



# House Financial Institutions and Pensions

KPERS Overview and Funding

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January 21, 2026



# Covering Today

About KPERS

Who we serve

How benefits, funding, and investments work

Current funded status

2026 Legislation



# Dependable Benefits. Trusted Partner.

KPERS is a fiduciary providing retirement, disability and survivor benefits to our members and their beneficiaries with a 99-member staff.

KPERS administers three statewide, defined benefit plans for public employees.

- Kansas Public Employees Retirement System
- Kansas Police and Firemen's Retirement System
- Kansas Retirement System for Judges

KPERS partners with more than 1,500 state and local government employers.

- State of Kansas
- 286 school districts
- 105 counties
- 426 cities and townships
- Other employers include libraries, hospitals, community colleges and conservation districts



# KPERS Board of Trustees

<b>Brad Stratton – Overland Park, Chairperson</b>	President, Overland Park Wealth Management	Appointed by the Governor
<b>Emily Hill – Lawrence, Vice Chairperson</b>	Founding Partner, Bowersock Capital Partners	Appointed by the Governor
<b>Christine Huntsman, Topeka</b>	Retired Teacher	Elected Member - School
<b>Steven Johnson – Assaria</b>	Kansas State Treasurer	Ex Officio Statutory Member
<b>Rich Proehl - Parsons</b>	Retired Banker, Labette Bank	Appointed by the Speaker of the House
<b>Ryan Trader – Olathe</b>	Firefighter/Paramedic, City of Olathe	Elected member – Non-School
<b>Sam Williams – Wichita</b>	Retired CFO and Managing Partner, Sullivan, Higdon, and Sink Agency; Former Kansas Secretary of Revenue	Appointed by the President of the Senate
<b>Jo Yun – Prairie Village</b>	Vice President of Finance/Operations and CFO, Reach Healthcare Foundation	Appointed by the Governor
<b>James Zakoura – Overland Park</b>	Special Counsel, Foulston Siefkin LLC	Appointed by the Governor



# How KPERS Works



# KPERS Administration

KPERS administers the payment of benefits, customer service, collection of contributions and other operations for all three retirement plans.

KPERS also administer the Death and Disability Plan, KPERS 457 deferred compensation plan, and investment of the Treasurer's Unclaimed Property Fund.

KPERS administrative expenditures are funded from the KPERS Trust Fund.

- KPERS does not have a State General Fund appropriation.

KPERS administrative expenses in FY 2025 are estimated to total 1.39% of total benefit payments and only 0.11% of total assets in the Trust Fund.



# By the Numbers – in Fiscal Year 2025:

- About 1.4 million retirement benefit payments totaling \$2.3 billion
- \$39.6 million in life insurance benefits
- \$13.8 million in benefits to 1,600 disabled employees
- 5,200 pension inceptions
- 35,900 member enrollments and transfers
- 22,600 beneficiary designations processed
- 10,500 members withdrew their contributions totaling \$64.2 million
- Over 121,000 incoming calls
- Over 28,000 e-mail requests



# Who KPERS Serves

KPERS has more than 350,000 members, which means about **1 in 9 Kansans has a connection to KPERS.**

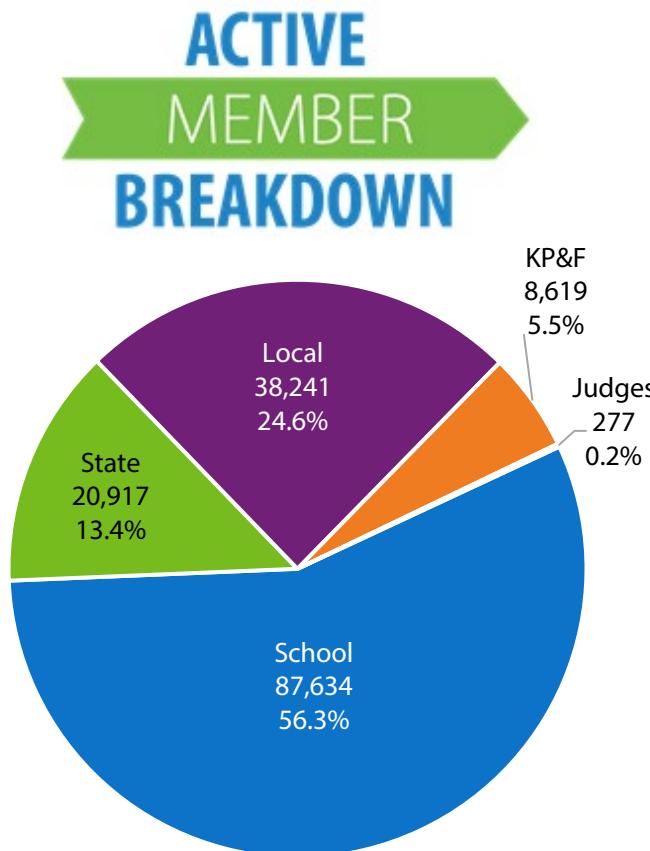
**KPERS is the primary retirement plan for more than 1,500 public employers**, including the State of Kansas, every county, every school district, more than 420 cities, and many local hospitals, libraries, fire districts and more.

KPERS has plans for general employees (KPERS), public safety employees (KP&F) and State and district judges (Judges).

KPERS Membership on 12/31/2024	
Active Members	155,688
Retirees and Beneficiaries	117,870
Inactive Members	77,055
Total	350,613



# Active Membership on 12/31/2024



Total Active Members – 155,688

KPERS has about 155,000 active members.

- Active members range in age from 16 to 92.

KPERS 3 is the largest group of active members.

- 39,276 active KPERS 1 members (membership prior to July 1, 2009)
- 21,876 active KPERS 2 members (membership July 1, 2009 – December 31, 2014)
- 85,640 active KPERS 3 members (membership January 1, 2015 and after)

The average KPERS member has 10.5 years of service and a salary of about \$56,000.

