

**KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM  
BOARD OF TRUSTEES  
EDUCATIONAL AND PLANNING MEETING**

**October 16, 2025**

Chairperson Brad Stratton called the meeting to order at 10:03 a.m., in the Capitol Federal Conference Room, Johnson County Community College, (JCCC), 12345 College Boulevard, Overland Park, Kansas.

Board Members Present:	Brad Stratton, Chairperson
	Emily Hill, Vice-Chairperson
	Chris Huntsman
	Steven Johnson
	Rich Proehl
	Ryan Trader
	Sam Williams
	Jo Yun
	James Zakoura

Board Members Absent:	None
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### **Welcome and Overview of Meeting Agenda**

Chairperson Brad Stratton welcomed all participants in attendance.

### **Understanding KPERS 3**

Chairperson Stratton recognized Dirk Camilletti, Chief Benefits Officer. Mr. Camilletti reviewed the KPERS 3 cash balance plan history. In 2011 a study commission was formed to explore plan design changes and made recommendations to the 2012 Kansas Legislature. The creation of a cash balance plan for new members started January 1, 2015. KPERS 3 is now the largest group of KPERS members with 58.3% of the total active membership. KPERS 3- covered employees include non-school employers, state employers, and schools. The five steps of how KPERS 3 works includes contributing 6% of pay and earning retirement pay credits while you are working, earning interest, vesting after 5 years, and at retirement, KPERS will calculate an individual's benefit based on contribution account balance and the value of retirement credits. Members are guaranteed a lifetime benefits. Mr. Camilletti responded to questions.

### **Investment Basic for Trustees**

Chairperson Stratton recognized Steve Voss, Managing Principal, Meketa Investment Group. Mr. Voss presented a comprehensive overview of key investment elements to enable the Board to better understand the KPERS investment program. These key concepts included: investment policy, asset/liability process, the role of assets classes, asset allocation targets, portfolio rebalancing and measurement, investment management structure, manager selection, and investment timeline. Mr. Voss responded to questions.

## **Actuarial Basics and Overview for Trustees**

Chairperson Stratton recognized Pat Beckham, Principal Consulting Actuary, CavMac, and Bryan Hoge, Principal Consulting Actuary, CavMac. Mr. Hoge reviewed the basics of actuarial funding, defined benefit plans, basic long-term actuarial reserve funding, approaches to funding retirement systems, the actuarial model, actuarial valuation, membership data, actuarial assumptions, selection of assumptions, market value of assets, historical asset returns, actuarial value assets, and the value of assets. Mr. Hoge responded to questions.

Ms. Beckham reviewed the actuarial funding definitions, total actuarial liability by group, unfunded actuarial liability, actuarial or experience gains or losses, unfunded actuarial liability changes, contribution rates, layered amortization for state/school, development of actuarial required contribution rates, and historical state/school employer contribution rates. Ms. Beckham responded to questions.

Chairperson Stratton adjourned the meeting at 12:08 p.m. for a lunch break. Participants attended a luncheon at the Johnson County Community College.

Chairperson Stratton called the meeting back to order at 1:04 p.m. During the afternoon session Chairperson Stratton welcomed guests Representative Nick Hoheisel, Senator Michael Fagg, Senator Brenda Dietrich, and Representative Rui Xu and all other participants. Chairperson Stratton asked all the Trustees to introduce themselves.

## **Retirement Trends**

Chairperson Stratton recognized Jarod Waltner, Planning and Research Officer, and Pat Beckham, Principal Consulting Actuary, CavMac. Mr. Waltner gave an overview of the KPERS membership by birth year for KPERS, KP&F, and Judges as active, inactive, and retired. Mr. Waltner review the KPERS retirement patterns by age of retirement, increasing retirement age, average age of KPERS state/school and local government retirees, and the average age of KP&F retirees. He also discussed the factors of why members are retiring at an older age due to Social Security age eligibility increases, health insurance coverage, increased longevity, plan design changes that provides there is no more rule of 85 points for KPERS 2 and KPERS 3, and the cash balance plan design. The expectation is that employees in all sectors are choosing to work longer. Mr. Waltner responded to questions.

