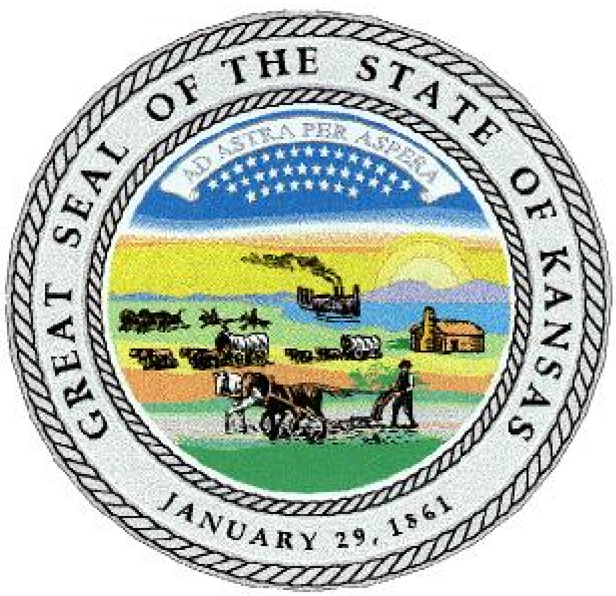
Kansas Public Employees
Retirement System



Valuation Report as of December 31, 2009

Milliman

Kansas Public Employees Retirement System
Actuarial Valuation Report

Table of Contents

Appendices

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July 7, 2010

Board of Trustees
Kansas Public Employees Retirement System
611 S. Kansas Ave., Suite 100
Topeka, KS 66603

Dear Members of the Board:

At your request, we performed an actuarial valuation of the Kansas Public Employees Retirement System as of December 31, 2009 for purposes of determining contribution rates for fiscal year 2013 for the State and 2012 for Local employers. The major findings of the valuation are contained in this report. This report reflects the benefit provisions in place on December 31, 2009. There was no change in the actuarial assumptions or methods from the prior valuation.

In preparing our report, we relied, without audit, on information (some oral and some in writing) supplied by the System's staff. This information includes, but is not limited to, statutory provisions, member data and financial information. We found this information to be reasonably consistent and comparable with information used for other purposes. The valuation results depend on the integrity of this information. If any of this information is inaccurate or incomplete, our results may be different and our calculations may need to be revised.

We further certify that all costs, liabilities, rates of interest and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The Board of Trustees has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix C.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations presented in this report under GASB Statements No. 25 and 27 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals. The calculations in this report have been made on a basis consistent with our understanding of GASB Statements No. 25 and 27. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

Milliman's work is prepared solely for the internal business use of the System and its Trustees and employees (for their use in administering the Fund). To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product. Milliman's consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exception(s):

(a) The System may provide a copy of Milliman's work, in its entirety to the System's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit the System.

(b) The System may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are pension actuaries. Milliman's advice is not intended to be a substitute for qualified legal or accounting counsel.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

We would like to express our appreciation to Glenn Deck, and to members of his staff, who gave substantial assistance in supplying the data on which this report is based.

We respectfully submit the following report and look forward to discussing it with you.

MILLIMAN, Inc.

Sincerely,

Patrice Beckham

Patrice A. Beckham, F.S.A.
Consulting Actuary

Brent A. Banister, F.S.A.
Consulting Actuary

SECTION I
BOARD SUMMARY

OVERVIEW

The Kansas Public Employees Retirement System is an umbrella organization which administers the following three statewide pension groups: the Kansas Public Employees Retirement System (KPERS), the Kansas Police and Firemen's Retirement System (KP&F) and the Kansas Retirement System for Judges (Judges). This report presents the results of the December 31, 2009 actuarial valuations for each of the Systems.

The primary purposes of performing actuarial valuations are to:

- determine the employer contribution rates required to fund each System on an actuarial basis,
- determine the statutory employer contribution rates for each System,
- disclose asset and liability measures as of the valuation date,
- determine the experience of the System since the last valuation date, and
- analyze and report on trends in System contributions, assets, and liabilities over the past several years.

The valuation results provide a "snapshot" view of the System's financial condition on December 31, 2009. The unfunded actuarial liability for the System as a whole decreased by $602 million due to various factors. A detailed analysis of the change in the unfunded actuarial liability from December 31, 2008 to December 31, 2009 is shown on page 5.

There were no changes in the actuarial assumptions or methods used in the valuation since last year. This is the first valuation to include members of KPERS Tier 2 who became members on or after July 1, 2009. There is no measurable impact on the valuation results from the Tier 2 members because they are new members and account for a small proportion of the active membership. Over time, as Tier 1 members leave covered employment and are replaced with Tier 2 members, the employer contribution rate is expected to be lower than it would otherwise have been. In addition, the impact of the change to first day coverage, (employees become members of KPERS on their date of hire) effective July 1, 2009, is also reflected in this valuation. As a result, the active member count increased 6.7% for the State group and 14% for the Local group. This is a one-time increase that reflects the participation of all members who were in their one year of service waiting period as well as new hires after July 1, 2009. The School group already had first day coverage so there was no impact on that group.

In KPERS, the State, School and Local employers do not necessarily contribute the full actuarial contribution rate. Based on legislation passed in 1993, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap, which has been changed periodically, is currently 0.60% for the State, School and Local groups.

A summary of actuarial and statutory employer contribution rates for the Retirement System (excluding the statutory contribution for the Death and Disability Program) for the last two valuation dates follows:

System	December 31, 2009 Valuation		Difference
	Actuarial	Statutory	
State[1]	9.55%	9.37%	0.18%
School[1]	14.69%	9.37%	5.32%
Local[1]	9.44%	7.34%	2.10%
Police & Fire - Uniform Rates[2]	16.54%	16.54%	0.00%
Judges	23.75%	23.75%	0.00%

System	December 31, 2008 Valuation		Difference
	Actuarial	Statutory	
State[1]	11.13%	8.77%	2.36%
School[1]	14.96%	8.77%	6.19%
Local[1]	10.42%	6.74%	3.68%
Police & Fire - Uniform Rates[2]	17.88%	14.57%[3]	3.31%
Judges	26.38%	21.28%[3]	5.10%

[1] By statute, rates are allowed to increase by a maximum of 0.60% plus the cost of any benefit enhancements.

[2] For KP&F, the statutory contribution rate is equal to the "Uniform" rate. The rate shown is for local employers. The rate for State employers is 16.43% this year, which includes a payment of 0.51% for the debt service payment on the bonds issued for the 13th check. The uniform rate does not include the payment required to amortize the unfunded past service liability or any 15% excess benefit liability determined separately for each employer. (See Table 13.)

[3] Contribution rates were recertified to the rates shown after the valuation report was issued.

Over the last decade, much time and effort has been devoted to improving the long-term funding outlook for KPERS. As a result of legislative changes, Board action and investment performance from 2003 to 2007, the System's long-term funding outlook improved, although the positive results for the System were highly dependent on attaining the 8% assumption in future years. Modeling indicated that investment returns below the 8% assumption could change the long-term funding outlook, particularly for the School group. The unprecedented negative investment experience in 2008 was a significant setback in the System's long-term funding. Although the investment return in 2009 was strong (about 23%) it has not reversed the damage done by the 2008 investment experience. As of the valuation date, the State and Local groups remain in actuarial balance (the statutory contribution rate is projected to converge with the actuarial required contribution (ARC) rate before the end of the amortization period (2033) if all actuarial assumptions are met in future years). For the School group, the statutory and actuarial contribution rates are not projected to converge before 2033 even if all assumptions are met in future years. This situation should continue to be closely monitored and further analysis performed in order to determine the appropriate actions to be taken. As the deferred investment losses are recognized in the next three years, the actuarial contribution rate is expected to increase. As this occurs, the shortfall between the actuarial and statutory contribution rates will grow and will produce increases in the UAL. As a result, the actuarial contribution rate is expected to increase until the ARC Date (defined as the date at which the actuarial and statutory contribution rates are equal) is reached.

