

JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT
FIRST QUARTER MEETING
JANUARY 19, 2012

The Joint Committee on Public Employee Retirement held its 1st Quarter Meeting on Thursday, January 19, 2012 at 8:00 am in House Hearing Room 1. With a quorum being established, Representative Atkins called the meeting to order. Joint Committee members in attendance were Senators Keaveny, Lamping, and Rupp and Representatives Anders, Atkins, Brown, Franz, Pierson and Wieland. Senators Chappelle-Nadal, Crowell, and Green were not in attendance.

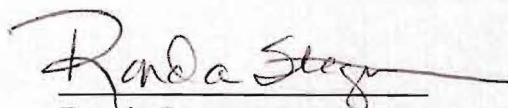
Representative Atkins turned the meeting over to the Executive Director, Ronda Stegmann. The 2012 Annual Report to the General Assembly relative to plan year 2010 was reviewed. There are currently 126 public retirement plans reporting annual information to the JCPER. Specific trends for plan year 2010 reporting included a decrease in active membership by over 3,000 marking the second time in a 5 year period that this membership has declined. The market value of assets grew by over \$4 billion to \$48.1 billion with actuarial value of assets equaling \$55.7 billion and actuarial accrued liabilities equaling \$71.8 billion. Plan year 2010 net investment income exceeded \$5.8 billion after 2 consecutive years of negative investment experience. Twelve plans decreased the investment rate of return assumption in plan year 2010. Benefit payments increased by \$172 million although this increase was not at prior years' level of increases which often resulted in increases exceeding \$200 million annually.

Preliminary reporting of 10 plans for plan year 2011, indicates a net investment income in excess of \$8 billion and an aggregate funded ratio of 80% on a market value basis and 81% on an actuarial value basis.

The Director reviewed pension legislation introduced for the current session. There are currently 18 pension bills being monitored by the JCPER, seven of which pertain to retirement benefits for General Assembly members or State Elected Officials. Representative Aktins inquired as to provisions in Senate Bill 581 which require the Joint Committee to contract with an actuary to do a financial report and actuarial audit of the Kansas City Public School Retirement System. The Director indicated staff is working with the bill sponsor's staff to address concerns associated with this provision including potential costs of approximately \$35,000.

It was noted quarterly reporting was not included in the member packets due to the timing of the meeting but will be forwarded when complete.

No further business being presented, the committee adjourned.