Ms. Beckham reviewed projected number of KPERS annual retirements. As expected, the number of annual retirements has decreased over time as KPERS 1 members retire and leave active membership. The projected number of KPERS retirees/beneficiaries - once the baby boomer generation is fully retired, is expected to stabilize due to later retirement age trends and the impact of the KPERS 2 and KPERS 3 plan design. The actuarial perspective on retirement trends and retirement patterns is important because they directly affect plan liabilities and contribution rates. Economic factors in the plan design and member demographics strongly influence retirement decisions. Assumptions are not static; actuarial models must adapt as member behavior changes. Emerging trends require regular monitoring of experience and assumption updates through periodic experience studies. Ms. Beckham responded to questions.

## **KPERS 457 Plan Guardrails and Comparison with Other Plans**

Chairperson Stratton recognized Arlen Zentner, Deferred Compensation Plan Officer, and Scott Taylor, Empower State Director. Mr. Zentner presented an overview of the KPERS 457 plan guardrails to ensure participant security and satisfaction. The guardrails for participants include contribution limits, withdrawal rules, asset protection and investment protection. Participants are safeguarded by contribution and withdrawal limits, trust requirements and fiduciary oversight. The guardrails for governmental employers include plan compliance requirements, fiduciary responsibility, funding and trust requirements, reporting and disclosure, and correction programs. Plan sponsors are protected by having clear compliance rules, correction programs, and structured fiduciary standards. Mr. Zentner responded to questions.

Mr. Taylor presented an overview of the KPERS 457 benchmarking. KPERS 457 plan participates in the Plan Sponsor Defined Contributions survey. For 2024, there were 2,411 Deferred Compensation Plan respondents. With assets over \$1B, KPERS 457 is considered a 'Mega' plan. Mr. Taylor stated that the survey will compare responses from other governmental 'Mega' plan sponsors to benchmark how KPERS 457 compares with plan types and design features, plan loan and withdrawals, in-service distribution options, automatic enrollment, automatic escalation, how many plan investments options and classes available to participants, how often is investment options reviewed by participants, fees and expenses, and defined contributions providers. Mr. Taylor responded to questions.

Mr. Zentner presented the deferred compensation plan outlook including collective investment trusts, private equity, retirement income via embedded annuities, key factors to consider with annuities, provisions from SECURE 2.0 effective in 2025, and expansion to SECURE 3.0 possibilities. Mr. Zentner responded to questions.

## **Kansas Police and Firemen's Retirement System Deferred Retirement Option Program (DROP) Experience and Trends**

Chairperson Stratton recognized Jarod Waltner, Planning and Research Officer, and Bryan Hoge, Principal Consulting Actuary, CavMac. Mr. Waltner reviewed the deferred retirement option program (DROP). The program allows Kansas Police and Firemen's Retirement System members to accumulate retirement benefits while actively employed. The program was created by the 2015 legislature initially for the Kansas Highway Patrol, then added the Kansas Bureau of Investigation in 2019, and all KP&F members in 2023. These members have a choice to participate for three to five years with their employer's approval. DROP allows KP&F members to continue to work and earn salary while building up a lump-sum account for retirement. KP&F members who are eligible at normal retirement age for Tier II: age 50 with 25 years of service; age 55 with 20 years of service; or age 60 with 15 years of service. The employer approves participation and term of three, four, or five years. Participants include 280 DROP members as of September 30, 2025. Participation doubled once all KP&F member became eligible in April 2023. Mr. Waltner responded to questions.

Mr. Hoge reviewed the actuarial implication of DROP. Large lump-sum payments can affect liquidity management and cash flow timing. The actuarial valuation to reflect reasonable assumptions with respect to election into DROP, average DROP period and interest crediting rate. Mr. Hoge responded to questions.

## **How Private Equity is Changing KPERS Trust Fund Returns**

Chairperson Stratton recognized Bruce Fink, Chief Investment Officer, and Mr. Allan Emkin, Managing Principal, Meketa, Investment Group. Mr. Fink reviewed the private equity allocation changes. The Private Equity Program has increased from less than 3% of the portfolio in 2012 to 10% in 2025. The current target allocation was increased from a reduction in the Public Equity Program. With the larger allocation, private equity will have a greater impact on the performance of the KPERS total fund. Private equity pacing plans are driven by policy targets and statutory restrictions over time. The commitments in 2024 were increased to move the allocation target from 9% to 11%. The Private Equity Program had approximately \$1.2 billion of unfunded commitments as of December 31, 2024. Under the 2025 pacing plan, unfunded commitments are expected to increase to maintain the 11% target allocation. Private equity's contribution to the performance of the Total Fund has increased significantly over the past 10 years. The commitment levels, cash flows and expenses will continue to evolve with the growth of the PEP fund. Mr. Fink responded to questions.