The actuarial value of assets is about 15% higher than the pure market value, which equates to $1.7 billion. This is due to the use of an asset smoothing method and the delayed reflection of market experience in the actuarial value of assets. These deferred losses, which are significant, will be reflected in the actuarial value of assets over the next four years. However, the net impact of the deferred experience on the actuarial value of assets in future years will depend on actual investment experience during that period.

EXPERIENCE - ALL SYSTEMS COMBINED

December 31, 2008 – December 31, 2009

In many respects, an actuarial valuation can be thought of as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is December 31, 2009. On that date, the assets available for the payment of benefits are appraised. The assets are compared with the liabilities of the System, which are generally in excess of assets. The actuarial process leads to a method of determining the contributions needed by members and employers in the future to balance the System assets and liabilities.

Changes in the Systems' assets and liabilities impacted the change in the actuarial contribution rates between the December 31, 2008 and December 31, 2009 actuarial valuations. On the following pages each component is examined and quantified.

MEMBERSHIP

Below is a summary of the changes in active members between the December 31, 2008 and December 31, 2009 actuarial valuations.

	State	School	Local	KP&F	Judges	Total
12/31/2008 (Starting count)	24,374	87,948	36,247	7,242	262	156,073
New actives	3,623	7,071	8,482	298	17	19,491
Nonvested Terminations	437	3,849	1,189	169	0	5,644
Elected Refund	323	1,119	586	93	0	2,121
Vested Terminations	553	1768	941	53	4	3,319
Total Withdrawals	1,313	6,736	2,716	315	4	11,084
Deaths	32	54	45	8	0	139
Disabilities	89	87	75	34	0	285
Early Retirements	54	229	68	13	3	367
Unreduced Retirements	462	1,668	560	105	15	2,810
Total Retirements	516	1,897	628	118	18	3,177
Other/Transfer	(42)	(197)	68	114	9	(48)
12/31/2009 (Ending count)	26,005	86,048	41,333	7,179	266	160,831

ASSETS

As of December 31, 2009, the System had total funds when measured on a market value basis, of $11.8 billion, excluding assets held for the Group Insurance and Optional Life reserves. This was an increase of $1.9 billion from the December 31, 2008 figure of $9.9 billion.

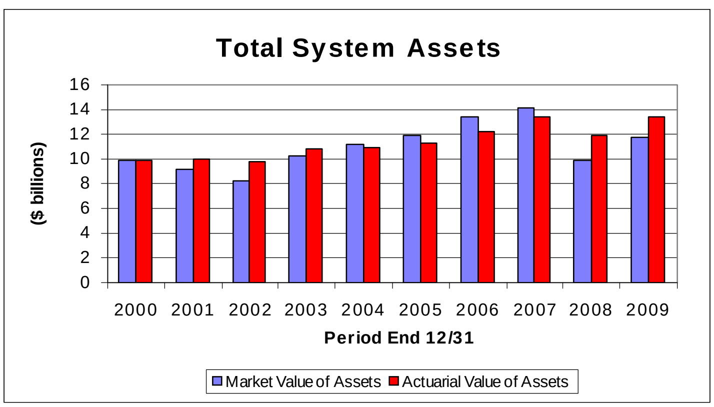
The market value of assets is not used directly in the calculation of contribution rates. An asset valuation method is used to smooth the effect of market fluctuations. The smoothing method calculates the difference between the actual return and the expected return (assumed rate of return) on the market value of assets each year. The difference is recognized equally over a five-year period. The resulting value must be no less than 80% of market and no more than 120% of market. See Tables 3A through 3F and 4 for the detailed development of the actuarial value of assets as of December 31, 2009 for each group.

The components of the change in the market value and actuarial value of assets for the Retirement System (in millions) are set forth below.

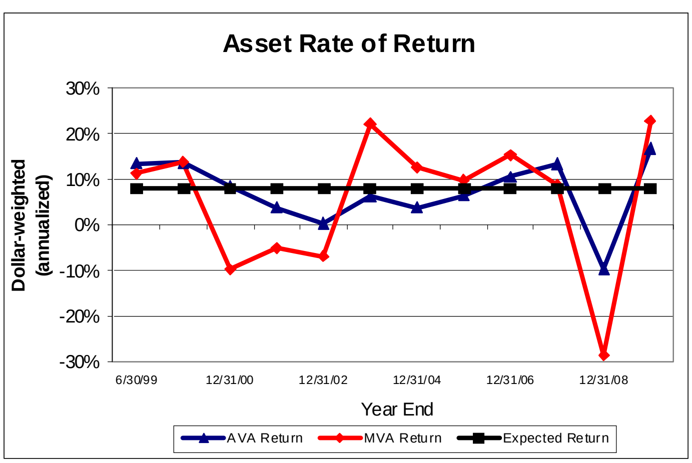
	Market Value $(millions)	Actuarial Value $(millions)
Assets, December 31, 2008	$9,856	$11,828
• Employer and Member Contributions	747	747
• Benefit Payments and Expenses	(1,058)	(1,058)
• Investment Income	2,210	1,944
Preliminary Asset Value, December 31, 2009	$11,755	$13,461
Application of Corridor	N/A	N/A
Final Asset Value, December 31, 2009	$11,755	$13,461

The actuarial value of assets as of December 31, 2009, was $13.461 billion. The annualized dollar-weighted rate of return for 2009, measured on the actuarial value of assets, was approximately 16.7% and measured on the market value of assets, as reported by KPERS, was 23.1%, net of investment and administrative expenses.

Due to the use of an asset smoothing method, there is about $1.7 billion of net deferred investment loss experience that has not yet been recognized. This deferred investment loss will gradually be reflected in the actuarial value of assets over the next three years, but may be offset by actual investment experience if more favorable than assumed.



The actuarial value of assets has been both above and below the market value during the period, which is to be expected when using an asset smoothing method.



The rate of return on the actuarial (smoothed) value of assets has been less volatile than the market value return. Due to the magnitude of the deferred investment losses, the return on the actuarial value of assets is expected to be below 8% in the next few years absent favorable investment experience.

LIABILITIES

The actuarial liability is that portion of the present value of future benefits that will not be paid by future employer normal costs or member contributions. The difference between this liability and asset values at the same date is referred to as the unfunded actuarial liability (UAL). The unfunded actuarial liability will be reduced if the employer's contributions exceed the employer's normal cost for the year, after allowing for interest earned on the previous balance of the unfunded actuarial liability. Benefit improvements, experience gains and losses, and changes in actuarial assumptions and methods will also impact the total actuarial liability (AL) and the unfunded portion thereof.

The unfunded actuarial liability ($ million) by group is summarized below:

	State	School	Local	KP&F	Judges
Actuarial Liability	$3,696	$11,437	$3,624	$2,232	$ 148
Actuarial Value of Assets	2,890	6,438	2,309	1,702	122
Unfunded Actuarial Liability	$ 806	$ 4,999	$1,315	$ 530	$ 26

See Table 6 for the detailed development of the Actuarial Liability by System. The calculation of the Unfunded Actuarial Liability by System is shown in Table 8.