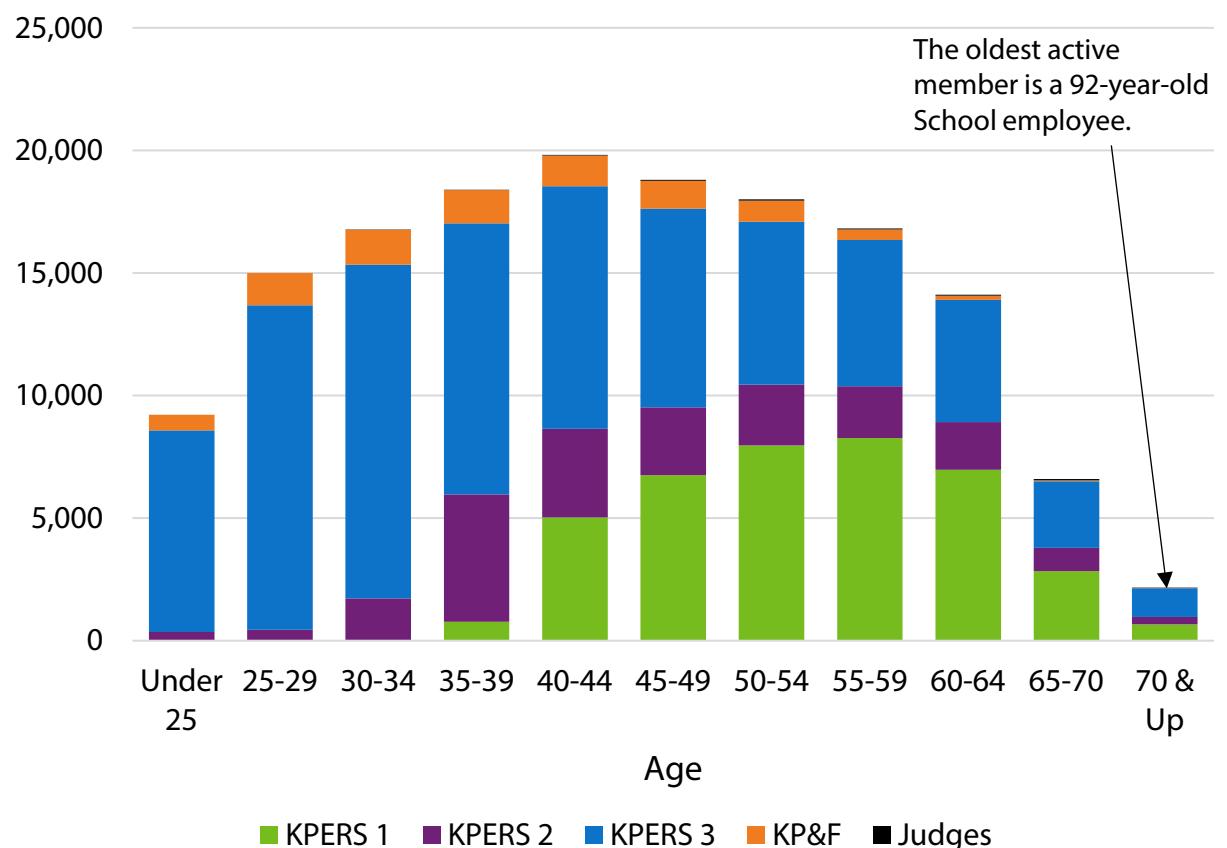
The average KP&F member has 10.4 years of service and a salary of about \$89,000.

The average Judges member has 9.9 years of service and a salary of about \$135,000.

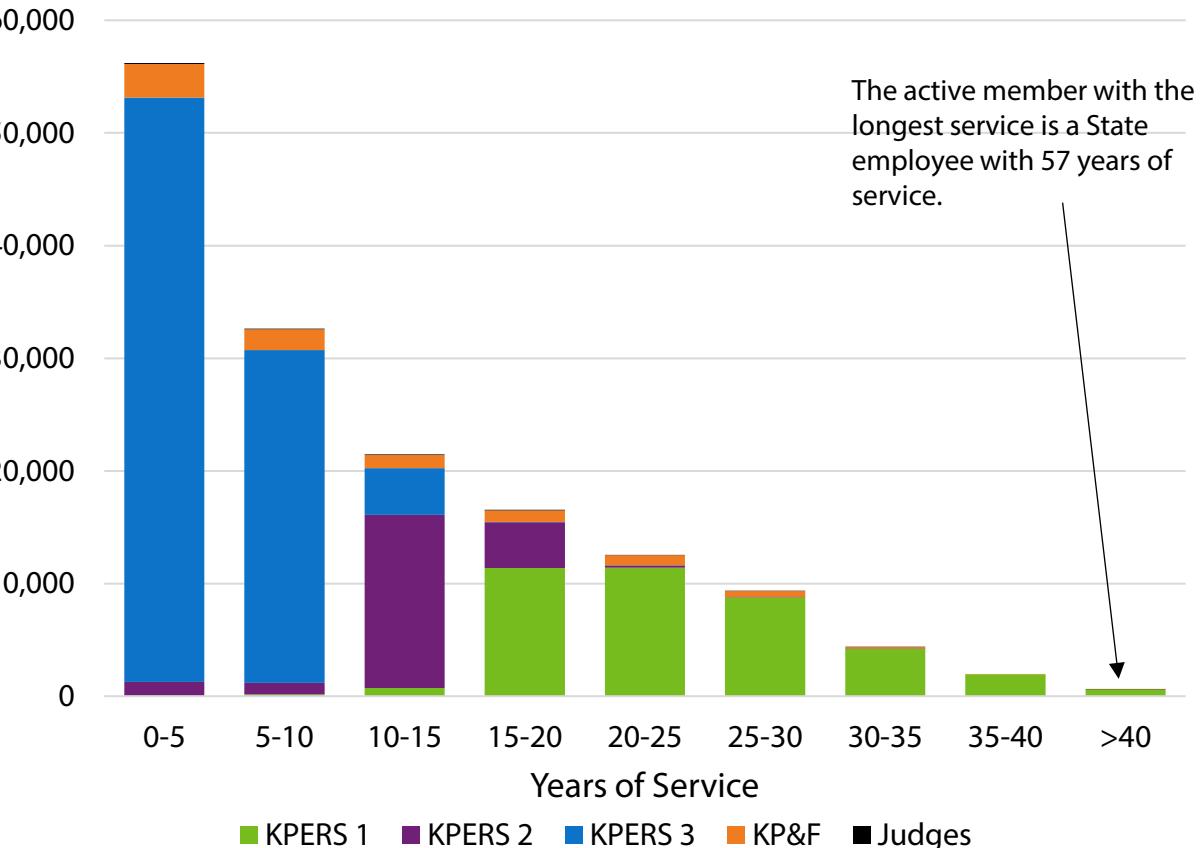


# Active Membership on 12/31/2024

## Age Distribution



## Service Distribution



Total Active Members: 155,688

KPERS 1 – Members before 7/1/2009  
 KPERS 2 – Members between 7/1/2009 and 12/31/2014  
 KPERS 3 – Members since 1/1/2015



KPERS Update

# Retired Membership on 12/31/2024

KPERS has more than 117,000 retirees and beneficiaries.

