2024	\$ 28,022	\$ 28,566
Net Rate of Return	8.8%	6.2%

Due to the use of an asset smoothing method, there is a net deferred investment loss of \$544 million 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.



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 (UAL). 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.

	State	School	Local
Actuarial Liability	\$ 5,542	\$ 20,132	\$ 7,715
Actuarial Value of Assets	4,174	15,158	5,541
Unfunded Actuarial Liability*	\$ 1,368	\$ 4,974	\$ 2,173
Funded Ratio	75.3%	75.3%	71.8%

	KP&F	Judges	Total*
Actuarial Liability	\$ 4,989	\$ 236	\$ 38,614
Actuarial Value of Assets	3,467	225	28,566
Unfunded Actuarial Liability*	\$ 1,522	\$ 11	\$ 10,049
Funded Ratio	69.5%	95.4%	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 Judges which uses 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 UAL resulting from assumption changes are 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 UAL 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 2024). For all groups other than Judges, 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. The net liability loss for the entire System was \$367 million, about 0.95 percent of the total actuarial liability. In addition, the System experienced a return of 6.2 percent on the actuarial value of assets, which is below the assumed return of 7.00 percent, resulting in an experience loss on actuarial assets of \$227 million. Therefore, the combined experience (asset and liability) for calendar year 2024 was an experience loss of \$594 million.

	\$ millions
Unfunded Actuarial Liability, December 31, 2023	\$ 9,686
• effect of contribution cap	-
• expected decrease due to amortization method	(227)
• (gain)/loss from investment return on actuarial assets	227
• demographic experience ⁽¹⁾	367
• additional contributions	-
• assumption changes	-
• all other experience	(4)
Unfunded Actuarial Liability, December 31, 2024	\$ 10,049

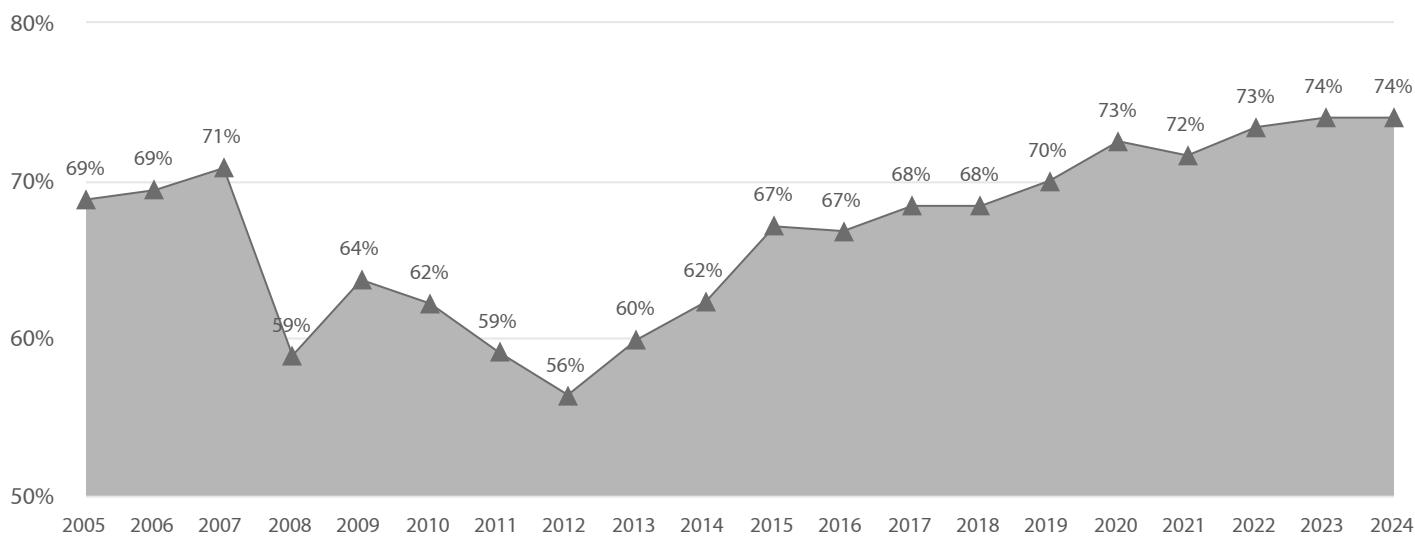
⁽¹⁾ Liability loss is 0.95 percent of total actuarial liability.

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).

	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23	12/31/24
Using Actuarial Value of Assets:						
Funded Ratio (AVA/AL)	70%	73%	72%	73%	74%	74%
Unfunded Actuarial Liability (AL-AVA)	\$9,007	\$8,488	\$9,827	\$9,567	\$9,686	\$10,049
Using Market Value of Assets:						
Funded Ratio (MVA/AL)	72%	76%	78%	68%	71%	73%
Unfunded Actuarial Liability (AL-MVA)	\$8,439	\$7,558	\$7,739	\$11,500	\$10,856	\$10,592

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

FUNDED RATIO - ACTUARIAL VALUE



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 required 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 required 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 increased by the Legislature periodically, is currently 1.20 percent for all three groups.

The results of the December 31, 2024 valuation are used to set employer contribution rates for Fiscal Year 2028 for the State/School, State KP&F and Judges groups (July 1, 2027 to June 30, 2028) and Fiscal Year 2027 for the Local and Local KP&F groups (calendar year 2027). The unfunded actuarial liability is amortized as a level-percentage of payroll for all groups except for 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 if all assumptions are met. 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 more/less than 3.00 percent, the unfunded actuarial liability contribution rate will decrease/increase.

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

DECEMBER 31, 2024 VALUATION

System	Actuarial	Statutory	Difference
State ⁽¹⁾	10.84%	11.38%	(0.54%)
School ⁽¹⁾	11.52%	11.38%	0.14%
State/School ⁽¹⁾	11.38%	11.38%	0.00%
Local ⁽¹⁾	9.44%	9.44%	0.00%
Police & Fire - Uniform Rates ⁽²⁾	24.51%	24.51%	0.00%
Judges	20.42%	20.42%	0.00%

⁽¹⁾By statute, rates are allowed to increase by a maximum of 1.20 percent, plus the cost of any benefit enhancements. The December 31, 2024 valuation sets the employer contribution rate for Fiscal Year 2028 for the State and School groups and calendar year 2027 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 24.53 percent for Fiscal Year 2028 and 24.02 percent for Fiscal Year 2027. 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 required 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 0.14 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 2028 are shown in the following table.

Corrections Group	Statutory Rate
Retirement Age 55:	12.41%
Retirement Age 60:	12.78%

The change in the employer actuarial required contribution rate from December 31, 2023 to December 31, 2024 and the primary components thereof are shown in the table on page 84. Unfavorable experience on the System's liabilities during 2024 had a significant impact and increased the employer contribution rates for all groups except Judges. However, payroll growth that was higher than expected based on the actuarial assumptions offset the unfavorable experience for the State and Local groups and was the primary factor for the decrease in the employer contribution rates for these groups.

COMMENTS

The key factors that impacted the results of the December 31, 2024 valuation were (1) unfavorable liability experience during calendar year 2024 and (2) unfavorable experience on the actuarial value of assets that both increased the unfunded actuarial liability. The combined result was an increase in the System's unfunded actuarial liability of \$363 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 8.8 percent for calendar year 2024, 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 2024 was 6.2 percent. This generated an experience loss on assets because the actual return was below the assumed return of 7.00 percent for 2024. As of the current valuation date, the actuarial value of assets exceeds the market value of assets by about 1.9 percent or \$544 million. This deferred investment experience will flow through the asset smoothing method over the next four years and be recognized in the actuarial value of assets, resulting in a decrease in the funded ratio and an increase in the actuarial required contribution rate. However, these trends may be reversed or mitigated if investment returns are above the assumed rate of return (7.00 percent) in future years.