When the actuarial cost method was changed by the Legislature in 1993, the payment methodology for the unfunded actuarial liability (UAL) for all groups except the Judges System was set in statute as a level percentage of payroll over a 40 year closed period. Payments on the UAL increase four percent each year, the same as the payroll growth assumption. For over half of the amortization period, the payment is less than the interest accruing on the UAL. As a result, the dollar amount of UAL is expected to increase for many years before it begins to decline. In addition, with the planned difference in KPERS' statutory and actuarial contribution rates prior to the ARC Date, the unfunded actuarial liability is expected to increase by an additional amount each year.

Other factors influencing the UAL from year to year include actual experience versus that expected based on the actuarial assumptions (on both assets and liabilities), changes in actuarial assumptions, procedures or methods and changes in benefit provisions. The actual experience measured in this valuation is that which occurred during the prior plan year (calendar year 2009). The KPERS Local group and KP&F had a net liability loss for the year. The KPERS State and School groups and the Judges had liability gains for the 2009 year. There was an experience gain from investment return on the actuarial value of assets for all groups.

Between December 31, 2008 and December 31, 2009 the change in the unfunded actuarial liabilities for the System as a whole was as follows (in millions):

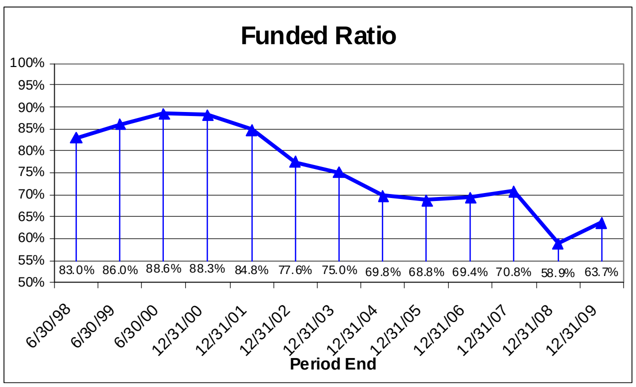
	$ millions
Unfunded Actuarial Liability, December 31, 2008	$ 8,279
• effect of contribution cap/time lag	384
• expected increase due to amortization method	96
• (gain) from investment return on actuarial assets	(1,011)
• demographic experience[1]	(68)
• all other experience	(3)
• change in actuarial assumptions	0
• change in benefit provisions	0
Unfunded Actuarial Liability, December 31, 2009	$ 7,677

[1]Liability gain is about 0.3% of total actuarial liability.

A detailed summary of the change in the unfunded actuarial liability by System is shown on page 12.

An evaluation of the unfunded actuarial liability on a pure dollar basis may not provide a complete analysis since only the difference between the assets and liabilities (which are both very large numbers) is reflected. Another way to evaluate the unfunded actuarial liability and the progress made in its funding is to track the funded status, the ratio of the actuarial value of assets to the actuarial liability. There was a change in actuarial assumptions in the 2004 and 2007 valuations, which impacted the UAL and the funded status. The funded status information is shown below (in millions).

	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09
Using Actuarial Value of Assets:						
Funded Ratio (AVA/AL)	70%	69%	69%	71%	59%	64%
Unfunded Actuarial Liability (AL-AVA)	$4,743	$5,152	$5,364	$5,552	$8,279	$7,677
Using Market Value of Assets:						
Funded Ratio (MVA/AL)	71%	72%	76%	75%	49%	56%
Unfunded Actuarial Liability (AL-MVA)	$4,536	$4,583	$4,184	$4,817	$10,250	$9,384



Due to strong investment returns, the funded status of the System generally improved in the last half of the 1990's. Changes in actuarial assumptions and methods, coupled with investment returns below the assumed rate (particularly in 2008) significantly reduced the funded ratio in the latter part of the period.

Given the current funded status of the System, the amount of the deferred investment loss, the amortization method, the amortization period, and the scheduled increases in employer contribution rates, the unfunded actuarial liability for the entire System is expected to grow for many years. The funded ratio is expected to decline as asset losses are recognized and then gradually improve.

CONTRIBUTION RATES

The funding objective of the System is to establish contribution rates that over time will remain relatively level, as a percentage of payroll, and to pay off the unfunded actuarial liability by the 2033 valuation.

Generally, the actuarial contribution rates to the various Systems consist of:

- a "normal cost" for the portion of projected liabilities allocated by the actuarial cost method to service of members during the year following the valuation date,
- an "unfunded actuarial liability contribution" for the excess of the portion of projected liabilities allocated to service to date over the actuarial value of assets.

There is also a statutory contribution rate that is used to finance the Death and Disability Program. Contributions for the Death and Disability Program are deposited in a separate trust fund, from which benefits are paid. A separate actuarial analysis and report is prepared for the Death and Disability Program on June 30 of each year. Therefore, the death and disability contribution rate is not reflected in this report.

The contribution rates in the December 31, 2009 valuation will set rates for fiscal year end 2013 for the State and 2012 for Local employers.

In KPERS, State, School and Local employers do not necessarily contribute the full actuarial contribution rate. Based on legislation passed in 1993, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap, which has been changed periodically, is currently 0.60% for all groups.

A summary of the actuarial and statutory employer contribution rates for the System is shown below:

	December 31, 2009 Valuation		
System	Actuarial	Statutory	Difference
State[1]	9.55%	9.37%	0.18%
School[1]	14.69%	9.37%	5.32%
Local[1]	9.44%	7.34%	2.10%
Police & Fire - Uniform Rates [2]	16.54%	16.54%	0.00%
Judges	23.75%	23.75%	0.00%

1 By statute, rates are allowed to increase by a maximum of 0.60% plus the cost of any benefit enhancements.

2 For KP&F, the statutory contribution rate is equal to the "Uniform" rate. The rate shown is for local employers. The rate for State employers is 16.43% this year, which includes a payment of 0.51% for the debt service payment on the bonds issued for the 13th check. The uniform rate does not include the payment required to amortize the unfunded past service liability or any 15% excess benefit liability determined separately for each employer. (See Table 13.)

Separate employer contribution rates are calculated for two subgroups of the State. Two Correctional Employee Groups, one with normal retirement age 55 and the other with normal retirement age 60 have higher contribution rates to finance the earlier normal retirement age. The actuarial contribution rates for the Correctional Employee Groups are shown below:

	Actuarial Rate	Statutory Rate
Retirement Age 55:	11.24%	9.84%
Retirement Age 60:	10.06%	9.70%

The change in the actuarial contribution rate from December 31, 2008 to December 31, 2009 and the primary components thereof are shown in the table on page 13.

Due to statutory caps, the full actuarial contribution rate is not contributed for the School and Local groups. Based on the current valuation, there is a difference (shortfall) between the actuarial and statutory contribution rates of 0.18%, 5.32% and 2.10% respectively for the State, School and Local groups. Assuming an 8% return on the market value of assets for 2010 and beyond, all other actuarial assumptions are met in the future, and the current level of statutory caps, the estimated ARC Date (statutory and actuarial contribution rates are equal) for the State group is 2018 and the Local group is 2019. The actuarial and statutory rates for School are not projected to converge before the end of the amortization period.