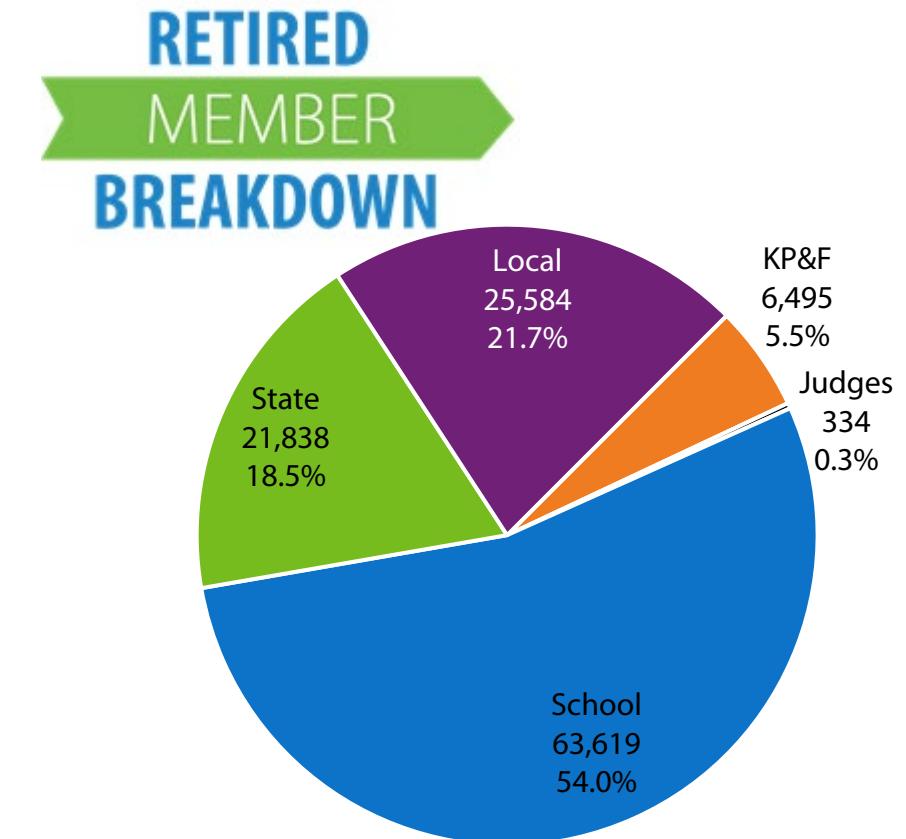
- Retirees range in age from 50 to 106.
- Beneficiaries range in age from 15 to 105.

The average KPERS retiree benefit is about \$17,100 per year (\$1,425 per month).

The average KP&F retiree benefit is about \$41,600 per year (\$3,460 per month).

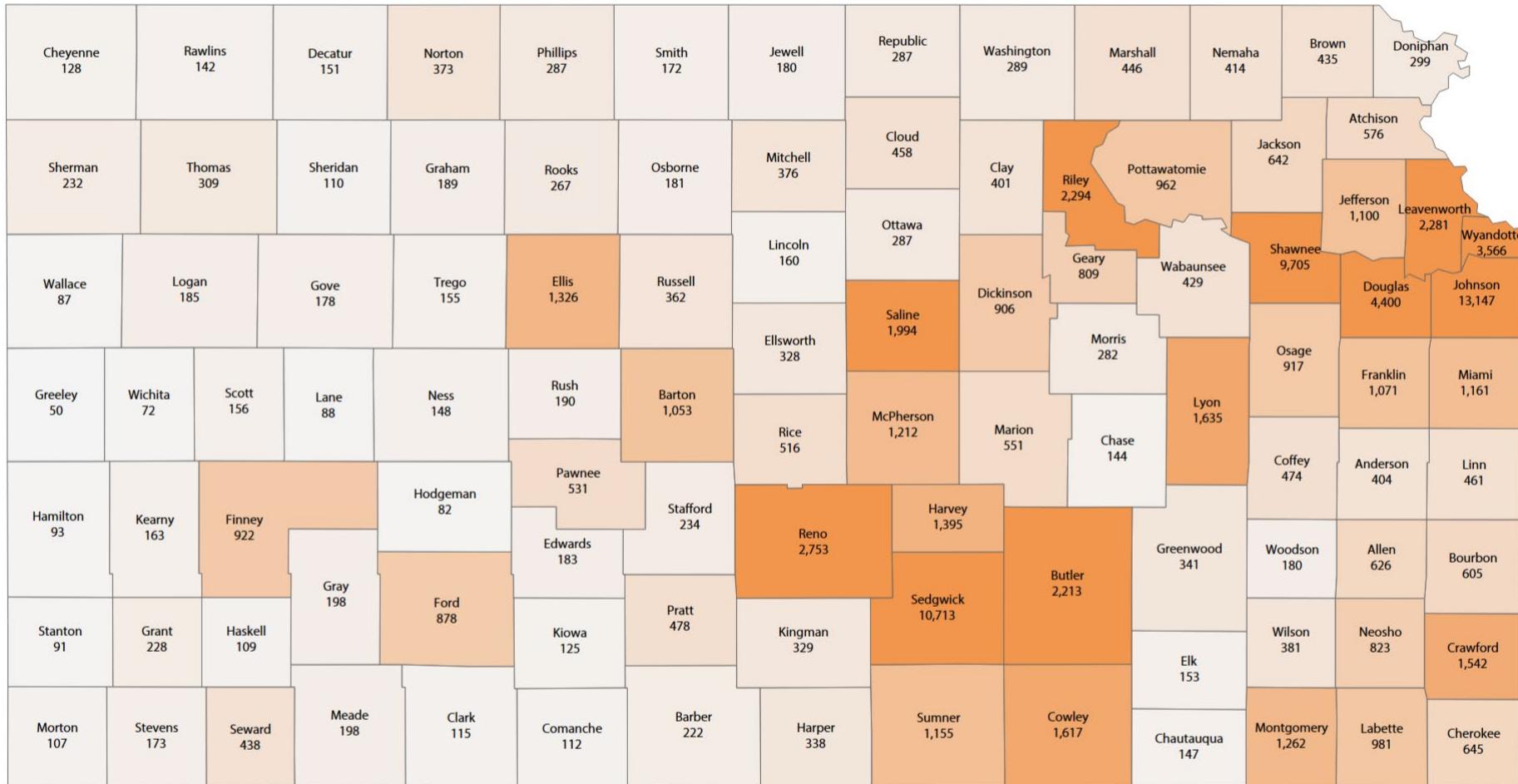
The average Judges retiree benefit is about \$48,000 per year (\$4,000 per month).

About 88% of retirement benefits are paid to a Kansas address.