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	\$25,674	\$25,674	\$4,989	\$4,989
Asset Value	19,332	18,976	3,467	3,397
Unfunded Actuarial Liability*	\$6,343	\$6,698	\$1,522	\$1,592
Funded Ratio	75%	74%	69%	68%
Contribution Rate:				
Normal Cost Rate	8.62%	8.62%	17.81%	17.81%
UAL Payment	8.76%	9.24%	13.85%	14.57%
Actuarial Required Contribution	17.38%	17.86%	31.66%	32.38%
Employee Rate	6.00%	6.00%	7.15%	7.15%
Employer Rate	11.38%	11.86%	24.51%	25.23%

*May not add due to rounding

Future investment experience will impact the extent to which the deferred investment experience (which is currently a net loss) will be recognized. The ultimate impact of the deferred experience on the employer contribution rate would be similar to the column shown above based on the market value of assets, if all actuarial assumptions are met including the 7.00 percent return in future years.

PROJECTED AND HISTORICAL EMPLOYER CONTRIBUTION RATES

The following graphs show the projected employer contribution rates assuming all actuarial assumptions are met

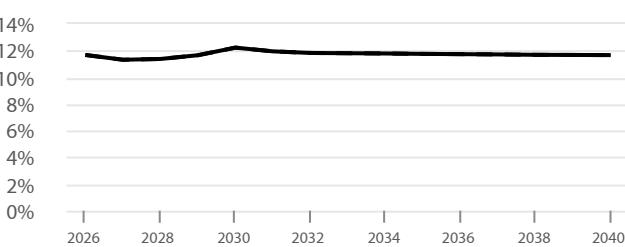
in the future, including a 7.00 percent net rate of return on the market value of assets in all years, and the current statutory funding policy for the State/School group (including the amortization policy) continues and contributions are made as scheduled.

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

Fiscal Year End

— Statutory — Actuarial

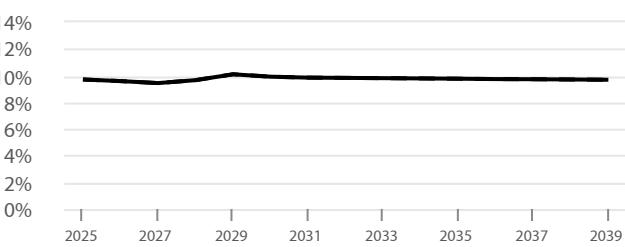


The State/School group reached the ARC date in the 2017 valuation (Fiscal Year 2021) at an ARC rate of 14.23 percent. Given the deferred investment experience, the contribution rate is expected to increase from the current rate of 11.38 percent to around 12.0 percent and then remain steady. During the 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

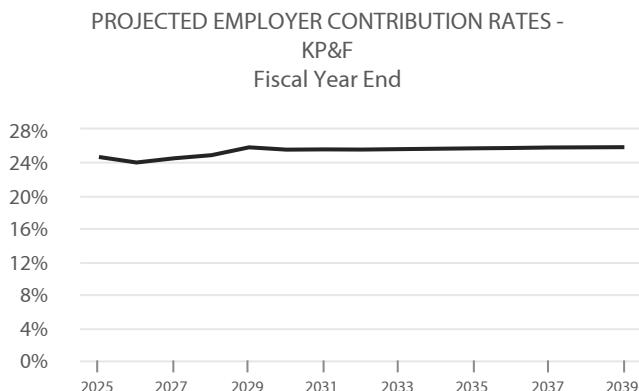
Fiscal Year End

— Actuarial — Statutory



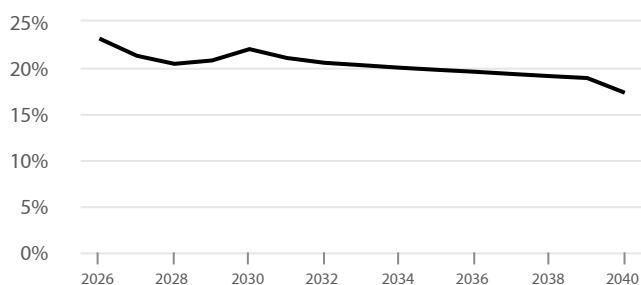
The Local group reached the ARC date in the 2012 valuation at an ARC rate of 9.48 percent. The projected contribution rate is expected to increase from the current rate of 9.44 percent to around 10.0 percent over the long term. Actual experience in

future years, particularly investment returns, will significantly impact future actuarial and statutory rates.



The projected employer contribution rate for KP&F is expected to increase from its current level at 24.51 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
Fiscal Year End



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 because the Judges group is funded on a level-dollar amortization basis. 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, 2024 Valuation (\$ Millions)

	State	School	State/ School	Local	KP&F	Judges	Total
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
· Effect of contribution cap	–	–	–	–	–	–	–
· Expected decrease due to UAL amortization	(22.1)	(139.0)	(161.1)	(51.8)	(14.3)	(0.1)	(227.2)
· Actual vs. expected experience							
Investment return	30.9	123.4	154.4	43.9	27.4	1.8	227.5
Demographic experience	65.0	83.8	148.8	94.4	127.6	(4.2)	366.6
All other experience	(7.3)	7.0	(0.3)	(2.8)	(0.9)	(0.1)	(4.1)
UAL in 12/31/2024 Valuation Report	\$ 1,368.4	\$ 4,974.3	\$ 6,342.7	\$ 2,173.3	\$ 1,521.6	\$ 10.9	\$ 10,048.5

Note: Numbers may not add due to rounding.

SUMMARY OF CHANGES IN EMPLOYER ACTUARIAL REQUIRED CONTRIBUTION RATE BY SYSTEM

As of December 31, 2024

Percentage of Payroll	State	School	State / School	Local	KP&F ⁽¹⁾	Judges
Actuarial Required Contribution Rate in 12/31/2023 Valuation*	10.98%	11.41%	11.32%	9.59%	24.00%	21.29%
Change Due to Amortization of UAL						
- Effect of Contribution Cap	–	–	–	–	–	–
- UAL Amortization Method	–	–	–	–	–	(0.10)
- Investment Experience	0.18	0.20	0.19	0.13	0.26	0.49
- Liability Experience	0.38	0.13	0.19	0.29	1.21	(1.13)
- All Other Experience	(0.19)	(0.05)	(0.08)	(0.14)	(0.13)	(0.10)
- Payroll Growth	(0.42)	(0.07)	(0.14)	(0.32)	(0.96)	–
Change in Employer Normal Cost Rate						
- Benefit Changes	–	–	–	–	–	–
- All Other Experience	(0.09)	(0.10)	(0.10)	(0.11)	0.13	(0.03)
Actuarial Required Contribution Rate in 12/31/2024 Valuation	10.84%	11.52%	11.38%	9.44%	24.51%	20.42%

⁽¹⁾ Contribution rate for Local employers only. For KP&F, the statutory contribution rate is equal to the "Uniform" rate. The rate for State employers is 24.53% for FY 2028 and 24.02% for FY 2027. The uniform rate does not include the payment required to amortize the unfunded past service liability determined separately for each employer.

Note: Numbers may not add due to rounding.