COMMENTS

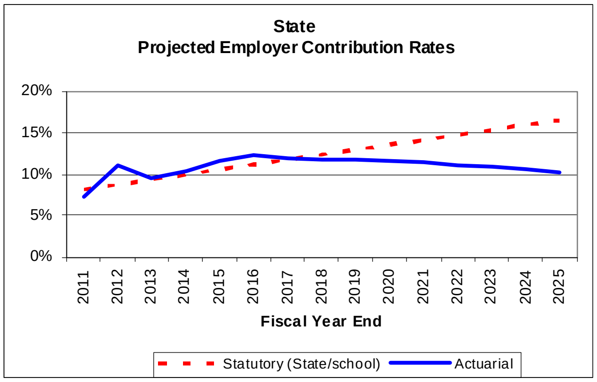
The strong investment performance of +23% in calendar year 2009 was a welcome change after the severe market decline in 2008, but it represents a modest improvement in the long-term funding of KPERS. While the investment return in 2009 was well above the 8% assumed rate, there are still significant deferred investment losses which have not been recognized in the valuation process. As of December 31, 2009, the actuarial value of assets exceeds the market value of assets by about 15%, or $1.7 billion. This deferred experience will flow through the asset valuation method in the next three years and be recognized in the valuation process, absent investment experience significantly above the 8% assumed rate of return. As the deferred losses are recognized, the funded ratio can be expected to decline and the UAL and the actuarial contribution rate to increase. KPERS continues to face a significant long-term funding challenge, particularly with the School group. Action is necessary now in order to strengthen the System's funding over the long term. Benefits are paid out of the System from two sources: contributions and investment earnings. In order to improve the System's long-term funding, contributions and/or investment earnings must increase, benefit payments must decrease, or both must occur. The options within the control of the plan sponsor include increasing contributions to the System or reducing benefits in future years. Both of these options typically take many years before an improvement in the funded ratio can be seen, particularly if the benefit reductions apply only to new hires. The other component of the long-term funding equation is investment return. If returns exceed the 8% assumption in future years, it will result in higher funded ratios. In fact, due to the size of the assets, higher returns have the greatest potential to impact the funded ratio in the short term – both positive and negative. There seems to be little optimism that returns will consistently exceed the 8% assumption in the next ten years so this option does not appear to be a viable solution to the long-term funding problem.

The System utilizes an asset smoothing method in the valuation process. While this is a common procedure for public retirement systems, it is important to identify the potential impact of the deferred (unrecognized) investment experience. To illustrate the impact of the deferred losses, the key valuation results are shown below for the State/School and KPF groups using both the actuarial value of assets and the pure market value. The impact would be similar for the other groups.

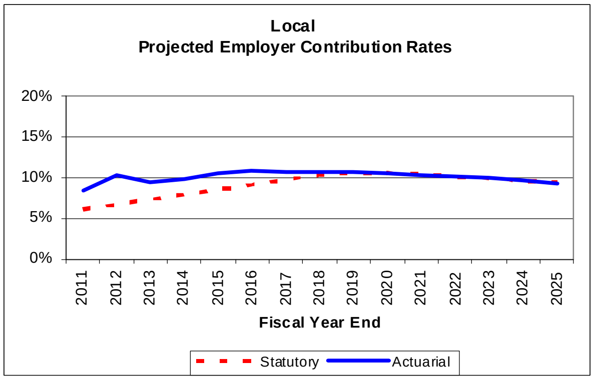
	State/School		**KP&F**	
	Actuarial	Market	Actuarial	Market
Actuarial Liability	$15,141	$15,141	$2,232	$2,232
Asset Value	9,329	8,130	1,702	1,485
Unfunded Actuarial Liability	5,812	7,011	530	747
Funded Ratio	62%	54%	76%	67%
Contribution Rate:				
Normal Cost Rate	8.54%	8.54%	14.71%	14.71%
UAL Payment	9.00%	10.79%	8.17%	11.61%
Total	17.54%	19.33%	22.88%	26.32%
Employee Rate	4.07%	4.07%	6.52%	6.52%
Employer Rate	13.47%	15.26%	16.36%	19.80%

The asset smoothing method impacts only the timing of when the actual market experience on the assets will be recognized. Despite a return of over 23% on market value, the actuarial value of assets still exceeds the pure market value by about 15% due to the deferred investment experience in 2008. If there are not significantly higher returns consistently over the next few years, the deferred investment experience will be recognized and the ultimate impact on the employer contribution rate can be expected to be similar to the column shown above based on the market value of assets. Also, see the graphs on the following page that show projected contribution rates assuming an 8% rate of return in all future years.

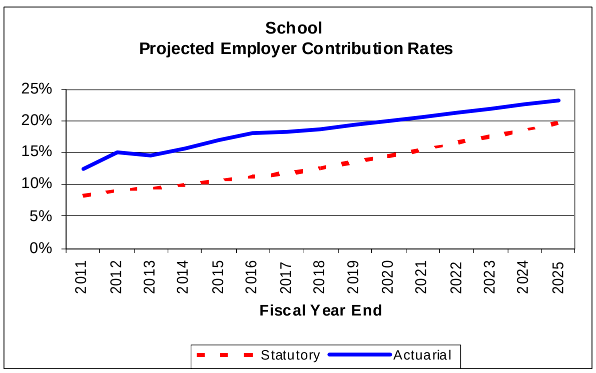
Actual investment returns over the next few years will determine exactly how the System's funding will be affected and the magnitude of the increase in the unfunded actuarial liability and the actuarial contribution rate. The negative return in 2008 had a substantial impact on the System's long-term funding outlook. While investment experience was favorable in 2009 (23% actual versus 8% assumed), it has not offset the impact of the 2008 experience. While the System has sufficient assets to pay benefits for many years into the future, the long-term actuarial soundness of the System will be impacted if returns do not exceed 8%, contributions increase, benefits decrease, or some combination occurs. The System continues to face significant funding challenges, particularly if investment returns are below the 8% expected return. Studies on the long-term financial health of the System were performed last year and are continuing in the current year.



Although the State will be contributing the ARC rate in 2010 through 2012, the actuarial rate is expected to exceed the statutory rate from 2013 until 2018.

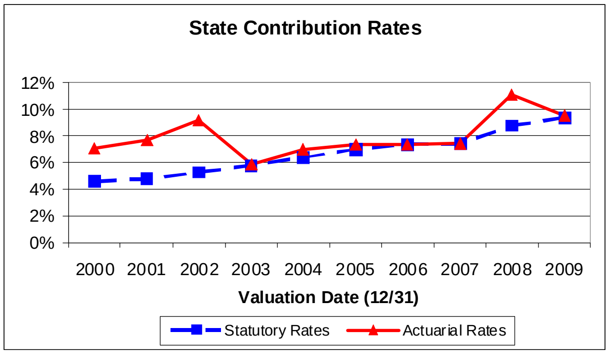


The ARC date is projected to occur in approximately 2019, assuming all actuarial assumptions are met in future years. Actual experience in future years will impact the ARC date.

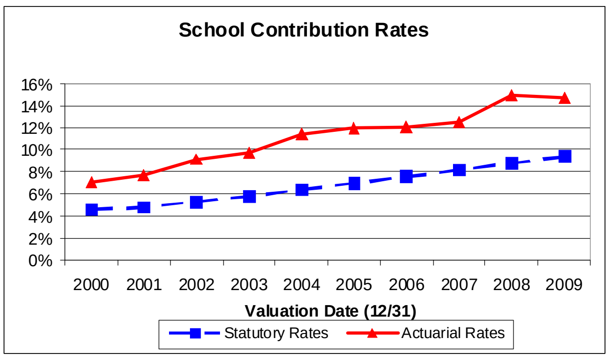


The statutory rate and actuarial contribution rates are not projected to converge before the end of the amortization period. Future experience, especially investment returns, will influence the movement in the ARC Date.