Ronda Stegmann
Executive Director



JOINT COMMITTEE ON PUBLIC EMPLOYEE RETIREMENT

1st QUARTER MEETING
January 19, 2012
8:00 a.m.
House Hearing Room 1

AGENDA

Roll Call

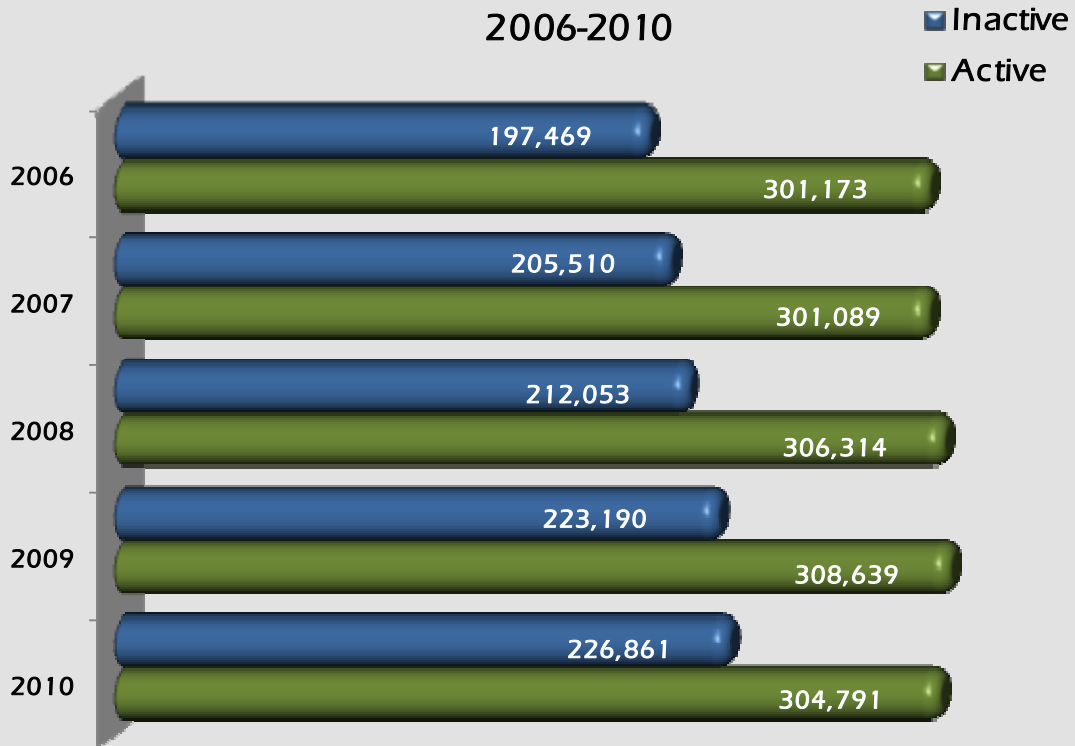
Annual Report Presentation

Legislation

Other Business



MEMBERSHIP CHANGES 2006-2010



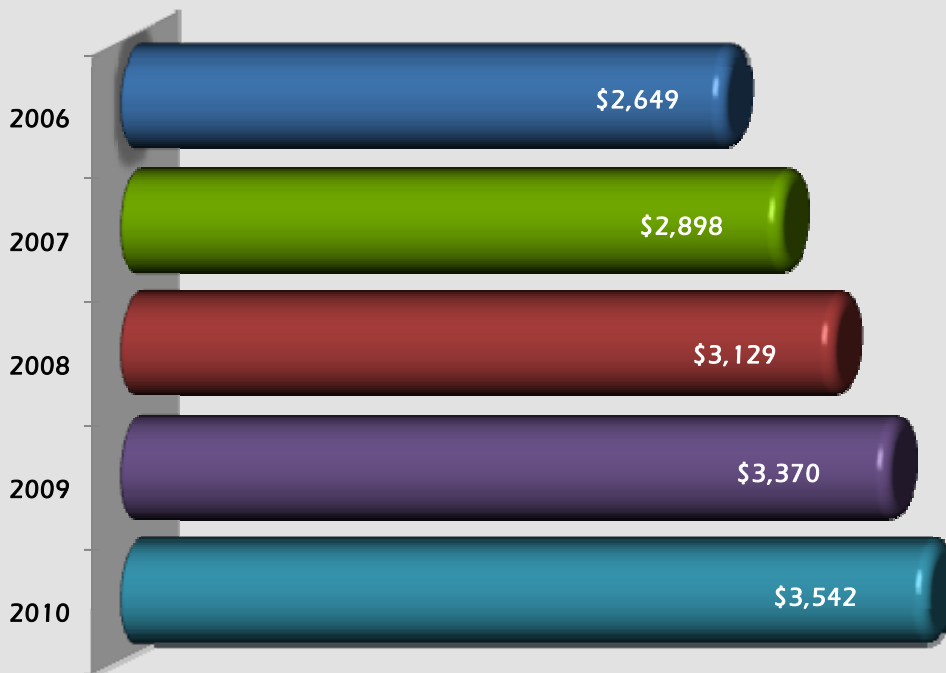
ASSETS/LIABILITIES of DEFINED BENEFIT PLANS (in billions)



NET INVESTMENT INCOME (in millions)



BENEFIT PAYMENTS (in millions)



REPORTING RECEIVED FOR PLAN YEAR 2011

Plan	Net Investment Income	Total Assets (Market Value)	Total Assets (Actuarial Value)	Liabilities	Plan year ended
PSRS	\$5,018,518,464	\$28,100,181,498	\$29,387,486,429	\$34,383,430,575	June 30
MOSERS	\$1,395,677,299	\$7,768,709,373	\$8,022,481,408	\$10,123,544,043	June 30
LAGERS	\$852,214,900	\$4,535,258,952	\$3,945,085,880	\$4,837,423,311	Feb 28 & June 30
PEERS	\$502,933,656	\$2,918,763,616	\$3,028,757,171	\$3,549,348,463	June 30
MPERS	\$279,612,052	\$1,555,680,676	\$1,427,290,718	\$3,297,589,869	June 30
KC Employees	\$115,721,780	\$886,328,136	\$806,792,596	\$1,010,996,133	April 30
KC Police	\$82,002,086	\$715,764,084	\$715,764,084	\$940,609,092	April 30
KC Fire	\$51,520,473	\$414,604,824	\$432,540,955	\$528,481,037	April 30
KC Civilian Police	\$11,852,884	\$102,522,611	\$102,522,611	\$137,040,461	April 30
Judges	\$17,460,050	\$98,208,033	\$98,398,623	\$393,484,589	June 30
Total (10 plans to date)	\$8,327,513,644	\$47,096,021,803	\$47,967,120,475	\$59,201,947,573	
Aggregate Funded Ratio		80%	81%		