Mr. Emkin reviewed a presentation of how private equity is changing the KPERS Trust Fund returns. He discussed the performance of the private equity asset class, the merits and performance of the asset class, the practices of peer institutional investors, and the long-term capital market assumptions of private equity. Mr. Emkin responded to questions.

## **Outlook for KPERS Issues in the 2026 Legislature**

Chairperson Stratton recognized Senator Michael Fagg, Vice-Chairperson, Senate Financial Institutions and Insurance Committee, Senator Brenda Dietrich, Chairperson, Senate Financial Institutions and Insurance Committee, Representative Nick Hoheisel, Chairperson, House Financial Institutions and Pensions Committee, and Representative Rui Xu, Ranking Minority Member, House Financial Institutions and Pensions Committee.

Senator Michael Fagg stated that he was elected to Kansas Senate District 14 in 2020. His business career was in community banking, and he was involved in investments and loans. Senator Fagg stated that he is on four committees, Chairperson, Utilities and Energy, Vice-Chairperson, Financial Institutions, and Insurance, Senate Ways and Means, Agriculture and Natural Resources, and the Joint Committee on Pensions, Investments and Benefits.

Senator Fagg stated that the Senate has over 300 bills to consider, and there will be more introduced this session, which is a challenge for each Chairperson, as they will be responsible to decide on which bills will be heard during the committee hearings.

Senator Brenda Dietrich stated that she was elected to the Kansas Senate 20 District in 2021. She served as a House Representative from 2017-2020. She is the Chairperson of the Senate Financial Institutions and Insurance, Chairperson of the Joint Committee on Special Claim Against the State, Vice Chairperson on the Joint Committee on Pensions, Investments and Benefits, and Vice-Chairperson on the Joint Committee on Fiduciary Financial Institutions Oversight, Transportation, Commerce, and Federal State and Affairs. Ms. Dietrich spent 40 years in education, serving as the Superintendent at USD 437 Auburn-Washburn school district.

Senator Dietrich discussed some KPERS-related bills that are still in the Senate that will carry over from the 2025 session, including SB 232, regarding unclaimed property fund and international bonds. SB 282, Kansas Retirement Investment Savings Plan Act, SB 34, that authorizes KPERS to invest in Bitcoin. SB 238, a cost-of-living increase (COLA), and HB 2086, which adjusts the KPERS 3 dividend interest credit.

Representative Nick Hoheisel was elected to the House of Representatives in 2019 and serves the 97th District, located in Wichita. He is presently serving as the Chairperson of the House Financial Institutions and Pensions Committee, serves on the Transportation, Utilities and Energy, Taxation Committees.

Representative Hoheisel discussed HB 2086, which adjusts the KPERS 3 dividend interest credit. Regarding the rollout of the proposed budget, he stated that this was the first year the Legislature had created their own budget. The legislature is now taking more responsibility for the budget process.

Representative Rui Xu stated that he was elected to the House of Representatives in 2019 and serves District 25 in Northeast Johnson County. He serves as the ranking member of the House Financial Institutions and Pensions Committee. Representative Xu also serves on the Joint Committee on Pensions, Investment, and Benefits, Taxation, Joint Committee on Fiduciary Financial Institutions Oversight, Commerce, Labor and Economic Development.

He stated that he spent a lot of time working with the Commerce Committee on housing issues. Representative Xu stated that the pension committees are typically bipartisan, which enables them to work well together.

Senator Dietrich, Senator Fagg, Representative Hoheisel, and Representative Xu responded to questions.

### **Global Macro Policy Outlook**

Chairperson Stratton recognized Bruce Fink, Chief Investment Officer. Mr. Fink introduced Matt Gertken, Chief Geopolitical Strategist, BCA Research. Mr. Gertken provided an overview of the global macro policy outlook including the rising geopolitical and economic risk; global political instability; U.S. political and economic strain; the U.S. effective tariff rate; the midterm elections; fiscal and monetary challenges; China and global dynamics; and markets and structural themes. Mr. Gertken responded to questions.