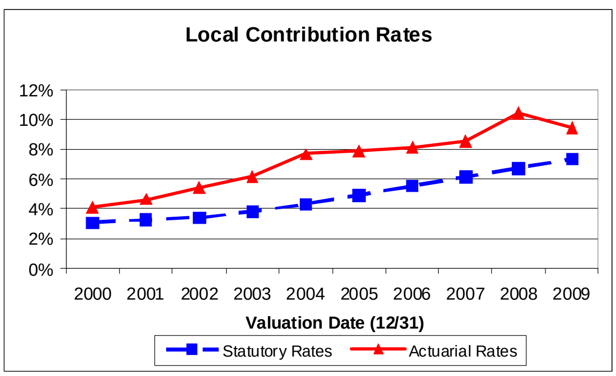
Historical contribution rates for each group are shown on the following pages. Please note that prior to the December 31, 2003 valuation, one contribution rate was developed for the State and School together as one group. Legislation passed in 2004 split the contribution rate calculations into two separate groups, although the statutory contributions are still determined on a combined basis. Significant changes in funding methods as well as a Pension Obligation Bond issue occurred in 2003 and actuarial assumptions were changed in both the 2004 and 2007 valuations. These changes impact the comparability of contribution rates between various valuation dates.



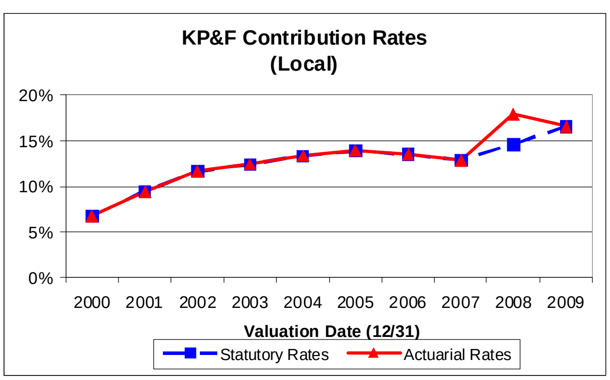
The split of the State group into a separate group with the 2003 valuation, coupled with the bond issue, lowered the actuarial contribution rate. The State's statutory contribution rate in this valuation is less than the actuarial contribution rate due to the impact of the 2008 investment experience.



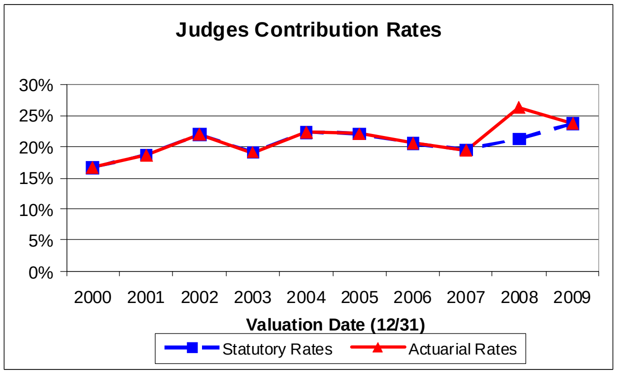
Due to investment experience, changes in actuarial methods and assumptions, and the magnitude of the difference between the actuarial and statutory contribution rates, the funded status of the School group has declined and the actuarial contribution rate has increased.



The Local contribution rate has also been impacted by changes in actuarial assumptions and methods as well as investment performance. As a result, a significant difference still exists between the statutory and actuarial contribution rate. Legislation passed in 2004 provided for increased statutory caps, under which the statutory and actuarial rates are expected to converge if all actuarial assumptions are met in future years.



Investment experience, coupled with a change in actuarial methodology, dramatically increased the contribution rates in the first half of the period. Investment experience in 2008, which has still not been totally reflected, resulted in higher contribution rates in the last two valuations.



Significant changes in the actuarial assumptions in the 2004 valuation and investment experience in 2008 resulted in higher contribution rates.

Over the last decade the development of a comprehensive plan to address the long-term funding of KPERS has been a high priority. HB 2014, which was passed by the 2003 Legislature, increased the statutory cap on the State/School employer contribution rate from 0.20% to 0.40% in FY2006, 0.50% in FY2007 and 0.60% in FY 2008 and beyond. It also authorized the issuance of up to $500 million in pension obligation bonds (POBs). The POBs were sold and proceeds of $440.2 million were received on March 10, 2004. The debt service payments on the bonds are paid by the State in addition to the regular KPERS employer contribution rate.

The 2004 Legislature passed SB 520, which continued to address issues related to the long term funding of the System. It gave the KPERS Board of Trustees the authority to establish the actuarial cost method and amortization method/period. With this authority, the Board changed both the actuarial cost method and the asset valuation method with the December 31, 2003 actuarial valuation. SB 520 also increased the statutory cap for Local employers from 0.15% to 0.40% in FY2006, 0.50% in FY2007 and 0.60% in FY2008 and beyond.

The 2007 Legislature passed SB 362 which created a new benefit structure for members first employed on or after July 1, 2009. The change was made partially due to long term funding considerations, but also in response to demographic changes in the membership.

Based on the December 31, 2009 actuarial valuation results and the current statutory caps, the statutory contribution rates for the State and Local groups are projected to converge with the actuarial required contribution (ARC) rate before the end of the amortization period. As a result, those groups are in long-term actuarial balance. However, these projections assume that all actuarial assumptions are met exactly in each future year and the statutory contributions continually increase. To the extent that actual experience deviates from that expected, the ARC Date (date at which the statutory and actuarial rates are expected to converge), as well as the ARC rate, will vary. For the School group, the unfavorable experience in 2008 has created the situation where the statutory contribution rate is not projected to reach the actuarial required contribution (ARC) rate before the end of the amortization period if assumptions are met. Future investment experience will be critical to the financial health of all groups, but particularly the School group. Additional analysis with respect to long-term funding is expected to continue later this year.

SUMMARY OF CHANGE IN UNFUNDED ACTUARIAL LIABILITY

DECEMBER 31, 2009 VALUATION
($ millions)

	State	School	Local	KP&F	Judges	Total
UAL in 12/31/2008 Valuation Report	$1,001.7	$5,238.5	$1,384.7	$618.7	$35.5	$8,279.2 [1]
• Effect of contribution cap/timing	42.0	258.9	76.2	5.7	0.9	383.7
• Expected increase due to method	10.9	62.5	16.1	6.8	(0.5)	95.8
• Actual vs. expected experience						
• Investment return	(232.0)	(476.2)	(162.7)	(131.1)	(9.1)	(1,011.1)
• Demographic experience	(7.1)	(90.0)	18.3	21.4	(1.1)	(58.5)
• All other experience	(9.3)	5.1	(17.1)	8.8	0.4	(12.0)
• Change in assumptions	0.0	0.0	0.0	0.0	0.0	0.0
• Change in benefit provisions	0.0	0.0	0.0	0.0	0.0	0.0
UAL in 12/31/2009 Valuation Report	$806.2	$4,998.8	$1,315.5	$530.3	$26.1	$7,677.0 [1]

[1]May not add due to rounding.

SUMMARY OF
CHANGES IN ACTUARIAL CONTRIBUTION RATE
BY SYSTEM
AS OF DECEMBER 31, 2009

Percentage of Payroll	State	School	Local	KP&F[1]	Judges
Actuarial Contribution Rate in 12/31/2008 Valuation	11.13%	14.96%	10.42%	17.88%	26.38%
Change Due to Amortization of UAL					
• effect of contribution cap/time lag	0.27	0.51	0.30	0.09	0.29
• amortization method	0.00	0.00	0.00	0.00	(0.47)
• investment experience	(1.47)	(0.94)	(0.65)	(1.97)	(2.94)
• liability experience	(0.04)	(0.18)	0.07	0.32	(0.36)
• all other experience	(0.33)	0.40	(0.62)	0.21	0.26
• change in assumptions	0.00	0.00	0.00	0.00	0.00
• change in benefit provisions	0.00	0.00	0.00	0.00	0.00
Change in Normal Cost Rate					
• change in benefit provisions	0.00	0.00	0.00	0.00	0.00
• change in assumptions	0.00	0.00	0.00	0.00	0.00
• all other experience	(0.01)	(0.06)	(0.08)	0.01	0.59 [2]
Actuarial Contribution Rate in 12/31/2009 Valuation	9.55%	14.69%	9.44%	16.54%	23.75%

[1]Contribution rate for Local employers only.