# CY 2025 Retirees and Benefits

## Number of KPERS Retirees in Kansas

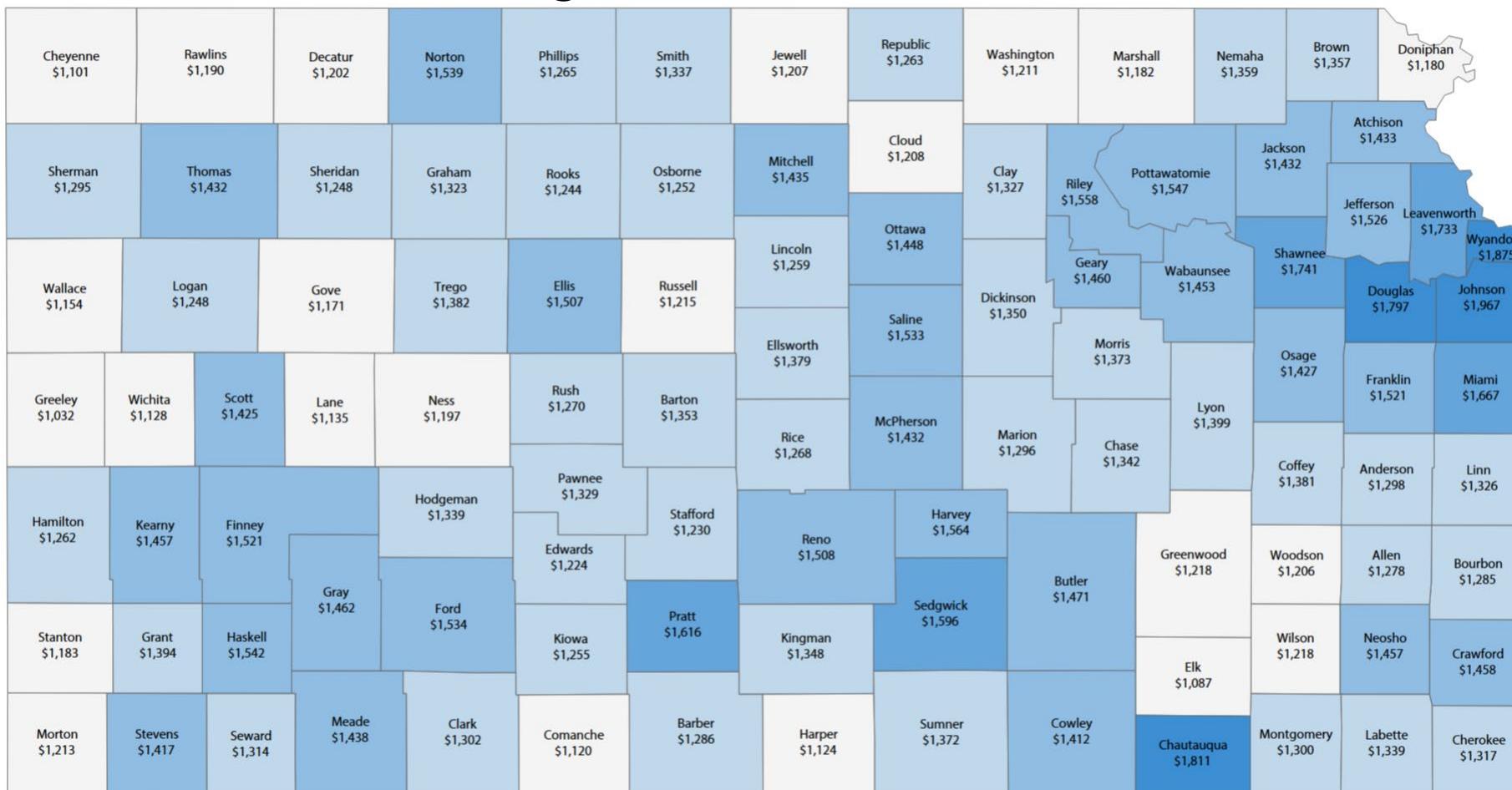


**Note:** Includes 96,469 retirees (KPERS, KP&F and Judges) who received a monthly retirement benefit payment in CY 2025. Beneficiaries are not included.



# CY 2025 Retirees and Benefits

## Average KPERS Retiree Benefit



**Note:** Includes 96,469 retirees (KPERS, KP&F and Judges) who received a monthly retirement benefit payment in CY 2025. Beneficiaries are not included.

# KPERS Retirement Plans

**KPERS is a qualified 401(a) defined benefit plan under the Internal Revenue Code**

**There are three retirement plans under the KPERS umbrella:**

1. KPERS (1, 2 and 3) – State, School and Local employees
2. KP&F – Public safety employees
3. Judges – State and District Judges

**Both Employers and Employees contribute to retirement benefits**

- Employees pay a statutory contribution rate.
  - 6% for KPERS 1, 2, 3 and Judges
  - 7.15% for KP&F
- Employers contribute an amount calculated annually by the actuary.
  - 11.54% in FY 2025 for KPERS State/School
  - 9.71% in CY 2025 for KPERS Local
  - 23.10% in FY 2025 for KP&F
  - 21.45% in FY 2025 for Judges



# KPERS Retirement Plans

**All KPERS plans are defined benefit retirement plans, often called pensions.**

- A pension plan is a retirement fund composed of contributions from the employer, employee and with investment earnings.
- At retirement, the member receives guaranteed regular monthly payments from the fund for life.
- Most KPERS plan follow the traditional pension formula:  
**Years of Service X Final Average Salary X Multiplier**
- KPERS 3 (members since January 1, 2015) is a hybrid Cash Balance plan that uses account balances to determine benefits, but it is still a defined benefit plan.
- Most KPERS members also receive Social Security benefits.



# KPERS Funding

KPERS is funded from three sources.

## Member Contributions

KPERS and Judges members contribute 6% of pay.

KP&F members contribute 7.15% of pay.

## Employer Contributions

Calculated on an actuarial basis each year.

## Investments

Assets are invested according to the "prudent expert standard of care" for the sole purpose of providing benefits to our members.



# Member and Employer Contributions

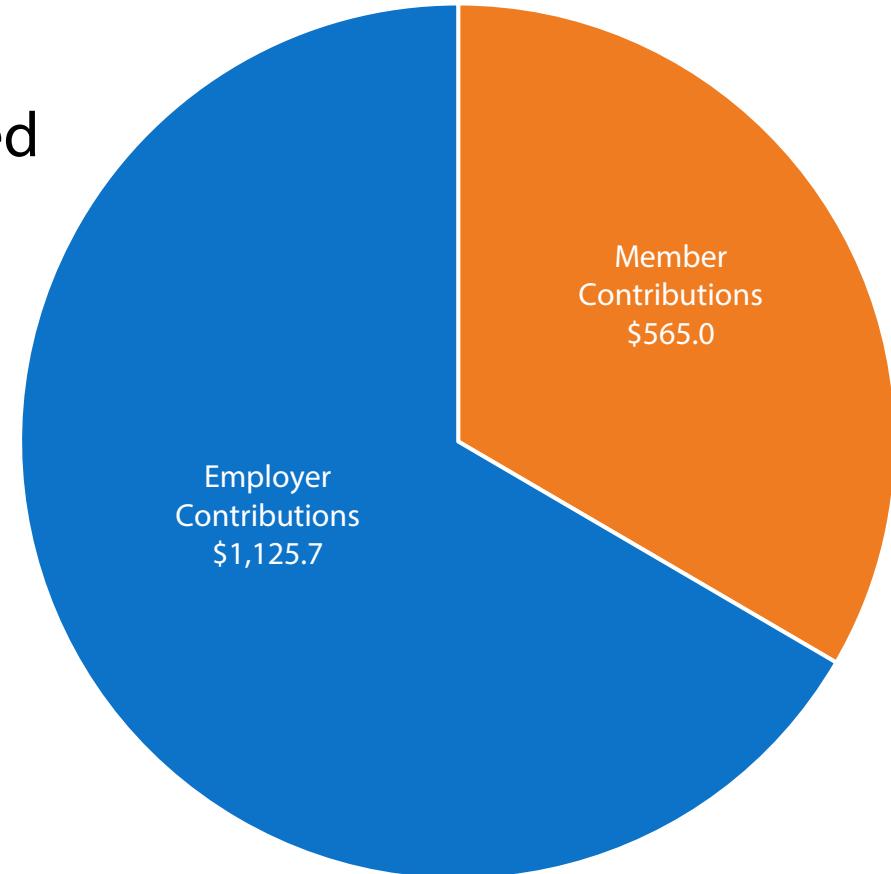
All members contribute towards their retirement benefits.