SUMMARY OF HISTORICAL CHANGES IN TOTAL SYSTEM UAL*As of December 31, 2024 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
Actual Experience vs. Assumed						
- Investment	\$ (102)	\$ (143)	\$ (280)	\$ (323)	\$ (413)	\$ (369)
- Other	320	72	136	157	104	46
Assumption Changes	-	(96)	-	-	350	-
Changes in Data/Procedures	244	-	-	-	-	21
Change in Cost Method	-	-	-	-	-	-
Effect of Contribution Cap/Lag	*	95	70	63	54	78
Amortization Method	*	47	38	35	32	30
Change in Benefit Provisions	75	-	-	-	88	-
Change in Actuarial Firm/Software	-	-	-	-	-	-
Bond Issue	-	-	-	-	-	-
Non-Collectible Pension Contributions	-	-	-	-	-	-
Additional Contributions	-	-	-	-	-	-
Total	\$ 537	\$ (25)	\$ (36)	\$ (68)	\$ 215	\$ (194)

\$ (millions)	6/30/00	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04
Actual Experience vs. Assumed						
- Investment	\$ (441)	\$ (23)	\$ 350	\$ 644	\$ 140	\$ 456
- Other	99	84	(9)	68	(32)	16
Assumption Changes	-	(206)	-	-	-	437
Changes in Data/Procedures	71	145**	5	177**	(286)***	-
Change in Cost Method	-	-	-	-	1,147	-
Effect of Contribution Cap/Lag	66	60	115	143	178	179
Amortization Method	22	12	14	21	47	68
Change in Benefit Provisions	19	-	-	37	3	1
Change in Actuarial Firm/Software	-	-	-	-	-	-
Bond Issue	-	-	-	(41)	(440)	-
Non-Collectible Pension Contributions	-	-	-	-	-	-
Additional Contributions	-	-	-	-	-	-
Total	\$ (164)	\$ 72	\$ 475	\$ 1,049	\$ 757	\$ 1,157

Unfunded actuarial liability 6/30/1993: \$968 million

Unfunded actuarial liability 12/31/2024: \$9,081 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, 2024 Valuation (continued)*

\$ (millions)	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	12/31/10
Actual Experience vs. Assumed						
· Investment	\$ 167	\$ (293)	\$ (626)	\$ 2,332	\$ (1,011)	\$ 560
· Other	(84)	140	99	78	(70)	(334)
Assumption Changes	(5)	–	384	–	–	–
Changes in Data/Procedures	–	–	–	–	–	–
Change in Cost Method	–	–	–	–	–	–
Effect of Contribution Cap/Lag	247	258	251	246	383	320
Amortization Method	84	83	78	71	96	68
Change in Benefit Provisions	–	24	2	–	–	–
Change in Actuarial Firm/Software	–	–	–	–	–	(27)
Bond Issue	–	–	–	–	–	–
Non-Collectible Pension Contributions	–	–	–	–	–	–
Additional Contributions	–	–	–	–	–	–
Total	\$ 409	\$ 212	\$ 188	\$ 2,727	\$ (602)	\$ 587

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

Unfunded actuarial liability 6/30/1993: \$968 million

Unfunded actuarial liability 12/31/2024: \$9,081 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.

SUMMARY OF HISTORICAL CHANGES IN TOTAL SYSTEM UAL*As of December 31, 2024 Valuation*

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

\$ (millions)	12/31/23	12/31/24	Total
Actual Experience vs. Assumed			
· Investment	\$ 38	\$ 227	\$ 1,336
· Other	485	363	1,609
Assumption Changes	(192)	–	3,818
Changes in Data/Procedures	–	–	317
Change in Cost Method	–	–	1,147
Effect of Contribution Cap/Lag	–	–	4,291
Amortization Method	(212)	(227)	(619)
Change in Benefit Provisions	–	–	310
Change in Actuarial Firm/Software	–	–	(27)
Bond Issue	–	–	(1,981)
Non-Collectible Pension Contributions	–	–	99
Additional Contributions ****	–	–	(1,219)
Total	\$ 119	\$ 363	\$ 9,081

Unfunded actuarial liability 6/30/1993: \$968 million

Unfunded actuarial liability 12/31/2024: \$9,081 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.

SUMMARY OF PRINCIPAL RESULTS - KPERS (STATE)

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	20,917	20,527	1.9 %
Retired Members and Beneficiaries	21,838	21,747	0.4 %
Inactive Members	11,311	11,099	1.9 %
Total Members	<u>54,066</u>	<u>53,373</u>	1.3 %
Projected Annual Salaries of Active Members	\$ 1,261,465,294	\$ 1,167,829,251	8.0 %
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 353,595,702	\$ 346,272,521	2.1 %
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 5,542,177,347	\$ 5,411,907,687	2.4 %
b. Assets for Valuation Purposes	\$ 4,173,796,416	\$ 4,110,027,649	1.6 %
c. Unfunded Actuarial Liability (a) - (b)	\$ 1,368,380,931	\$ 1,301,880,038	5.1 %
d. Funded Ratio (b) / (a)	75.3%	75.9%	(0.8)%
e. Market Value of Assets	\$ 4,090,196,875	\$ 3,930,137,577	4.1 %
f. Funded Ratio on Market Value (e) / (a)	73.8%	72.6%	1.7 %
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.19%	8.28%	
Member	<u>6.00%</u>	<u>6.00%</u>	
Employer	<u>2.19%</u>	<u>2.28%</u>	
Amortization of Unfunded Actuarial Liability	<u>8.65%</u>	<u>8.70%</u>	
Actuarial Required Contribution Rate	<u>10.84%</u>	<u>10.98%</u>	
Statutory Employer Contribution Rate*	<u>11.38%</u>	<u>11.32%</u>	

*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 required contribution rates applied to actual State payroll is deposited to the School assets.

SUMMARY OF PRINCIPAL RESULTS - KPERS (SCHOOL)

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	87,634	87,148	0.6%
Retired Members and Beneficiaries	63,619	62,491	1.8%
Inactive Members	39,702	39,516	0.5%
Total Members	<u>190,955</u>	<u>189,155</u>	1.0%
Projected Annual Salaries of Active Members	\$ 4,638,795,755	\$ 4,467,144,262	3.8%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 1,100,438,256	\$ 1,064,401,792	3.4%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 20,132,218,465	\$ 19,543,715,902	3.0%
b. Assets for Valuation Purposes	\$ 15,157,876,479	\$ 14,644,664,325	3.5%
c. Unfunded Actuarial Liability (a) - (b)	\$ 4,974,341,986	\$ 4,899,051,577	1.5%
d. Funded Ratio (b) / (a)	75.3%	74.9%	0.5%
e. Market Value of Assets	\$ 14,885,830,324	\$ 14,035,243,402	6.1%
f. Funded Ratio on Market Value (e) / (a)	73.9%	71.8%	2.9%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.73%	8.83%	
Member	<u>6.00%</u>	<u>6.00%</u>	
Employer	<u>2.73%</u>	<u>2.83%</u>	
Amortization of Unfunded Actuarial Liability	<u>8.79%</u>	<u>8.58%</u>	
Actuarial Required Contribution Rate	<u>11.52%</u>	<u>11.41%</u>	
Statutory Employer Contribution Rate*	<u>11.38%</u>	<u>11.32%</u>	

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

SUMMARY OF PRINCIPAL RESULTS - KPERS (STATE / SCHOOL)