[2]A new benefit structure was established for the Judges' System in July, 1987. The normal cost rate is impacted by the change in membership as members hired before July 1, 1987 leave active employment and are replaced with new entrants, with benefits under the current benefit structure.

SUMMARY OF HISTORICAL CHANGES IN TOTAL SYSTEM UAL
as of
DECEMBER 31, 2009 VALUATION

	As Reported on Valuation Date									
%(millions)	6/30/94	6/30/95	6/30/96	6/30/97	6/30/98	6/30/99	6/30/00	12/31/00	12/31/01	12/31/02
Actual Experience vs. Assumed										
• Investment	$(102)	$(143)	$(280)	$(323)	$(413)	$(360)	$(441)	$(23)	$350	$644
• Other	320	72	136	157	104	46	99	84	(9)	68
Assumption Changes	0	(96)	0	0	350	0	0	(206)	0	0
Changes in Data/Procedures	244	0	0	0	0	21	71	145**	5	177**
Change in Cost Method	0	0	0	0	0	0	0	0	0	0
Effect of Contribution Cap/Lag	*	95	70	63	54	78	66	60	115	143
Amortization Method	*	47	38	35	32	30	22	12	14	21
Change in Benefit Provisions	75	0	0	0	88	0	19	0	0	37
Bond Issue	0	0	0	0	0	0	0	0	0	(41)
Total	$537	$(25)	$(36)	$(68)	$215	$(194)	$(164)	$72	$475	$1,048

*Not calculated for this year.

Unfunded actuarial liability 6/30/93: $ 968 million
Unfunded actuarial liability 12/31/09: $ 7,677 million

SUMMARY OF HISTORICAL CHANGES IN TOTAL SYSTEM UAL
as of
DECEMBER 31, 2009 VALUATION (continued)

	As Reported on Valuation Date							
$(millions)	**12/31/03**	**12/31/04**	**12/31/05**	**12/31/06**	**12/31/07**	**12/31/08**	**12/31/09**	**Total**
Actual Experience vs. Assumed								
• Investment	$140	$456	$167	$(293)	$(626)	$2,332	$(1,011)	$74
• Other	(32)	16	(84)	139	99	78	(70)	1,223
Assumption Changes	0	437	(5)	0	384	0	0	864
Changes in Data/Procedures	(286)***	0	0	0	0	0	0	377
Change in Cost Method	1,147	0	0	0	0	0	0	1,147
Effect of Contribution Cap/Lag	178	179	247	258	251	246	383	2,486
Amortization Method	47	68	84	83	78	71	96	778
Change in Benefit Provisions	3	1	0	24	2	0	0	249
Bond Issue	(440)	0	0	0	0	0	0	(481)
Total	$757	$1,157	$409	$211	$188	$2,727	$(602)	$7,677

** Reflects the impact of re-establishing the KP&F Supplemental Actuarial Liability at December 31, 2002. The additional unfunded actuarial liability as of December 31, 2000 for the State/School and Local groups not recognized in the prior valuation due to the phase-in of the change in actuarial procedures is included.

*** Change in asset valuation method.

Unfunded actuarial liability 6/30/93: $ 968 million
Unfunded actuarial liability 12/31/09: $ 7,677 million

SUMMARY OF PRINCIPAL RESULTS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
(STATE)

		12/31/2009 Valuation		12/31/2008 Valuation	% Change
1.	**PARTICIPANT DATA**				
	Number of:				
	Active Members	26,005		24,374	6.7 %
	Retired Members and Beneficiaries	15,936		15,621	2.0
	Inactive Members	5,863		5,712	2.6
	Total Members	47,804		45,707	4.6
	Projected Annual Salaries of Active Members	$ 1,048,674,951	$	972,080,168	7.9
	Annual Retirement Payments for Retired Members and Beneficiaries	$ 186,322,148	$	178,648,359	4.3
2.	**ASSETS AND LIABILITIES**				
	a. Total Actuarial Liability	$ 3,696,501,526	$	3,554,600,691	4.0
	b. Assets for Valuation Purposes	2,890,275,842		2,552,895,270	13.2
	c. Market Value of Assets	2,506,018,054		2,127,412,725	17.8
	d. Unfunded Actuarial Liability (a) - (b)	806,225,684		1,001,705,421	(19.5)
	e. Funded Ratio (b) / (a)	78.2%		71.8%	8.9
3.	**EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL**				
	Normal Cost	4.16%		4.17%	
	Amortization of Unfunded Actuarial and Debt Service	5.39%		6.96%	
	Actuarial Contribution Rate	9.55%		11.13%	
	Statutory Employer Contribution Rate*	9.37%		8.77%	

* Statutory Employer Contribution Rate may not exceed last year's rate by more than rate increase limit of 0.60%. This rate does not include the contribution rate for the Death and Disability Program. Any excess of the statutory over actuarial contribution rates times actual State payroll is deposited to the School assets.

SUMMARY OF PRINCIPAL RESULTS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
(SCHOOL)

		12/31/2009 Valuation	12/31/2008 Valuation	% Change
1.	**PARTICIPANT DATA**			
	Number of:			
	Active Members	86,048	87,948	(2.2) %
	Retired Members and Beneficiaries	38,878	37,346	4.1
	Inactive Members	24,958	24,212	3.1
	Total Members	149,884	149,506	0.3
	Projected Annual Salaries of Active Members	$ 3,352,328,403	$ 3,345,545,288	0.2
	Annual Retirement Payments for Retired Members and Beneficiaries	$ 509,617,413	$ 477,612,789	6.7
2.	**ASSETS AND LIABILITIES**			
	a. Total Actuarial Liability	$ 11,437,206,665	$ 10,937,800,107	4.6
	b. Assets for Valuation Purposes	6,438,367,288	5,699,278,482	13.0
	c. Market Value of Assets	5,624,405,754	4,749,398,735	18.4
	d. Unfunded Actuarial Liability (a) - (b)	4,998,839,377	5,238,521,625	(4.6)
	e. Funded Ratio (b) / (a)	56.3%	52.1%	8.0
3.	**EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL**			
	Normal Cost	4.58%	4.64%	
	Amortization of Unfunded Actuarial and Debt Service	10.11%	10.32%	
	Actuarial Contribution Rate	14.69%	14.96%	
	Statutory Employer Contribution Rate*	9.37%	8.77%	

* Statutory Employer Contribution Rate may not exceed last year's rate by more than rate increase limit of 0.60%. This rate does not include the contribution rate for the Death and Disability Program.