Employers contribute an actuarial rate required to fund benefits.

In FY 2026, employer contribution rates are:

- State/School – 11.68%
- Local (CY 2026) – 9.59%
- KP&F – 24.67%
- Judges – 23.16%

FY 2025 Member and Employer Contributions  
(in millions)



# State Contribution Effort

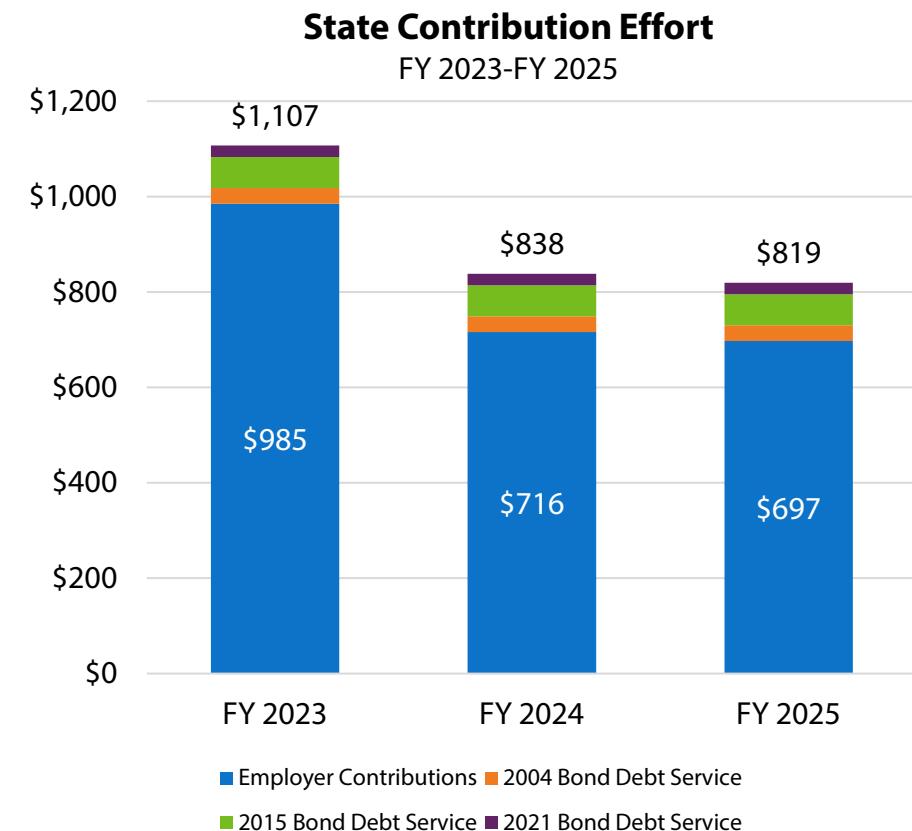
Employer contributions for the State/School group totaled \$697 million in FY 2025.

Debt service on pension funding bonds includes:

- \$33 million on 2004 \$500 M bond
- \$65 million on 2015 \$1.0 B bond
- \$24 million on 2021 \$500 M bond

Total State contribution effort to KPERS FY 2025 totaled \$819 million.

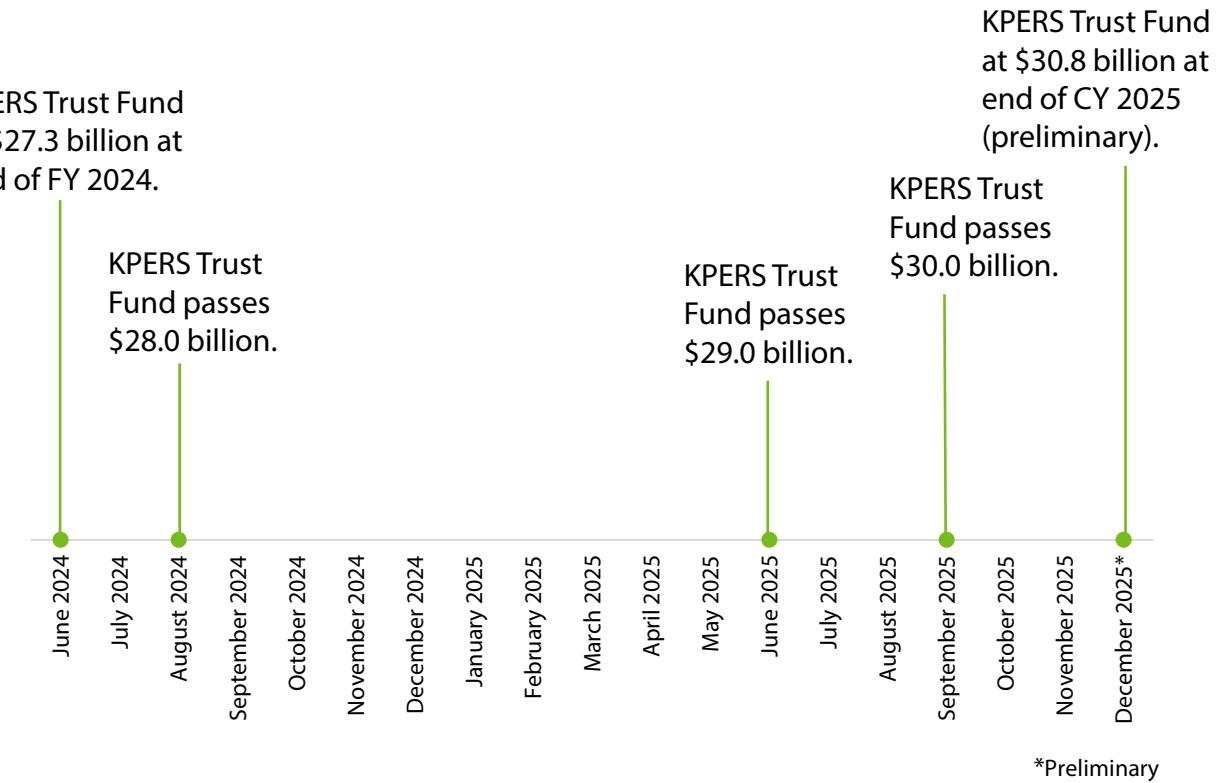
Over the past three fiscal years, total State contribution effort totals \$2.76 billion.