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	108,551	107,675	0.8 %
Retired Members and Beneficiaries	85,457	84,238	1.4 %
Inactive Members	51,013	50,615	0.8 %
Total Members	<u>245,021</u>	<u>242,528</u>	1.0 %
Projected Annual Salaries of Active Members	\$ 5,900,261,049	\$ 5,634,973,513	4.7 %
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 1,454,033,958	\$ 1,410,674,313	3.1 %
2 ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 25,674,395,812	\$ 24,955,623,589	2.9 %
b. Assets for Valuation Purposes	\$ 19,331,672,895	\$ 18,754,691,974	3.1 %
c. Unfunded Actuarial Liability (a) - (b)	\$ 6,342,722,917	\$ 6,200,931,615	2.3 %
d. Funded Ratio (b) / (a)	75.3%	75.2%	0.1 %
e. Market Value of Assets	\$ 18,976,027,199	\$ 17,965,380,979	5.6 %
f. Funded Ratio on Market Value (e) / (a)	73.9%	72.0%	2.6 %
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.62%	8.72%	
Member	<u>6.00%</u>	<u>6.00%</u>	
Employer	2.62%	2.72%	
Amortization of Unfunded Actuarial Liability	<u>8.76%</u>	<u>8.60%</u>	
Actuarial Required Contribution Rate	11.38%	11.32%	
Statutory Employer Contribution Rate*	<u>11.38%</u>	<u>11.32%</u>	

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

SUMMARY OF PRINCIPAL RESULTS - KPERS (LOCAL)

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	38,241	37,703	1.4%
Retired Members and Beneficiaries	25,584	25,060	2.1%
Inactive Members	23,414	23,207	0.9%
Total Members	87,239	85,970	1.5%
Projected Annual Salaries of Active Members	\$ 2,385,045,053	\$ 2,219,587,861	7.5%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 386,155,404	\$ 368,220,327	4.9%
2 ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 7,714,740,168	\$ 7,393,131,430	4.4%
b. Assets for Valuation Purposes	\$ 5,541,408,303	\$ 5,303,548,760	4.5%
c. Unfunded Actuarial Liability (a) - (b)	\$ 2,173,331,865	\$ 2,089,582,670	4.0%
d. Funded Ratio (b) / (a)	71.8%	71.7%	0.1%
e. Market Value of Assets	\$ 5,428,458,982	\$ 5,074,469,885	7.0%
f. Funded Ratio on Market Value (e) / (a)	70.4%	68.6%	2.6%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	8.00%	8.11%	
Member	6.00%	6.00%	
Employer	2.00%	2.11%	
Amortization of Unfunded Actuarial Liability	7.44%	7.48%	
Actuarial Required Contribution Rate	9.44%	9.59%	
Statutory Employer Contribution Rate*	9.44%	9.59%	

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

SUMMARY OF PRINCIPAL RESULTS - KPERS (TOTAL KPERS)

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	155,688	153,948	1.1%
Retired Members and Beneficiaries	117,870	116,007	1.6%
Inactive Members	77,055	76,386	0.9%
Total Members	<u>350,613</u>	<u>346,341</u>	1.2%
Projected Annual Salaries of Active Members	\$ 9,096,180,915	\$ 8,595,083,804	5.8%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 2,101,850,298	\$ 2,033,592,870	3.4%
2 ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 38,614,071,891	\$ 37,268,529,412	3.6%
b. Assets for Valuation Purposes	\$ 28,565,570,253	\$ 27,582,780,953	3.6%
c. Unfunded Actuarial Liability (a) - (b)	\$ 10,048,501,638	\$ 9,685,748,459	3.7%
d. Funded Ratio (b) / (a)	74.0%	74.0%	-%
e. Market Value of Assets	\$ 28,021,927,302	\$ 26,412,275,175	6.1%
f. Funded Ratio on Market Value (e) / (a)	72.6%	70.9%	2.4%

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

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	8,619	8,284	4.0%
Retired Members and Beneficiaries	6,495	6,382	1.8%
Inactive Members	2,618	2,554	2.5%
Total Members	<u>17,732</u>	<u>17,220</u>	3.0%
Projected Annual Salaries of Active Members	\$ 773,537,600	\$ 702,610,805	10.1%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 246,870,394	\$ 240,300,026	2.7%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 4,988,710,400	\$ 4,688,715,519	6.4%
b. Assets for Valuation Purposes	\$ 3,467,143,937	\$ 3,306,906,794	4.8%
c. Unfunded Actuarial Liability (a) - (b)	\$ 1,521,566,463	\$ 1,381,808,725	10.1%
d. Funded Ratio (b) / (a)	69.5%	70.5%	(1.4%)
e. Market Value of Assets	\$ 3,396,851,579	\$ 3,164,498,352	7.3%
f. Funded Ratio on Market Value (e) / (a)	68.1%	67.5%	0.9%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	17.81%	17.68%	
Member	7.15%	7.15%	
Employer	<u>10.66%</u>	<u>10.53%</u>	
Amortization of Unfunded Actuarial Liability	<u>13.85%</u>	<u>13.47%</u>	
Actuarial Required Contribution Rate	24.51%	24.00%	
Statutory Employer Contribution Rate*	<u>24.51%</u>	<u>24.00%</u>	

*The Statutory Employer Contribution Rate is equal to the Actuarial Required Contribution 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 24.53 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.

SUMMARY OF PRINCIPAL RESULTS - KANSAS RETIREMENT SYSTEM FOR JUDGES

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1. PARTICIPANT DATA			
Number of:			
Active Members	277	286	-3.1%
Retired Members and Beneficiaries	334	327	2.1%
Inactive Members	10	10	—%
Total Members	<u>621</u>	<u>623</u>	-0.3%
Projected Annual Salaries of Active Members	\$ 37,337,213	\$ 37,911,625	-0.015
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 14,790,542	\$ 14,398,204	2.7%
2. ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 236,225,511	\$ 231,058,874	2.2%
b. Assets for Valuation Purposes	\$ 225,345,118	\$ 217,633,425	0.035
c. Unfunded Actuarial Liability (a) - (b)	\$ 10,880,393	\$ 13,425,449	-0.19
d. Funded Ratio (b) / (a)	95.4%	94.2%	1.3%
e. Market Value of Assets	\$ 220,589,542	\$ 207,925,959	6.1%
f. Funded Ratio on Market Value (e) / (a)	93.4%	90.0%	3.8%
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL			
Normal Cost			
Total	23.62%	23.65%	
Member	<u>5.62%</u>	<u>5.63%</u>	
Employer	<u>18.00%</u>	<u>18.02%</u>	
Amortization of Unfunded Actuarial Liability	<u>2.42%</u>	<u>3.27%</u>	
Actuarial Required Contribution Rate	<u>20.42%</u>	<u>21.29%</u>	
Statutory Employer Contribution Rate*	<u>20.52%</u>	<u>21.29%</u>	

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

SUMMARY OF PRINCIPAL RESULTS - ALL SYSTEMS COMBINED

	12/31/2024 Valuation	12/31/2023 Valuation	% Change
1 PARTICIPANT DATA			
Number of:			
Active Members	155,688	153,948	1.1%
Retired Members and Beneficiaries	117,870	116,007	1.6%
Inactive Members	77,055	76,386	0.9%
Total Members	<u>350,613</u>	<u>346,341</u>	1.2%
Projected Annual Salaries of Active Members	\$ 9,096,180,915	8,595,083,804	5.8%
Annual Retirement Payments for Retired Members and Beneficiaries	\$ 2,101,850,298	2,033,592,870	3.4%
2 ASSETS AND LIABILITIES			
a. Total Actuarial Liability	\$ 38,614,071,891	37,268,529,412	3.6%
b. Assets for Valuation Purposes	\$ 28,565,570,253	27,582,780,953	3.6%
c. Unfunded Actuarial Liability (a) - (b)	\$ 10,048,501,638	\$ 9,685,748,459	3.7%
d. Funded Ratio (b) / (a)	74.0%	74.0%	—%
e. Market Value of Assets	\$ 28,021,927,302	26,412,275,175	6.1%
f. Funded Ratio on Market Value (e) / (a)	72.6%	70.9%	2.4%

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, 2024.