SUMMARY OF PRINCIPAL RESULTS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM (STATE/SCHOOL)

		12/31/2009 Valuation	12/31/2008 Valuation	% Change
1.	**PARTICIPANT DATA**			
	Number of:			
	Active Members	112,053	112,322	(0.2) %
	Retired Members and Beneficiaries	54,814	52,967	3.5
	Inactive Members	30,821	29,924	3.0
	Total Members	197,688	195,213	1.3
	Projected Annual Salaries of Active Members	$ 4,401,003,354	$ 4,317,625,457	1.9
	Annual Retirement Payments for Retired Members and Beneficiaries	$ 695,939,561	$ 656,261,148	6.0
2.	**ASSETS AND LIABILITIES**			
	a. Total Actuarial Liability	$ 15,133,708,191	$ 14,492,400,798	4.4
	b. Assets for Valuation Purposes	9,328,643,130	8,252,173,752	13.0
	c. Market Value of Assets	8,130,423,808	$ 6,876,811,460	18.2
	d. Unfunded Actuarial Liability (a) - (b)	5,805,065,061	6,240,227,046	(7.0)
	e. Funded Ratio (b) / (a)	61.6%	56.9%	8.3
3.	**EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL**			
	Normal Cost	4.47%	4.53%	
	Amortization of Unfunded Actuarial and Debt Service	8.99%	9.56%	
	Actuarial Contribution Rate	13.46%	14.09%	
	Statutory Employer Contribution Rate*	9.37%	8.77%	

* Statutory Employer Contribution Rate may not exceed last year's rate by more than rate increase limit of 0.60%. This rate does not include the contribution rate for the Death and Disability Program.

SUMMARY OF PRINCIPAL RESULTS

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
(LOCAL)

		12/31/2009 Valuation	12/31/2008 Valuation	% Change
1.	**PARTICIPANT DATA**			
	Number of:			
	Active Members	41,333	36,247	14.0 %
	Retired Members and Beneficiaries	14,087	13,501	4.3
	Inactive Members	11,172	10,466	6.7
	Total Members	66,592	60,214	10.6
	Projected Annual Salaries of Active Members	$ 1,661,357,024	$ 1,454,109,452	14.3
	Annual Retirement Payments for Retired Members and Beneficiaries	$ 127,657,737	$ 118,235,853	8.0
2.	**ASSETS AND LIABILITIES**			
	a. Total Actuarial Liability	$ 3,624,727,632	$ 3,376,131,873	7.4
	b. Assets for Valuation Purposes	2,309,262,337	1,991,428,225	16.0
	c. Market Value of Assets	2,033,031,884	1,659,523,521	22.5
	d. Unfunded Actuarial Liability (a) - (b)	1,315,465,295	1,384,703,648	(5.0)
	e. Funded Ratio (b) / (a)	63.7%	59.0%	8.0
3.	**EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL**			
	Normal Cost	4.07%	4.15%	
	Amortization of Unfunded Actuarial and Supplemental Liability	5.37%	6.27%	
	Actuarial Contribution Rate	9.44%	10.42%	
	Statutory Employer Contribution Rate*	7.34%	6.74%	

* Statutory Employer Contribution Rate exceeds last year's rate by the statutory rate increase limit of 0.60%. This rate does not include the contribution rate for the Death and Disability Program.

SUMMARY OF PRINCIPAL RESULTS

KANSAS POLICE AND FIREMEN'S RETIREMENT SYSTEM

		12/31/2009 Valuation		12/31/2008 Valuation	% Change	
1. PARTICIPANT DATA						
Number of:						
Active Members		7,179		7,242	(0.9)	%
Retired Members and Beneficiaries		4,060		3,909	3.9	
Inactive Members		1,317		1,348	(2.3)	
Total Members		12,556		12,499	0.5	
Projected Annual Salaries of Active Members	$	441,454,916	$	426,955,831	3.4	
Annual Retirement Payments for Retired Members and Beneficiaries	$	105,015,030	$	98,058,811	7.1	
2. ASSETS AND LIABILITIES						
a. Total Actuarial Liability	$	2,232,037,029	$	2,098,292,549	6.4	
b. Assets for Valuation Purposes		1,701,719,235		1,479,595,175	15.0	
c. Market Value of Assets		1,484,548,360		1,232,995,979	20.4	
d. Unfunded Actuarial Liability (a) - (b)		530,317,794		618,697,374	(14.3)	
e. Funded Ratio (b) / (a)		76.2%		70.5%	8.1	
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL						
Normal Cost		8.19%		8.18%		
Amortization of Unfunded Actuarial and Supplemental Liability		8.35%		9.70%		
Actuarial Contribution Rate (Local Employers)		16.54%		17.88%		
Statutory Employer Contribution Rate*		16.54%		14.57%	**	

* The Statutory Employer Contribution Rate is equal to the Actuarial Rate. This is referred to as the "Uniform" rate, and varies for State and Local employers. The total contribution is equal to the appropriate uniform rate plus the payment required to amortize any unfunded past service liability or 15% excess benefit liability, determined separately for each employer.

** The contribution rate was recertified to the rate shown after the 12/31/08 valuation report was issued.

SUMMARY OF PRINCIPAL RESULTS

KANSAS RETIREMENT SYSTEM FOR JUDGES

		12/31/2009 Valuation		12/31/2008 Valuation	% Change
1. PARTICIPANT DATA					
Number of:					
Active Members		266		262	1.5 %
Retired Members and Beneficiaries		203		190	6.8
Inactive Members		14		11	27.3
Total Members		483		463	4.3
Projected Annual Salaries of Active Members	$	28,681,056	$	27,835,460	3.0
Annual Retirement Payments for Retired Members and Beneficiaries	$	7,312,743	$	6,682,870	9.4
2. ASSETS AND LIABILITIES					
a. Total Actuarial Liability	$	147,733,263	$	139,961,680	5.6
b. Assets for Valuation Purposes		121,596,003		104,421,422	16.4
c. Market Value of Assets		106,498,558		87,017,852	22.4
d. Unfunded Actuarial Liability (a) - (b)		26,137,260		35,540,258	(26.5)
e. Funded Ratio (b) / (a)		82.3%		74.6%	10.3
3. EMPLOYER CONTRIBUTION RATES AS A PERCENT OF PAYROLL					
Normal Cost		15.22%		14.63%	
Amortization of Unfunded Actuarial and Supplemental Liability		8.53%		11.75%	
Actuarial Contribution Rate		23.75%		26.38%	
Statutory Employer Contribution Rate*		23.75%		21.28% **	

* Statutory Employer Contribution Rate is equal to the Actuarial Rate. This rate excludes the contribution for the Death and Disability Program.

** The contribution rate was recertified to the rate shown after the 12/31/08 valuation report was issued.

SUMMARY OF PRINCIPAL RESULTS

ALL SYSTEMS COMBINED

		12/31/2009 Valuation	12/31/2008 Valuation	% Change
1.	**PARTICIPANT DATA**			
	Number of:			
	Active Members	160,831	156,073	3.0 %
	Retired Members and Beneficiaries	73,164	70,567	3.7
	Inactive Members	43,324	41,749	3.8
	Total Members	277,319	268,389	3.3
	Projected Annual Salaries of Active Members	$ 6,532,496,350	$ 6,226,526,200	4.9
	Annual Retirement Payments for Retired Members and Beneficiaries	$ 935,925,071	$ 879,238,682	6.4
2.	**ASSETS AND LIABILITIES**			
	a. Total Actuarial Liability	$ 21,138,206,114	$ 20,106,786,900	5.1
	b. Assets for Valuation Purposes	13,461,220,705	11,827,618,574	13.8
	c. Market Value of Assets	11,754,502,610	9,856,348,812	19.3
	d. Unfunded Actuarial Liability (a) - (b)	7,676,985,409	8,279,168,326	(7.3)
	e. Funded Ratio (b) / (a)	63.7%	58.8%	8.3

SECTION 2

SCOPE OF THE REPORT

This report presents the actuarial valuation of the Kansas Public Employees Retirement System (KPERS) as of December 31, 2009. This valuation was prepared at the request of the System's Board of Trustees.