# Growth in the Trust Fund

KPERS Trust Fund has experienced substantial growth over the past 18 months.

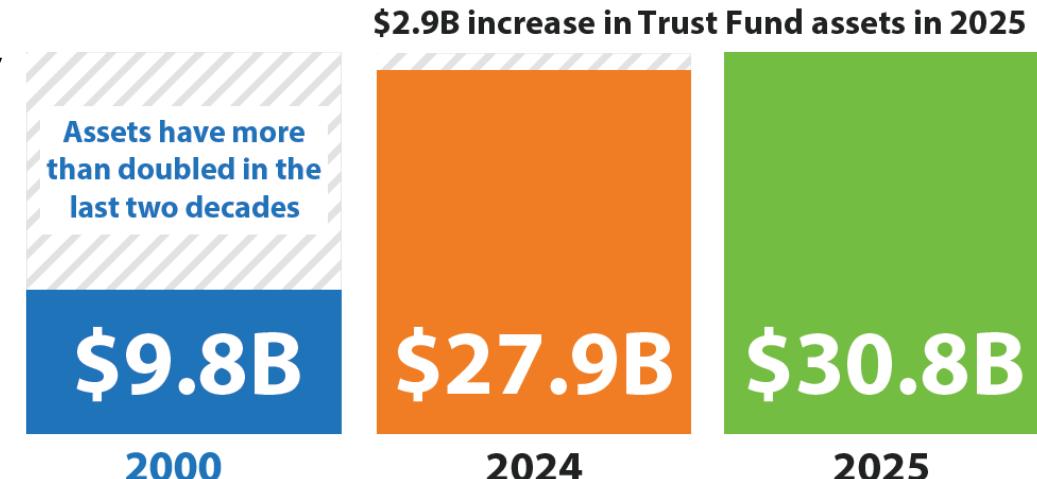
The Trust Fund ended CY 2025 with the highest year end balance in the history of the Fund.



# Investment Policy

- KPERS Statement of Investment Policy, Objectives and Guidelines (“IPS”) governs the System’s investment program.
  - The IPS incorporates both the “prudent expert” standard of care along with statutory requirements that govern the System.
  - The IPS requires that assets be managed for the sole purpose of providing benefits to the members of the System.
  - The IPS defines asset classes, asset allocation and portfolio management processes.
  - The IPS is reviewed and ratified by the Board of Trustees each year.

## Growing Assets



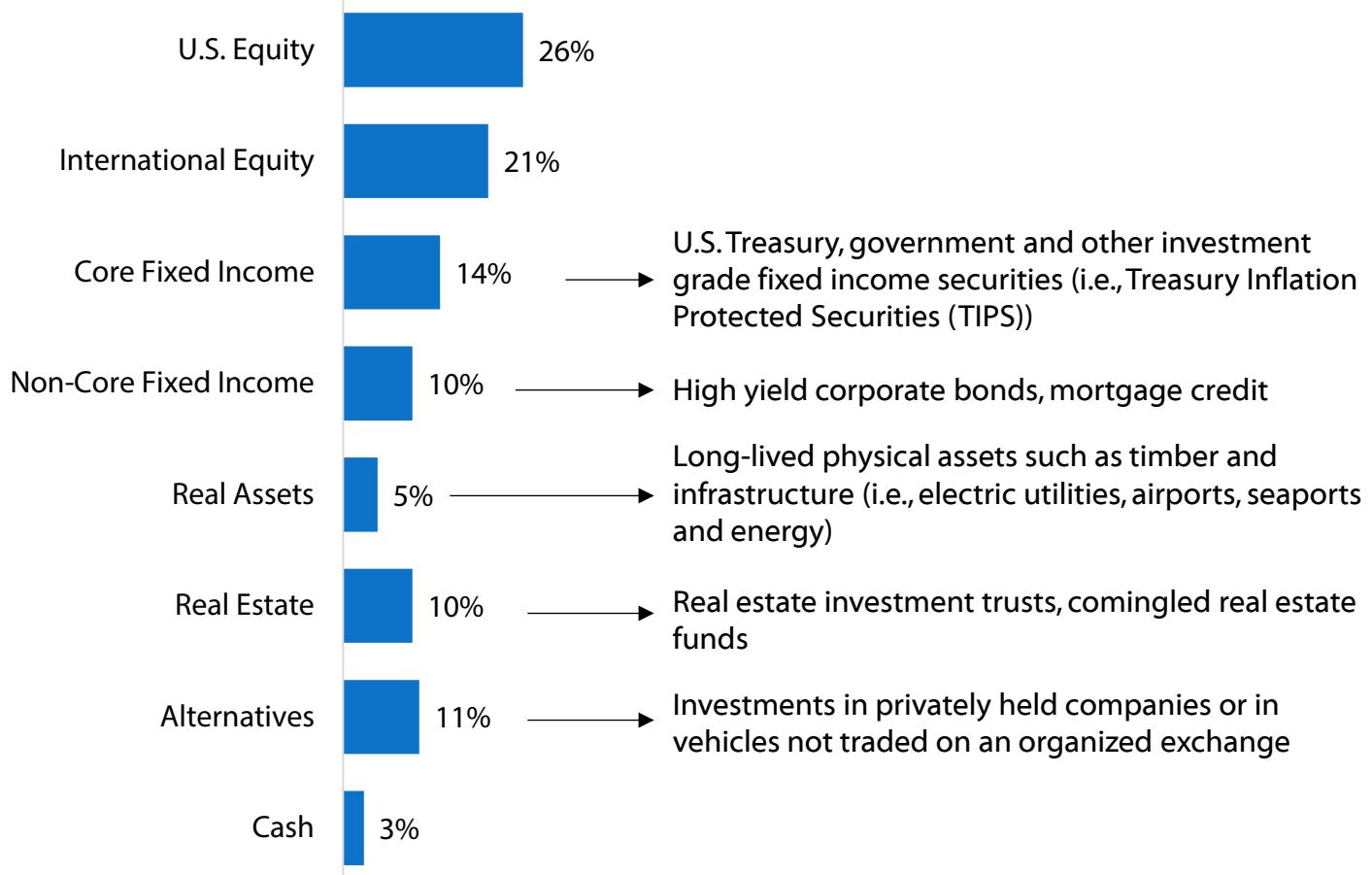
Preliminary CY 25 data as of 12/31/2025



# Asset Allocation

- An Asset/Liability Study is conducted to establish the System long-term asset allocation targets.
  - The study is conducted every 3 to 4 years.
- The objective of the study is to balance portfolio risk and return with the goals of:
  - Achieving the System's actuarial assumed rate of return over the long-term.
  - While managing risks that may impede sound funding of the plan.