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% 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
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%
2024	8.8%	6.9%	0.675%

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 KPERS1 and KPERS2 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, 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.

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 10 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 10 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 10 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 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
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	Merit Increase*		
	School	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+	– %	– %	– %	– %	– %	– %

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	1 st Year With 85 Points	After 1 st 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	1 st Year With 85 Points	After 1 st 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	1 st Year With 85 Points	After 1 st 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:**Rates of Disability**

Age 66

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 Assumptions:

70 percent of all members are assumed married with male spouse assumed 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 *
	* 70 percent of preretirement deaths assumed to be service-related.
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	-%
25	-%

* 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	-%

Retirement Rates**Tier I:**

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 II:

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 Assumptions:	80 percent of all members 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:	<i>Interest Rate:</i> 7.00 percent <i>Mortality:</i> SOA 1983 Group Annuity Mortality 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:	3.00 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	4.0 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 Assumptions: 70 percent of all members are assumed married with male spouse assumed 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	\$ 30,000
KP&F	\$ 50,100
Judges	N/A

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 non-vested, 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.

Decrements 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)
12/31/15	\$ 17,408,577	\$ 25,947,781	\$ 8,539,204	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	9,827,003	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
12/31/24	28,565,570	38,614,072	10,048,502	74	9,096,181	110

SHORT TERM SOLVENCY TEST

Last Ten Years as of December 31

Valuation Date	Member Contributions (A)	Active Member Employer Financed Portion			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Assets		
		Retirants & Beneficiaries (B)	(C)	(A)	(B)	(C)		
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	95	-	
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	
12/31/24	7,221,641,224	20,292,591,182	11,099,839,485	28,565,570,253	100	100	-	

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
12/31/15	152,175	(1.30) %	1,517	(0.10) %	\$ 6,604	\$ 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	1.22	8,595	55,831	5.29
12/31/24	155,668	1.10	1,584	0.82	9,096	58,426	10.18

⁽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
12/31/15	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	113,031	340,637
12/31/23	153,948	76,386	116,007	346,341
12/31/24	155,668	77,055	117,870	350,613

RETIRANTS, BENEFICIARIES - CHANGES IN ROLLS - ALL SYSTEMS
Last Ten Fiscal Years

Year	Number at Beginning of Year	Additions		Deletions		Percentage Change in Number of Retirants	Percentage Change in Additions	Average Annual Allowance	Year-End Annual Allowances
		Number Added	Annual Allowances	Number Removed	Annual Allowances				
6/30/16	92,742	6,494	\$ 110,741,918	3,055	\$ 30,319,950	96,150	3.70 %	2.10 %	\$ 16,104
6/30/17	96,150	6,252	108,364,288	3,203	32,500,089	99,199	3.20	3.70	16,179
6/30/18	99,199	6,164	108,928,173	4,788	36,466,045	100,575	1.42	3.20	16,700
6/30/19	100,575	6,180	112,564,089	3,371	37,385,700	103,384	2.82	1.42	16,904
6/30/20	103,384	5,946	113,015,303	3,241	39,376,802	106,058	2.59	2.79	17,242
6/30/21	106,058	6,810	127,741,773	4,171	48,133,609	108,697	2.49	2.59	17,632
6/30/22	108,697	6,923	139,793,363	4,142	50,297,855	111,478	2.56	2.49	18,008
6/30/23	111,478	6,097	123,801,468	3,983	50,018,886	113,592	1.90	2.56	18,343
6/30/24	113,592	5,733	115,498,266	3,806	46,447,460	115,519	1.70	1.90	18,780
6/30/25	115,519	5,816	116,216,341	3,994	50,533,597	117,341	1.60	1.90	19,486

SUMMARY OF MEMBERSHIP DATA

Retiree and Beneficiary Member Valuation Data ⁽¹⁾	12/31/24	12/31/23
KPERS		
Number	111,041	109,298
Average Benefit	\$ 16,572	\$ 16,276
Average Age	73.79	73.55
Police & Fire		
Number	6,495	6,382
Average Benefit	\$ 38,009	\$ 37,652
Average Age	67.11	66.85
Judges		
Number	334	327
Average Benefit	\$ 44,283	\$ 44,031
Average Age	76.31	75.96
System Total		
Number	117,870	116,007
Average Benefit	\$ 17,832	\$ 17,530
Average Age	73.43	73.19
 Active Member Valuation Data⁽¹⁾	 12/31/24	 12/31/23
KPERS		
Number	146,792	145,378
Average Current Age	44.71	44.82
Average Service	10.54	10.59
Average Pay	\$ 56,443	\$ 54,028
Police & Fire		
Number	8,619	8,284
Tier I	2	5
Tier II	8,445	8,174
DROP	172	105
Average Current Age	38.69	38.68
Average Service	10.40	10.49
Average Pay	\$ 89,748	\$ 84,815
Judges		
Number	277	286
Average Current Age	57.05	56.57
Average Service	9.91	9.37
Average Pay	\$ 134,791	\$ 132,558
System Total		
Number	155,668	153,948
Average Current Age	44.40	44.51
Average Service	10.53	10.59
Average Pay	\$ 58,426	\$ 55,831

⁽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
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 ⁽²⁾	13.33	13.33	2022	8.90	8.90
2023 ⁽²⁾	13.11	13.11	2023	8.43	8.43
2024	12.57	12.57	2024	9.26	9.26
2025	11.54	11.54	2025	9.71	9.71

KP&F Uniform Rate			Judges		
Fiscal Year	Actuarial Rate	Actual Rate	Fiscal Year	Actuarial Rate	Actual Rate
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	22.80	22.80	2021	17.26	17.26
2022	22.99	22.99	2022	18.40	18.40
2023	22.86	22.86	2023	17.77	17.77
2024	23.10	23.10	2024	16.48	16.48
2025	24.67	24.67	2025	21.45	21.45

⁽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⁾ 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 124 provide revenues, expenses and funding status information for the past ten years for the pension plan. On page 125, a schedule shows the total benefits and type of refunds that were paid.

On pages 126 through 130, various schedules are presented to depict the level of monthly benefits by number of retirees, retirement type and options and years of service. On page 131, 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

Contributions

Fiscal Year	Member	Employer	Miscellaneous	Net Investment Income	Total
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	2,830,682,676
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)	1,349,634,113
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
2025	565,048,383	1,125,720,345	1,030,837	2,682,900,114	4,374,699,679

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

⁽²⁾ 2022 School Employer Contributions include POB Series 2021K proceeds of \$500.0M; and receipt 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).