Chairperson Stratton adjourned the meeting at 5:12 p.m.

### **Dinner at Grand Street Café, 8815 Renner Blvd., Lenexa, KS**

A dinner for the Board of Trustees, guests, and staff was held at the Grand Street Café.

**Friday, October 17, 2025**

Chairperson Stratton called the meeting to order at 8:32 a.m. and welcomed all participants located in the Capitol Federal Conference Room, Johnson County Community College, 12345 College Boulevard, Overland Park, Kansas.

### **An Investing Perspective on Artificial Intelligence**

Chairperson Stratton recognized Dean Roney, Deputy Chief Investment Officer for Private Markets. Mr. Roney introduced Mike Zappert, Firm Partner and Head of Growth Software and Enterprise Technology, TPG. Mr. Zappert presented information from the investor perspective on artificial intelligence. He spoke on how we got here and where we are today, what makes generative AI so transformative, where is the market today and going forward, and how to invest in AI.

The massive increase in available data from the internet, combined with the development of more powerful computers and specialized hardware like Graphics Processing Units (GPUs), fueled a resurgence of AI in the early 2000s. A new era of "generative AI" began around 2017, which allowed for a more sophisticated content creation and led to the creation of applications like ChatGPT, DALL-E, and Midjourney in the 2020s. Gen AI is experiencing unprecedented growth. LLM's are scaling faster than history's top technology companies. Foundational model revenue growth is staggering and has increased greatly in the last year. AI companies are growing faster than cloud-era companies. Mr. Zappert responded to questions.

### **Artificial Intelligence and the Legal and Fiduciary Perspective**

Chairperson Stratton introduced Tedrick A. Housh, III, JD, CIPP/US, CIPP/E, Lathrop GPM. Mr. Housh presented an overview of the artificial intelligence with a legal and fiduciary perspective. He discussed privacy impact assessments for AI platforms: understanding privacy impact assessment (PIA); key elements of a PIA; benefits of conducting a PIA; risks of not conducting a PIA; best practices for conducting a PIA. Addressing cybersecurity risk: enterprise risks include data leakage via third-party tools, prompt injection and model theft. The controls restrict uploads to approved platforms, require vendor security certifications (SOC ISO 27001), and applied incident response plans to AI events. Mr. Housh responded to questions.

### **Board Round Table Discussion**

Chairperson Stratton led a round table discussion with the Trustees. Some of the questions included: Are we effectively and efficiency running the Board meetings? Are there other items you would like to discuss at the Board meetings? Discussion on whether to change the statutes by approaching the Legislature on the way the Board votes for Chairperson the Vice-Chairperson. Does the Board have suggestions on the way the Board materials are disseminated through Diligent? After some discussion, it was decided to distribute the recurring agenda items document to each of the Board of Trustees at all Board Meetings. The Board members interacted in response to the questions.

## **“It’s October - Do You Know Where Your Economy Is?”**

Chairperson Stratton introduced Chris Kuehl, Managing Director, Armada Corporate. Mr. Kuehl presented an overview of the current economic update which included the federal government shutdown impact, the latest inflation measure – CPI and tariffs, retail spending forecast, manufacturing production forecast, historical spending comparison, non-residential construction, global manufacturing, residential construction forecast, oil industry risk in early 2026, wages vs. inflation, labor market, delinquency by loan type, and the big risk of U.S. Housing.

Mr. Kuehl summarize that the economic risks are still prevalent – especially in the labor market. The automotive industry had a nice uptick in August, total unit sales again breaching \$16M annually. New industrial projects are on the way (many setting pre-2028 project launch dates). Residential construction is still struggling, but some federal easing and recent downshifting will help spur some regional spurts of growth. But concerns brewing in the petroleum sector and could have a sharp downshift as early as Q1/Q2 if current conditions hold. Mr. Kuehl responded to questions.

Chairperson Stratton thanked all participants and staff for a successful educational and planning session. Chairperson Stratton then adjourned the meeting at 12:18 p.m., and participants attended a luncheon at the Johnson County Community College.