2012 RETIREMENT LEGISLATION - SENATE

SENATE BILLS			SENATE ACTION						HOUSE ACTION				OTHER ACTION	
Bill Number	System Affected	Description	Sponsor	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Perfected	Passed 3rd Read	Committee Assigned	Date/ Time Hearing Rm	Committee Action	Passed 3rd Read	Notes	Governor Action
SB 461	St. Louis City Police	Allows the City of St. Louis to establish local control of city's police force no sooner than 1/1/13. The police pension system continues to be governed under Chapter 86, RSMo.	Keaveny	Financial & Govt. Organization										
SB 478	MOSERS	Eliminates retirement benefits, life insurance, disability insurance & health insurance coverage for General Assembly members & Statewide Elected Officials who first hold office on or after 1/1/13. ➤ Fiscal Note	Crowell	Veterans Affairs, Pensions & Emerging Issues	Hearing Conducted 1/18/12									
SB 479	MOSERS	Eliminates retirement benefits for General Assembly members & Statewide Elected Officials who first hold office on or after 1/1/13. Eliminates life insurance & disability insurance for these members with the option to purchase through the state. These members will be responsible for the premium for any health insurance coverage elected. ➤ Fiscal Note	Crowell	Veterans Affairs, Pensions & Emerging Issues	Hearing Conducted 1/18/12									
SB 492	MOSERS	Modifies retirement benefit formula for General Assembly members & Statewide Elected Officials who first hold office on or after 1/1/13. ➤ Fiscal Note	Crowell	Veterans Affairs, Pensions & Emerging Issues	Hearing Conducted 1/18/12									
SB 535	St. Louis City Police	Allows the City of St. Louis to establish local control of city's police force no sooner than 1/1/13. The police pension system continues to be governed under Chapter 86, RSMo.	Chappelle-Nadal	Financial & Govt. Organization										

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SB 581	KCPERS, JCPER, & PSRS	KC School Distict Proposal - includes plan membership & retiree return to work provisions. Requires JCPER to contract with an actuary to perform study of KCPERS.	Callahan	General Laws										
SB 597	St. Louis City	Changes the governance of the St. Louis Airport. Allows the airport authority to enter into negotiations with the city of St. Louis to discuss pension plans and other retirement issues, beginning April 1, 2015.	Dempsey											
SB 625 (HB 1331)	MOSERS & MPERS	Provides for service transfers made prior to passage of reciprocal transfer of service asset provisions.	Kehoe											
SB 650	MOSERS & LAGERS	Requires Gubernatorial appointments to Board of Trustees to be made with advice & consent of Senate	Ridgeway											
SB 669	MOSERS	Modifies retirement plans for judges, statewide elected officials, & members of the general assembly who first take office after January 1, 2013	Lembke											

2012 RETIREMENT LEGISLATION - HOUSE

HOUSE BILLS			HOUSE ACTION						SENATE ACTION				OTHER ACTION	
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HB 1039	LAGERS	Allows an option for deduction of health care or long term care premiums from retiree's benefit as permitted by Federal Law. Fiscal Note	Leara	Retirement	Hearing Conducted 1/19/12	DP Consent 1/19/12								
HB 1138	MOSERS	Beginning 1/1/13, General Assembly members will not accrue credited service under the MSEP 2000 plan.	Smith											
HB 1139	MOSERS & MPERS	Establishes the 2012 State Employee Retirement Incentive.	Gateschenberger											
HB 1202	MOSERS & CERF	Removes state salary limitations associated with multi-circuit juvenile court employees.	Franz											
HB 1226	MOSERS	Eliminates retirement benefits for members of the General Assembly if such member serves less than sixteen years	Brattin	Retirement										
HB 1256	PACARS	Allows a \$4 surcharge to be assessed and collected against persons who pled guilty and paid a fine through a fine collection center	Diehl											
HB 1312	MOSERS	Beginning 1/1/13, prohibits General Assembly members who have not served at least 3 biennial assemblies from accruing credited service	Koenig											
HB 1331 (SB 625)	MOSERS & MPERS	Provides for service transfers made prior to passage of reciprocal transfer of service asset provisions.	Jones											