⁽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
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	84,825,275	8,794,505
2025	2,248,552,250	451,936	17,932,188	90,807,550	9,735,380

EXPENSES BY TYPE*Last Ten Fiscal Years*

Refund of Contributions						Administration (Retirement)	Uncollectable Pension Contributions ⁽¹⁾	Total
Fiscal Year	Benefits	Separations	Death	Administration (Retirement)	Uncollectable Pension Contributions ⁽¹⁾	Total		
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		
2025	2,266,936,374	90,807,550	9,735,380	31,830,632	—	2,399,309,936		

⁽¹⁾ In the 2017 Legislative session, Sub for HB 2052 eliminated the repayment delayed FY 2016 contributions. The receivable was written off in FY 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

	2025	2024	2023	2022	2021
Additions					
Contributions					
Member Contributions	\$ 565,048,383	\$ 534,682,273	\$ 508,218,315	\$ 481,840,395	\$ 459,313,973
Employer Contributions	1,125,720,345	1,095,563,501	1,333,841,438	2,125,927,718	1,007,571,241
Total Contributions	1,690,768,728	1,630,245,774	1,842,059,753	2,607,768,113	1,466,885,214
Investments					
Net Appreciation in Fair Value of Investments	2,010,600,274	1,845,915,882	1,266,933,731	(1,625,408,068)	4,865,677,791
Interest	382,618,490	252,374,667	197,896,834	134,630,290	133,831,909
Dividends	262,596,247	248,359,768	215,444,715	234,760,510	195,697,077
Real Estate Income, Net of Operating Expenses	130,485,076	129,686,416	117,904,464	111,257,792	101,335,088
Other Investment Income	27,882,289	29,017,513	39,874,438	45,341,926	33,153,081
	2,814,182,376	2,505,354,246	1,838,054,182	(1,099,417,550)	5,329,694,946
Less Investment Expense	(131,282,262)	(161,740,585)	(139,685,909)	(196,190,845)	(144,661,058)
Total Net Investment Income	2,682,900,114	2,343,613,661	1,698,368,273	(1,295,608,395)	5,185,033,888
Other Miscellaneous Income	1,030,837	801,736	890,489	37,474,396	19,967,235
Total Additions (Net Reductions) to Plan Net Position	4,374,699,679	3,974,661,171	3,541,318,515	1,349,634,114	6,671,886,337
Deductions					
Monthly Retirement Benefits	(2,249,004,186)	(2,169,445,171)	(2,083,604,625)	(2,007,550,258)	(1,916,524,189)
Refunds of Contributions	(100,542,930)	(93,619,779)	(92,056,272)	(91,273,393)	(76,647,575)
Death Benefits	(17,932,188)	(13,039,363)	(12,821,438)	(13,831,599)	(13,809,622)
Administrative Expenses	(31,830,632)	(24,770,066)	(24,252,656)	(19,498,079)	(17,183,637)
Uncollectable Pension Contributions	—	—	—	—	—
Total Deductions to Plan Net Position	(2,399,309,936)	(2,300,874,379)	(2,212,734,991)	(2,132,153,329)	(2,024,165,023)
Change in Net Position	\$ 1,975,389,743	\$ 1,673,786,792	\$ 1,328,583,524	\$ (782,519,215)	\$ 4,647,721,314
	2020	2019	2018	2017	2016
Additions					
Contributions					
Member Contributions	\$ 451,568,458	\$ 437,352,839	\$ 420,284,941	\$ 414,537,657	\$ 404,856,265
Employer Contributions	1,059,543,667	1,138,895,032	887,734,800	761,610,061	1,739,183,965
Total Contributions	1,511,112,125	1,576,247,871	1,308,019,741	1,176,147,718	2,144,040,230
Investments					
Net Appreciation in Fair Value of Investments	(9,577,522)	798,206,290	1,145,750,895	1,708,585,923	(267,355,951)
Interest	152,608,428	162,200,077	143,874,114	125,024,597	137,732,569
Dividends	206,409,770	240,616,896	219,737,719	196,065,374	160,160,990
Real Estate Income, Net of Operating Expenses	93,651,199	106,326,053	94,853,455	91,728,610	79,977,708
Other Investment Income	17,622,755	16,525,693	14,706,420	13,394,069	9,562,040
	460,714,630	1,323,875,009	1,618,922,603	2,134,798,573	120,077,356
Less Investment Expense	(113,250,814)	(107,189,566)	(101,993,321)	(73,873,096)	(70,907,459)
Total Net Investment Income	347,463,816	1,216,685,443	1,516,929,282	2,060,925,477	49,169,897
Other Miscellaneous Income	20,699,113	5,488,299	5,733,655	1,071,115	2,904,581
Total Additions (Net Reductions) to Plan Net Position	1,879,275,054	2,798,421,613	2,830,682,678	3,238,144,310	2,196,114,708
Deductions					
Monthly Retirement Benefits	(1,828,655,721)	(1,747,623,791)	(1,679,587,567)	(1,604,984,334)	(1,548,362,854)
Refunds of Contributions	(66,928,608)	(74,316,322)	(64,966,962)	(70,481,060)	(68,122,735)
Death Benefits	(11,263,225)	(11,357,122)	(11,299,715)	(11,210,914)	(10,545,850)
Administrative Expenses	(13,607,382)	(13,279,726)	(12,459,620)	(11,116,172)	(12,171,633)
Uncollectable Pension Contributions	—	—	—	(98,943,780)	—
Total Deductions to Plan Net Position	(1,920,454,936)	(1,846,576,961)	(1,768,313,864)	(1,796,736,260)	(1,639,203,072)
Change in Net Position	\$ (41,179,882)	\$ 951,844,652	\$ 1,062,368,814	\$ 1,441,408,050	\$ 556,911,636

BENEFIT AND REFUND DEDUCTIONS FROM NET POSITION BY TYPE*Last Ten Fiscal Years*

	2025	2024	2023	2022	2021
Type of Benefit					
Age and service benefits:					
Retirees	\$ 2,145,496,996	\$ 2,069,503,742	\$ 1,987,003,447	\$ 1,915,554,369	\$ 1,829,040,388
Survivors	103,507,190	99,941,429	96,601,178	91,995,889	87,483,802
Death in service benefits	17,932,188	13,039,363	12,821,438	13,831,599	13,809,622
Total Benefits	\$ 2,266,936,374	\$ 2,182,484,534	\$ 2,096,426,063	\$ 2,021,381,857	\$ 1,930,333,812
Type of Refund					
Death	\$ 9,735,380	\$ 8,794,505	\$ 12,182,235	\$ 10,502,090	\$ 8,503,793
Separation	90,807,550	84,825,274	79,874,038	80,771,303	68,143,781
Total Refunds	\$ 100,542,930	\$ 93,619,779	\$ 92,056,273	\$ 91,273,393	\$ 76,647,575
	2020	2019	2018	2017	2016
Type of Benefit					
Age and service benefits:					
Retirees	\$ 1,745,041,997	\$ 1,667,501,420	\$ 1,602,718,657	\$ 1,531,384,982	\$ 1,478,101,413
Survivors	83,613,724	80,122,372	76,868,910	73,599,352	70,261,441
Death in service benefits	11,263,225	11,357,122	11,299,715	11,210,914	10,545,850
Total Benefits	\$ 1,839,918,946	\$ 1,758,980,913	\$ 1,690,887,282	\$ 1,616,195,248	\$ 1,558,908,704
Type of Refund					
Death	\$ 8,851,960	\$ 6,116,462	\$ 6,627,827	\$ 6,643,401	\$ 5,981,201
Separation	58,076,648	68,199,860	58,339,135	63,837,659	62,141,534
Total Refunds	\$ 66,928,608	\$ 74,316,322	\$ 64,966,962	\$ 70,481,060	\$ 68,122,735

