

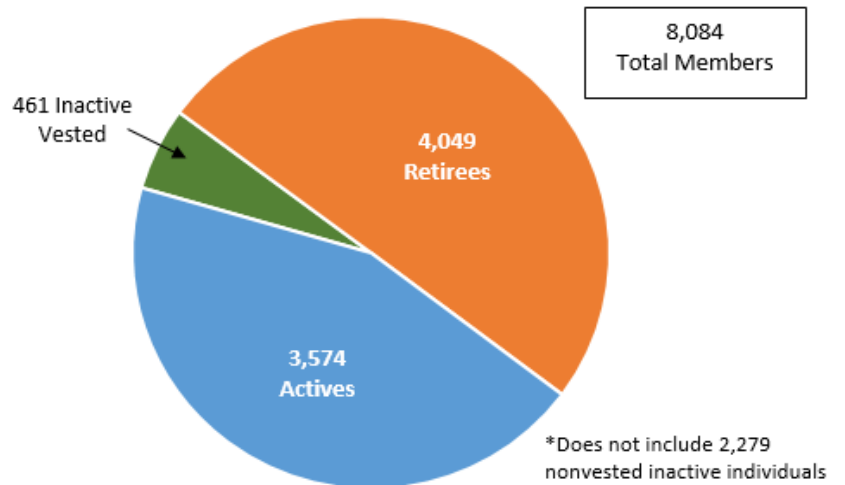
Quick Facts

The Kansas City Public School Retirement system (KCPSRS) is a defined benefit (DB) pension plan that provides lifetime and disability retirement benefits to members and survivor benefits to qualified beneficiaries.

KCPRS MEMBERSHIP

- Membership consists of all employees of the Kansas City School District, the Kansas City Public Charter Schools, and the Kansas City Public Library.
- Of the nearly 8,084 members served by KCPSRS, over 4,000 receive a monthly benefit.
- Members are fully vested after 5 years of covered employment.
- Active members' average age is 44.0 and average length of service is 8.1 years.
- Retirees' average age is 72.0 years.

Snapshot of KCPSRS Members*
as of 1/1/2016



REASONABLE BENEFIT PAYOUT

Generally speaking, combined pension and social security benefits should replace approximately 75% of a 30-year employee's final average pay as a reasonable benefit level. KCPSRS' benefit payout formula generally equates to this standard. The average pension benefit payable to KCPSRS retirees is approximately \$1,580 per month.

KCPSRS BENEFITS CALCULATION

APPLIES TO VESTED MEMBERS WITH FIVE YEARS OF SERVICE

Benefit Provisions	Plan B – anyone who retires on or after June 30, 1999 and was hired prior to January 1, 2014	Plan C – members hired after January 1, 2014
Normal Retirement Eligibility The age and service years combined required to receive an unreduced retirement benefit	60 yrs. old or must have 75 credit points (age + years of service = credits)	62 yrs. old or must have 80 credit points (age + years of service = credits)
Base Benefit Formula Payable for your lifetime a product of the Average Final Compensation (AFC) times Years of Creditable Service (YCS)	$AFC \times 2\% \times YCS \div 12 = \text{Monthly Pension}$	$AFC \times 1.75\% \times YCS \div 12 = \text{Monthly Pension}$
Benefit Payment Options Determines whether or not a benefit will be paid to anyone after your death	Basic Benefit with no Survivor payments Reduced Benefit with 100% to Survivor Reduced Benefit with 50% to Survivor	

FINANCED THROUGH EMPLOYER/ EMPLOYEE CONTRIBUTIONS AND INVESTMENT EARNINGS

Employer/employee contributions and investment earnings are accumulated and professionally managed during an employee's career and paid out over their retirement years. The major source of revenue is investment earnings. As the chart below indicates, approximately 60¢ of every dollar used to pay retirees is generated from investment earnings.