## Current Target Allocation



# Portfolio Management

- Significant investment expertise and experience are required to manage KPERS investment portfolio.
- Decisions are distributed across a three-pronged partnership of investment professionals.
- KPERS Internal investment team.
  - Ten full-time professionals, seven of whom hold advanced degrees
  - Seven have also attained industry recognized professional designations.
    - Six hold the Chartered Financial Analyst® (CFA®) designation,
    - One holds the Chartered Alternative Investment Analyst® (CAIA®)
- Investment consultants to the Board of Trustees
  - One general investment consulting firm and two specialist firms, one for private equity and the other for real assets.
- External investment management firms.
  - 33 investment firms and 58 general partnership relationships.
- Investment fees were 0.43% of total assets in fiscal year 2025.



# Investment Performance

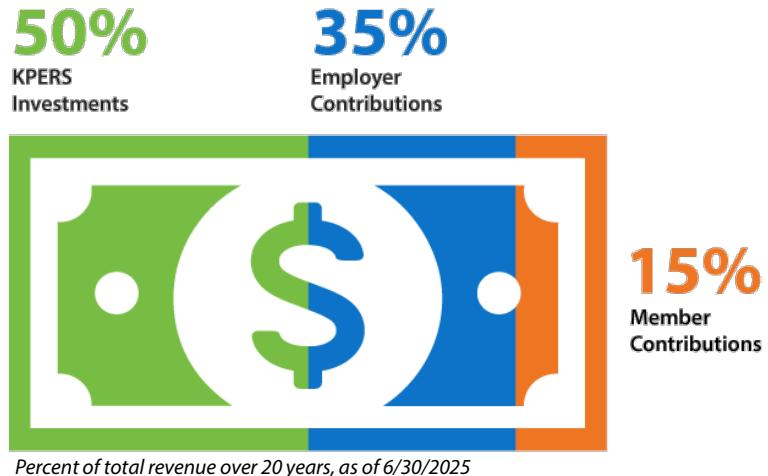
Most revenue to the KPERS Trust Fund comes from investment returns.

KPERS annual comprehensive financial report (ACFR) is reported on the fiscal year ending June 30.

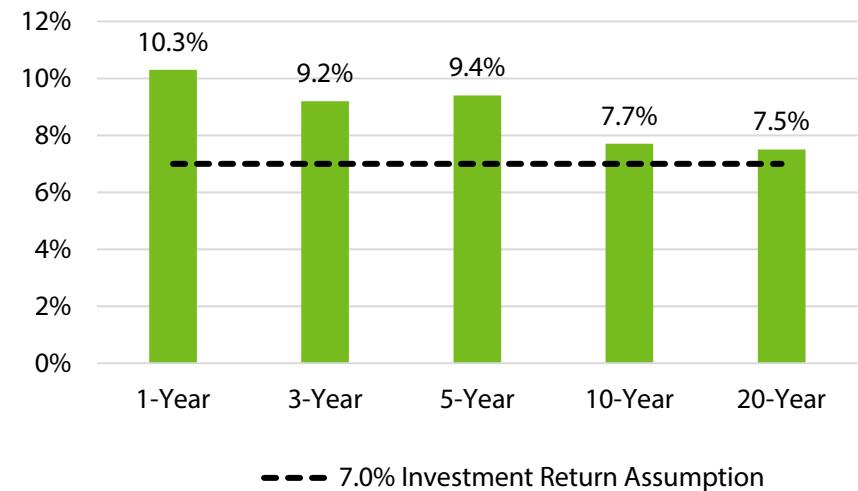
- The FY 2025 total return was 10.3%.

KPERS annual actuarial valuation is measured on a calendar year basis.

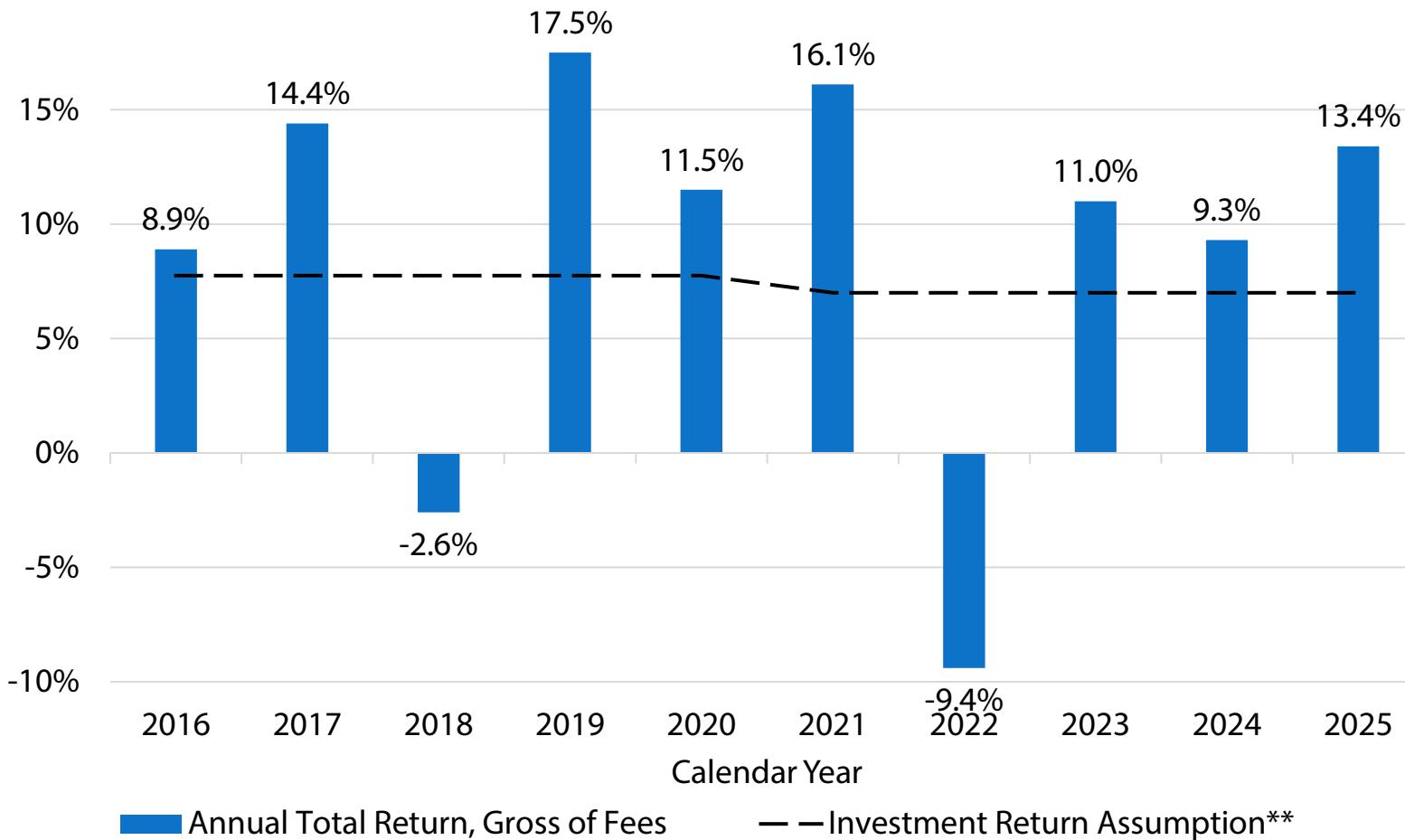
- The preliminary CY 2025 total return is 13.4%.