HIGHLIGHT OF OPERATIONS*Last Ten Fiscal Years*

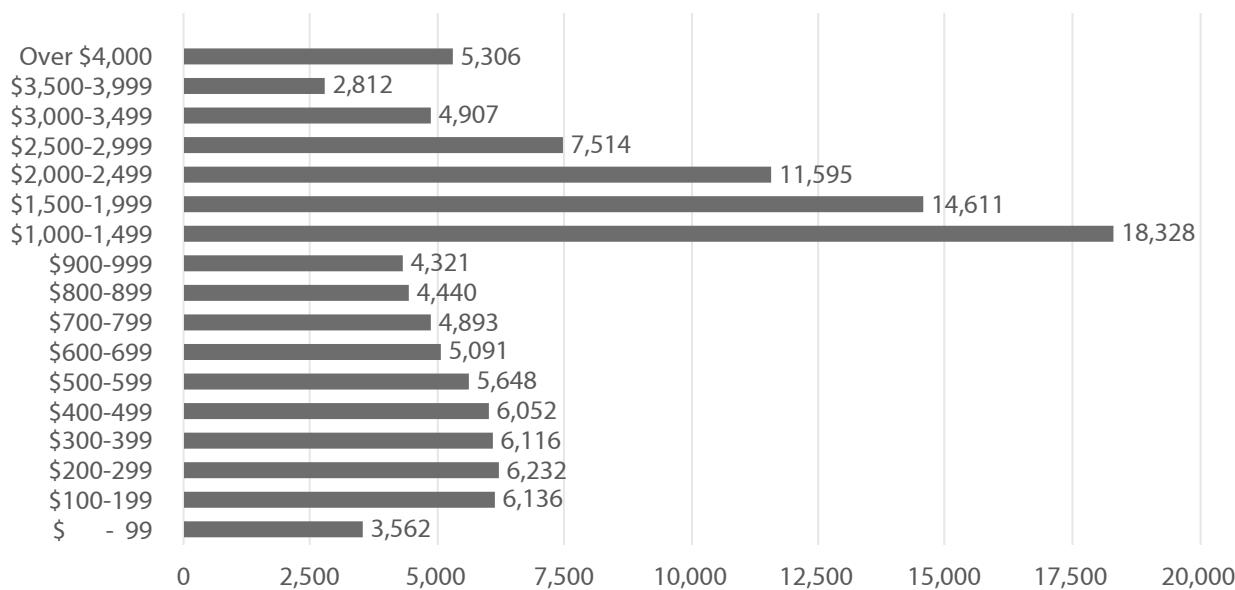
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Membership Composition										
Number of Retirants	108,667	106,984	104,645	102,014	99,617	97,570	94,869	92,101	89,284	87,103
Number of Survivors ⁽¹⁾	9,203	9,023	9,083	8,572	8,233	8,050	7,864	7,706	7,490	7,230
New Retirants During the Fiscal Year	5,128	7,982	5,754	6,124	5,583	5,584	5,548	5,534	4,277	6,494
Active and Inactive Members ⁽²⁾	232,743	230,334	227,606	222,512	218,752	219,510	215,550	211,653	207,874	205,334
Participating Employers	1,584	1,585	1,552	1,500	1,536	1,534	1,526	1,523	1,515	1,517
Financial Results (in millions)										
Member Contributions	\$565	\$535	\$508	\$482	\$459	\$452	\$437	\$420	\$415	\$405
Employer Contributions ⁽³⁾	1,126	1,096	1,334	2,126	1,008	1,060	1,139	888	762	1,781
Retirement / Death Benefits	2,267	2,182	2,084	2,008	1,930	1,840	1,759	1,691	1,616	1,559
Investment Income	2,683	2,341	1,698	(1,296)	5,185	347	1,217	1,517	2,061	49
Employer Contribution Rate										
KPERS--State/School ^{(4),(7)}	11.54	12.57	13.11	13.33	14.23	14.41	13.21	12.01	10.81	10.91
KPERS--Local ⁽⁵⁾	9.71	9.26	8.43	8.90	8.87	8.61	8.89	8.39	8.46	9.18
KP&F (Uniform Participating) ⁽⁵⁾	24.67	23.10	22.86	22.99	22.80	21.93	22.13	20.09	19.03	20.42
Judges ⁽⁷⁾	21.45	16.48	17.77	18.40	17.26	18.65	14.68	15.89	21.36	23.98
Unfunded Actuarial Liability (in millions)										
KPERS--State / School	\$ 6,343	\$ 6,201	\$ 6,261	\$ 6,892	\$ 6,143	\$ 6,545	\$ 6,756	\$ 6,581	\$ 6,690	\$ 6,276
KPERS--Local	2,173	2,090	1,952	1,784	1,420	1,502	1,502	1,458	1,515	1,486
KP&F	1,522	1,382	1,337	1,141	919	949	933	860	846	772
Judges	11	13	16	10	6	10	11	8	11	6
Funding Ratios ⁽⁶⁾										
KPERS--State / School	75.30	75.20	74.20	70.70	70.80	68.10	66.10	66.00	64.50	65.20
KPERS--Local	71.80	71.70	72.20	73.30	76.10	73.70	72.70	72.50	70.30	69.10
KP&F	69.50	70.50	70.20	72.80	75.30	73.50	73.00	74.10	73.40	74.00
Judges	95.40	94.20	92.80	95.30	96.80	94.70	94.40	95.90	93.90	96.40

⁽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.⁽⁴⁾ 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.⁽⁵⁾ KPERS Local and KP&F contribution rates are reported on a calendar year basis.⁽⁶⁾ The funding percentage indicates the actuarial soundness of the System. Generally, the greater the percentage, the stronger the System.⁽⁷⁾ Increased for FY 2025 and FY 2026 to fund benefit improvements after passage of HB 2711 in the 2024 session.

NUMBER OF RETIRED MEMBERS AND SURVIVORS BY TYPE OF BENEFIT*as of December 31, 2024*

Monthly Benefit	Number of Retirees	Normal Retirement	Early Retirement	Service-Connected Death or Disability	Nonservice-Connected Death or Disability
\$ - 99	3,562	2,772	786	—	4
\$100-199	6,136	4,101	2,014	18	3
\$200-299	6,232	4,106	2,118	3	5
\$300-399	6,116	4,018	2,071	17	10
\$400-499	6,052	4,125	1,894	23	10
\$500-599	5,648	3,877	1,729	37	5
\$600-699	5,091	3,644	1,413	28	6
\$700-799	4,893	3,624	1,239	26	4
\$800-899	4,440	3,342	1,057	38	3
\$900-999	4,321	3,394	883	36	8
\$1,000-1,499	18,328	15,622	2,540	131	35
\$1,500-1,999	14,611	13,605	856	97	53
\$2,000-2,499	11,595	11,217	320	38	20
\$2,500-2,999	7,514	7,357	124	19	14
\$3,000-3,499	4,907	4,811	69	18	9
\$3,500-3,999	2,812	2,752	40	13	7
\$4,000 or More	5,306	5,233	57	11	5
Totals	117,564	97,600	19,210	553	201

NUMBER OF RETIRED MEMBERS AND SURVIVORS BY MONTHLY BENEFIT AMOUNT
As of December 31, 2024



NUMBER OF RETIRED MEMBERS AND SURVIVORS BY TYPE OF PAYMENT OPTION

as of December 31, 2024

Monthly Benefit	Maximum	Joint	Joint	Life	Joint	Widowed	Life	Life	Lump
	No Survivor	1/2 to Survivor	Same to Survivor	Certain w/10 Yrs	3/4 to Survivor	Children Survivor	Certain w/5 Yrs	Certain w/15 Yrs	Sum Acc Contr
\$ - 99	2,270	256	484	304	37	4	90	117	0
\$100-199	3,939	576	963	311	116	21	70	139	1
\$200-299	4,060	1,289	1,048	154	128	7	60	120	0
\$300-399	4,102	910	953	102	1	28	34	105	0
\$400-499	3,991	699	923	101	143	36	35	73	0
\$500-599	3,720	648	854	65	179	40	28	62	0
\$600-699	3,295	2	794	60	170	32	20	70	0
\$700-799	3,180	1,488	687	56	2	32	26	55	0
\$800-899	2,836	0	667	46	171	42	16	36	0
\$900-999	2,709	667	642	41	176	58	14	29	0
\$1,000-1,499	11,197	2,936	2,696	188	959	184	49	141	0
\$1,500-1,999	9,065	2,435	1,906	96	837	177	32	82	0
\$2,000-2,499	7,427	3,280	1,311	71	623	94	24	41	0
\$2,500-2,999	4,821	0	800	52	431	53	21	19	0
\$3,000-3,499	3,229	1,278	506	20	289	48	5	14	0
\$3,500-3,999	1,776	0	306	13	177	30	5	9	0
\$4,000 or More	2,925	1,150	729	32	424	15	5	16	0
Totals	74,542	17,614	16,269	1,712	4,863	901	534	1,128	1