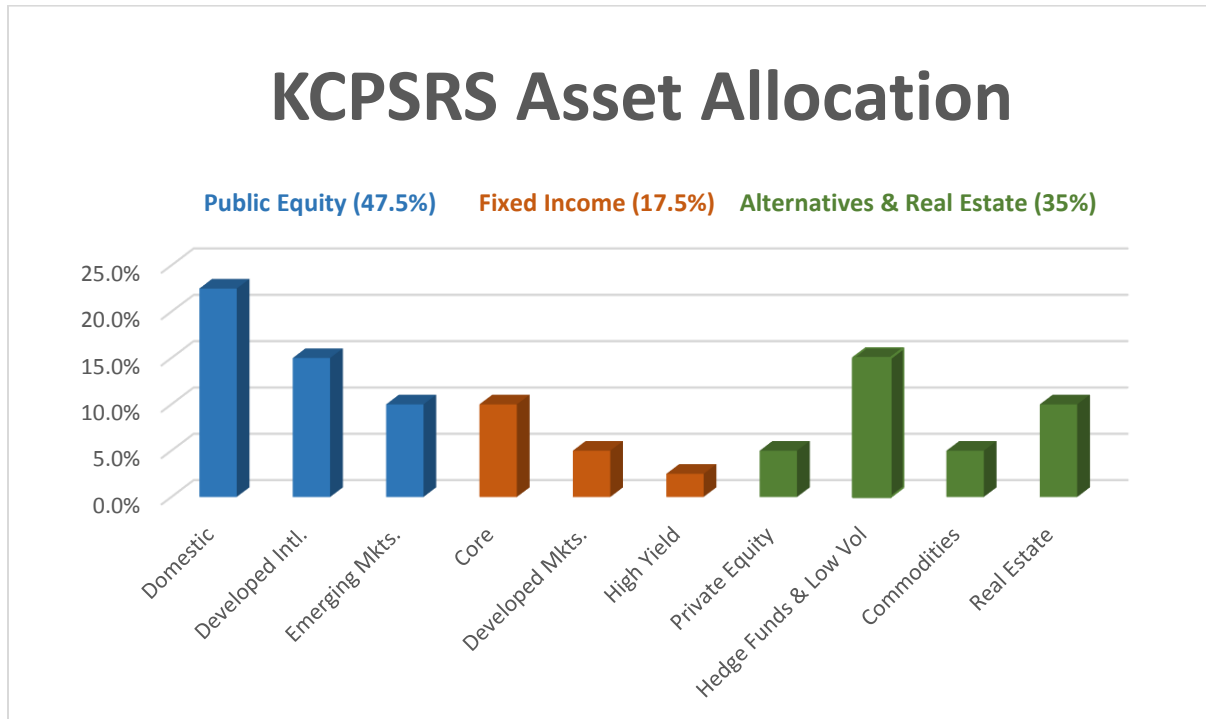
FUNDING SOURCES

20-Year Average



KCPRS ASSETS

The total invested assets were approximately **\$618 million** on December 31, 2016, (2016 fiscal year end). As of 1/1/16, the actuarial funded ratio was 78%. KCPSRS has a strong financial position and in recent years has adjusted its investment asset allocation to better protect against down markets by adding diversified investments. Academic research has painstakingly explained that asset allocation is the most important decision with regards to the long term success of an investment program. Diversification spreads the risk and mitigates any losses from different asset classes. KCPSRS asset allocation policy targets 47.5% public equity, 17.5% fixed income, and 35% alternatives and real estate investments.



INVESTMENT PERFORMANCE HISTORY

The investment objective of the System is to produce a risk adjusted investment return that meets or outperforms the 8% actuarially assumed investment rate of return.

Period	KCPSRS Annualized Returns (as of December 31, 2016)
1 Year	7.9%
3 Year	3.6%
5 Year	7.3%
7 Year	7.2%
10 year	4.4%
Since inception*	7.9%

*data available since 07/01/1989 (revised final)