Annualized Total Return through 6/30/2025



# Historical Calendar Year Investment Returns\*



Calendar year returns are used in the annual actuarial valuation.

KPERS has exceeded the investment return assumption in 8 of the past 10 calendar years.

The total return over this 10-year period was 8.7%. Over 25 years, the total return was 7.2%.

\* Time weighted total return, gross of fees

\*\* The investment return assumption was changed to 7.75% in 2016 and to 7.0% in 2021.



# Funded Status on 12/31/2024

As a system, KPERS' funded ratio remained steady while the unfunded actuarial liability increased slightly in the 12/31/2024 valuation.

	12/31/2023	12/31/2024
System Funded Ratio	74.0%	74.0%
Unfunded Actuarial Liability	\$9.69 billion	\$10.05 billion

The State/School group is at 75.3% funded as of 12/31/2024.

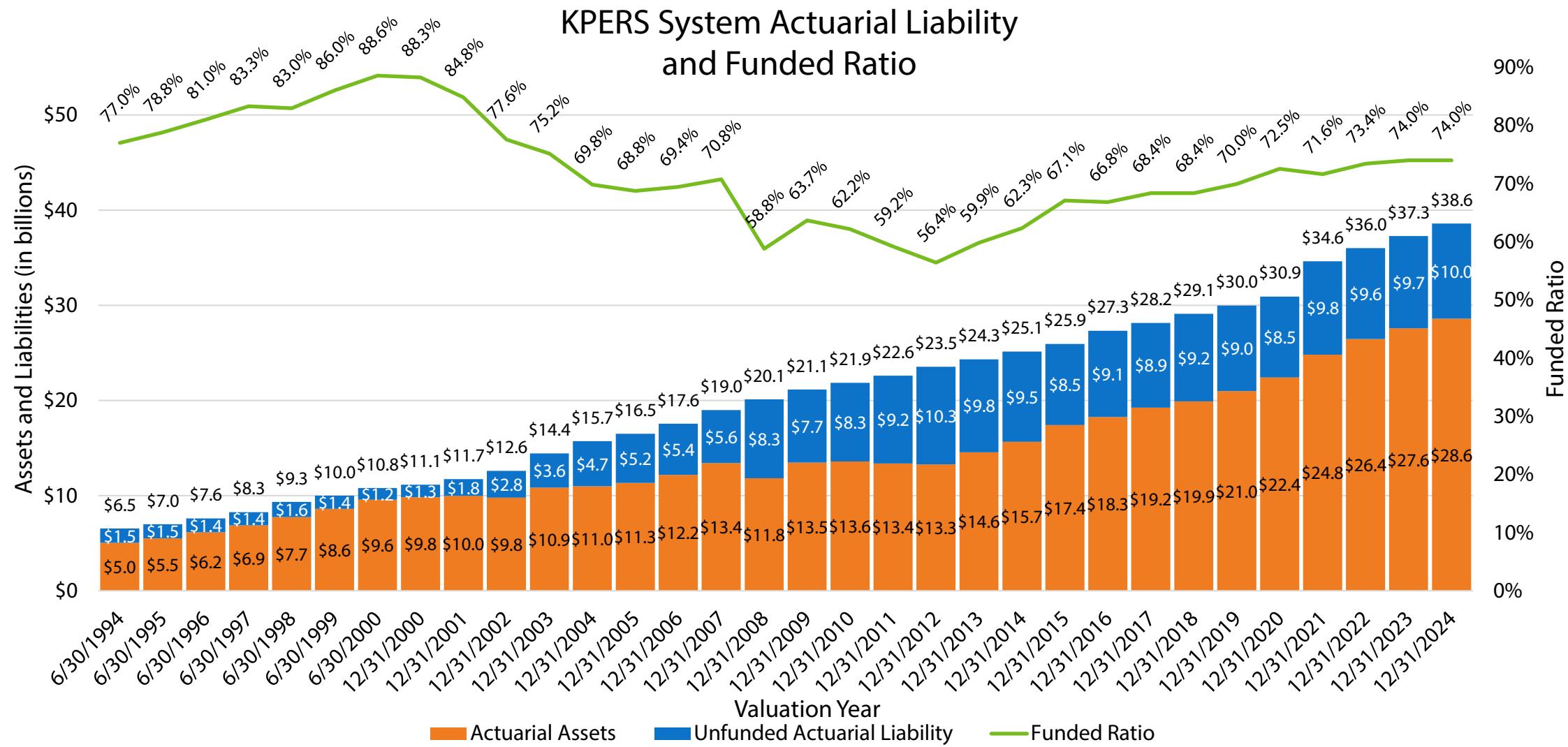
	12/31/2023	12/31/2024
State/School Funded Ratio	75.2%	75.3%
Unfunded Actuarial Liability	\$6.20 billion	\$6.34 billion

All employer groups remain at the full actuarial required contribution (ARC) rate in the 12/31/2024 valuation (FY 2028 for State, CY 2027 for Locals).

- The State/School employer contribution rate for FY 2026 is 11.68% and FY 2027 is 11.32%.



# Long-Term Funding



# KPERS Funding

Investment returns in CY 2024 were above the 7.0% investment return assumption, but the CY 2022 investment losses will put upward pressure on future employer contribution rates.

The funded ratio for the System remained flat at 74.0%. The deferred investment losses are expected to keep the funded ratio relatively level for the next couple of years if all assumptions are met.

The State/School group is projected reach 80% funding in 2030.

Continued full funding of the employer contribution rate is one of the keys to keeping KPERS on a path to full, sustainable funding.

KPERS benefits are not in jeopardy, with over \$30 billion in assets today and a well diversified investment portfolio, KPERS will pay all promised benefits.



# Benefits Are Secure

Funds can never be removed from the KPERS Trust Fund, except to pay member benefits and System expenses.

KPERS has a well-diversified investment portfolio.

The KPERS Trust Fund receives over \$1 billion in employer and employee contributions each year.

With over \$30 billion in assets today, KPERS can pay promised benefits for many years.



# 2026 Legislation

KPERS has identified three potential changes to KPERS statutes and the Board has requested introduction of legislation to address these areas:

1. **Redundant working after retirement statutes.** There are two different statutes that govern working after retirement for state and local elected officials that can be trued up.
2. **KP&F affiliation contributions.** A 1965 statute governs the first-year contributions for one type of KP&F affiliations that is not necessary and inconsistent with other parts of KP&F statutes.
3. **Board leadership elections.** KPERS Board of Trustees is requesting a change to statute to allow the Board to vote for both Chairperson and Vice-chairperson. Currently the Board Chairperson is elected and then selects the Vice-chairperson.



# How to Contact Us

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# Questions



KPERS Update