AVERAGE BENEFIT BY YEARS OF SERVICE - FIVE YEAR SUMMARY*New Retirees by Calendar Year*

Service Credit		2020	2021	2022	2023	2024
Less Than 5	Retired Members	610	865	882	1,493	1,081
	Average FAS*	\$ 32,598.61	\$ 33,346.59	\$ 33,569.44	\$ 30,474.30	\$ 30,378.99
	Average Benefit	\$ 371.67	\$ 440.44	\$ 477.33	\$ 471.27	\$ 497.47
	Average Years	2.30	1.88	1.86	1.49	1.37
5-9.99	Retired Members	854	950	889	1,247	848
	Average FAS*	\$ 40,334.48	\$ 43,278.03	\$ 43,491.48	\$ 46,490.73	\$ 47,871.26
	Average Benefit	\$ 678.27	\$ 815.98	\$ 831.11	\$ 954.17	\$ 996.86
	Average Years	7.27	7.32	7.33	7.36	7.37
10-14.99	Retired Members	977	1,023	958	1,402	923
	Average FAS*	\$ 43,788.04	\$ 46,920.34	\$ 48,193.75	\$ 49,538.56	\$ 51,751.86
	Average Benefit	\$ 995.85	\$ 1,138.02	\$ 1,217.64	\$ 1,327.18	\$ 1,411.79
	Average Years	12.44	12.41	12.46	12.45	12.53
15-19.99	Retired Members	958	1,110	1,077	1,512	945
	Average FAS*	\$ 49,126.55	\$ 55,529.49	\$ 57,491.03	\$ 59,392.63	\$ 62,328.88
	Average Benefit	\$ 1,509.56	\$ 1,850.96	\$ 1,931.25	\$ 2,063.76	\$ 2,205.84
	Average Years	17.44	17.31	17.36	17.32	17.41
20-24.99	Retired Members	1,044	1,153	1,037	1,406	802
	Average FAS*	\$ 60,576.34	\$ 66,701.97	\$ 67,931.55	\$ 69,466.34	\$ 72,350.83
	Average Benefit	\$ 2,369.88	\$ 2,726.40	\$ 2,749.91	\$ 2,880.06	\$ 2,982.92
	Average Years	22.45	22.42	22.38	22.11	22.06
25-29.99	Retired Members	687	645	594	608	370
	Average FAS*	\$ 66,454.21	\$ 69,658.43	\$ 71,802.07	\$ 71,474.64	\$ 72,739.10
	Average Benefit	\$ 2,897.55	\$ 3,156.21	\$ 3,293.16	\$ 3,311.97	\$ 3,430.18
	Average Years	27.06	27.16	27.14	27.01	27.05
30-34.99	Retired Members	322	296	237	250	132
	Average FAS*	\$ 67,355.53	\$ 67,280.42	\$ 69,449.92	\$ 69,359.97	\$ 69,803.25
	Average Benefit	\$ 3,281.49	\$ 3,448.54	\$ 3,563.04	\$ 3,536.83	\$ 3,505.84
	Average Years	\$ 32.29	\$ 32.19	\$ 32.24	\$ 32.03	\$ 32.05
35-39.99	Retired Members	112	73	71	57	25
	Average FAS*	\$ 66,267.26	\$ 70,516.90	\$ 67,409.61	\$ 69,100.01	\$ 67,181.82
	Average Benefit	\$ 3,549.21	\$ 3,789.17	\$ 3,649.07	\$ 3,906.87	\$ 4,031.78
	Average Years	36.64	36.59	36.71	36.44	36.71
40-44.99	Retired Members	13	9	9	7	2
	Average FAS*	\$ 67,785.50	\$ 69,896.39	\$ 83,331.53	\$ 71,476.84	\$ 108,134.57
	Average Benefit	\$ 3,941.62	\$ 4,086.19	\$ 5,126.29	\$ 4,581.69	\$ 3,800.02
	Average Years	41.81	41.56	41.56	41.57	42.38
45-49.99	Retired Members	4	—	—	—	—
	Average FAS*	\$ 70,960.18	\$ —	\$ —	\$ —	—
	Average Benefit	\$ 4,848.39	\$ —	\$ —	\$ —	—
	Average Years	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	6,124	5,754	7,982	5,128
	Average FAS*	\$ 50,471.05	\$ 53,416.89	\$ 54,127.70	\$ 53,323.99	\$ 53,851.59
	Average Benefit	\$ 1,624.10	\$ 1,777.98	\$ 1,801.14	\$ 1,763.54	\$ 1,755.72
	Average Years	17.48	15.75	15.42	14.15	13.39

*Average "Final Average Salary"

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

PRINCIPAL PARTICIPATING EMPLOYERS

Current Year and Nine Years Ago

Participating Government	December 31, 2024		
	Covered Employees	Rank	% of Total System
State of Kansas	\$ 24,696	1	15.41%
USD 259 Wichita	\$ 7,459	2	4.65%
USD 233 Olathe	\$ 4,560	3	2.85%
Johnson County	\$ 3,642	4	2.27%
USD 512 Shawnee Mission	\$ 3,636	5	2.26%
USD 500 Kansas City	\$ 3,596	6	2.24%
USD 229 Blue Valley	\$ 3,525	7	2.20%
Sedgwick County	\$ 2,723	8	1.70%
USD 501 Topeka Public Schools	\$ 2,393	9	1.49%
Unified Government of Wyandotte Co	\$ 2,060	10	1.29%
All Other ¹	\$ 101,976		63.64%
Total (1,582 employers)	\$ 160,266		100.00%

Participating Government	December 31, 2015		
	Covered Employees	Rank	% of Total System
State of Kansas	\$ 23,748	1	15.49%
USD 259 Wichita	\$ 6,926	2	4.52%
USD 233 Olathe	\$ 4,225	3	2.75%
USD 500 Kansas City	\$ 3,493	4	2.28%
USD 512 Shawnee Mission	\$ 3,337	5	2.18%
USD 229 Blue Valley	\$ 3,100	6	2.02%
Johnson County	\$ 3,067	7	2.00%
Sedgwick County	\$ 2,490	8	1.62%
USD 501 Topeka Public Schools	\$ 2,351	9	1.53%
USD 497 Lawrence	\$ 1,757	10	1.15%
All Other	\$ 98,843		64.46%
Total (1,421 employers)	\$ 153,337		100.00%

¹In 2024, "All Other" consisted of:

Type	Number	Covered Employees
School Districts	\$ 280	\$ 50,711
Cities and Counties	\$ 474	\$ 29,842
Post Secondary Education ²	\$ 41	\$ 10,766
Other	\$ 777	\$ 10,657
	\$ 1,572	\$ 101,976

²Not Including State Board of Regents institutions

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

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

Annual Comprehensive Financial Report
For Fiscal Year Ended June 30, 2025

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

Prepared by KPERS Staff
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