

Answers to Your Questions:

Why has KCPSRS's funded ratio declined?

In our recent newsletter (August 2017), a chart reflects the System's actuarial funded ratio percentage by year at 70%, which is a decline for previous years.

Reasons for the decline:

1. The System's funded ratio was very strong (near or above 100%) until recent years when the recognition of the global market downturn of 2008-09 was fully reflected in the actuarial valuations in 2009-13. Also during this same period, the number of active members contributing to the KCPSRS declined due to several school closings. These two factors lowered the funded ratio to approximately 80% - 78%.
2. In 2016, after an *Experience Study* the Board of Trustees adopted new actuarial assumptions in recognition of the reality that people are living longer (new mortality tables) and that investment professionals expect lower investment returns in the next decade. These assumption changes had the effect of lowering the funded ratio from 78% to 70% (see our January 2017 newsletter for more details).

What action is being taken to strengthen KCPSRS's funded ratio?

Legislation will be proposed in the upcoming legislative session for a **meaningful increase in contribution rates to improve the funding ratio over time**, assuming all other actuarial assumptions are met. Discussions with our participating employers indicate interest in increases in the employer contribution rate only - **leaving the employee rate at the current rate**.

The Board of Trustees agreed to proceed with legislation for an increase to KCPSRS's contribution rates after a thorough analysis of the System's assets and long-term liabilities.

What's most important for KCPSRS members?

The important thing is KCPSRS members and retirees are secure in receiving their expected monthly lifetime benefits. First and foremost, the Board of Trustees' job is to safeguard KCPSRS assets for the continued payment of members' life time benefits. The KCPSRS Trustees continuously monitor the assets and liabilities of the System, are thoughtful and analytical, use experts (i.e. actuary, investment consultant, attorney) when appropriate, and make decisions for the long-term viability of the System in the **best interest of our members**.