The reader is encouraged to review the actuarial certification letter, where the guidelines employed in the preparation of this report are outlined. Also included in this letter are comments on the sources and reliability of both the data and the actuarial assumptions upon which our findings are based. Those comments are the basis for our certification that this report is complete and accurate to the best of our knowledge and belief.

A summary of the findings resulting from this valuation is presented in the previous section. Section 3 describes the assets and investment experience of the System. Sections 4 and 5 describe how the obligations of the System are to be met under the actuarial cost method in use.

This report includes several appendices:

- Appendix A Schedules of valuation data classified by various categories of members.
- Appendix B A summary of the current benefit structure, as determined by the provisions of governing law on December 31, 2009.
- Appendix C A summary of the actuarial methods and assumptions used to estimate liabilities and determine contribution rates.
- Appendix D A glossary of actuarial terms.

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SECTION 3

ASSETS

Market Value of Assets

The current market value represents the "snapshot" or "cash-out" value of System assets as of the valuation date. In addition, market values of assets provide a basis for measuring investment performance from time to time. At December 31, 2009 the market value of assets (excluding receivables) for the Retirement System was $11.755 billion. Table 1 is a comparison, at market values, of System assets as of December 31, 2009, and December 31, 2008, in total and by investment category. Table 2 summarizes the change in the market value of assets from December 31, 2008 to December 31, 2009 by System.

Actuarial Value of Assets

Neither the market value of assets, representing a "cash-out" value of System assets, nor the book value of assets, representing the cost of investments, may be the best measure of the System's ongoing ability to meet its obligations.

To arrive at a suitable value for the actuarial valuation, a technique for determining the actuarial value of assets is used which dampens swings in the market value while still indirectly recognizing market values. The asset smoothing method was implemented with the December 31, 2003 actuarial valuation.

Under the asset smoothing method, the difference between the actual return and the expected return (based on the actuarial assumed rate of return) on the market value of assets is calculated each year and recognized equally over a five year period. The resulting value must not be less than 80% of market value and no more than 120% of market value (referred to as the 80%-120% corridor).

Tables 3A through 3F and Table 4 show the development of the actuarial value of assets (AVA) as of December 31, 2009.

TABLE 1
ANALYSIS OF NET ASSETS AT MARKET VALUE

		December 31, 2009				December 31, 2008		
		Amount ($ Millions)	% of Total			Amount ($ Millions)	% of Total	
Cash & Equivalents	$	1,100	9.3	%	$	682	6.9	%
Alternative Investments		388	3.3			398	4.0	
Real Estate		687	5.8			800	8.1	
Real Return		1,246	10.6			NA	NA	
Fixed Income		2,154	18.3			3,512	35.3	
Domestic Equity		3,009	25.5			2,562	25.8	
International Equity		3,211	27.2			1,971	19.9	
Subtotal	$	11,795	100.0	%	$	9,925	100.0	%
Administrative Reserves		(18)				(18)		
Group Insurance and Optional Life Reserves		(22)				(51)		
Net Assets	$	11,755			$	9,856		
Receivables		0				0		
Adjusted Net Assets	$	11,755			$	9,856		

Allocation of Net Assets on December 31, 2009:

State	$	2,506
School		5,624
Local		2,033
KP&F		1,485
Judges		106
Total Net Assets	$	11,755 [1]

[1] May not add due to rounding

TABLE 2
SUMMARY OF CHANGES IN KPERS ASSETS
DURING PERIOD ENDED DECEMBER 31, 2009

(Market Value)

	State	School	Local	Total KPERS
Market Value of Assets as of January 1, 2009*	$ 2,127,412,725	$ 4,749,398,735	$ 1,659,523,521	$ 8,536,334,981
Contributions:				
Employee	40,383,379	131,384,657	61,698,669	233,466,705
Employee service purchases	2,604,526	5,677,663	3,909,534	12,191,723
Employer	71,991,753	242,212,045	87,446,053	401,649,851
Miscellaneous	23,914	44,088	0	68,002
Total Contributions	115,003,572	379,318,453	153,054,256	647,376,281
Total Investment Income	473,772,206	1,060,730,261	377,566,905	1,912,069,372
Total Income	588,775,778	1,440,048,714	530,621,161	2,559,445,653
Less Benefits:				
Annuity Retirement Benefits	(182,546,059)	(492,567,123)	(124,212,385)	(799,325,567)
Partial Lump Sum Benefits	(15,641,515)	(48,508,907)	(18,109,531)	(82,259,953)
Retirant Dividends	(827,813)	(1,640,060)	(411,711)	(2,879,584)
Withdrawals	(6,888,836)	(16,003,889)	(10,373,199)	(33,265,924)
Death Benefits	(4,266,226)	(6,321,716)	(4,005,972)	(14,593,914)
Total Benefits	(210,170,449)	(565,041,695)	(157,112,798)	(932,324,942)
Net Increase in Assets	378,605,329	875,007,019	373,508,363	1,627,120,711
Receivables	0	0	0	0
Market Value of Assets as of December 31, 2009*	$ 2,506,018,054	$ 5,624,405,754	$ 2,033,031,884	$ 10,163,455,692

* Note: Assets exclude insurance and administrative reserves.

TABLE 2 (cont.)
SUMMARY OF CHANGES IN KPERS ASSETS
DURING PERIOD ENDED DECEMBER 31, 2009

(Market Value)

	KPERS	KP&F	Judges	Total
Market Value of Assets as of January 1, 2009*	$ 8,536,334,981	$ 1,232,995,979	$ 87,017,852	$ 9,856,348,812
Contributions:				
Employee	233,466,705	29,991,698	1,493,396	264,951,799
Employee service purchases	12,191,723	483,311	0	12,675,034
Employer	401,649,851	61,546,835	5,835,413	469,032,099
Miscellaneous	68,002	3,517	0	71,519
Total Contributions	647,376,281	92,025,361	7,328,809	746,730,451
Total Investment Income	1,912,069,372	277,871,201	19,787,216	2,209,727,789
Total Income	2,559,445,653	369,896,562	27,116,025	2,956,458,240
Less Benefits:				
Annuity Retirement Benefits	(799,325,567)	(102,778,088)	(7,284,777)	(909,388,432)
Partial Lump Sum Benefits	(82,259,953)	(9,278,488)	(316,636)	(91,855,077)
Retirant Dividends	(2,879,584)	(1,107,770)	(25,906)	(4,013,260)
Withdrawals	(33,265,924)	(3,888,439)	-	(37,154,363)
Death Benefits	(14,593,914)	(1,291,396)	(8,000)	(15,893,310)
Total Benefits	(932,324,942)	(118,344,181)	(7,635,319)	(1,058,304,442)
Receivables	0	0	0	0
Net Increase in Assets	1,627,120,711	251,552,381	19,480,706	1,898,153,798
Market Value of Assets as of December 31, 2009*	$ 10,163,455,692	$ 1,484,548,360	$ 106,498,558	$ 11,754,502,610

* Note: Assets exclude insurance and administrative reserves.

TABLE 3A
CALCULATION OF EXCESS (SHORTFALL) INVESTMENT INCOME FOR ACTUARIAL VALUE OF NET ASSETS
State

		Plan Year End			
		12/31/2006	**12/31/2007**	**12/31/2008**	**12/31/2009**
1.	Market Value of Assets, beginning of year	$ 2,680,153,605	$ 2,947,274,021	$ 3,094,367,129	$ 2,127,412,725
2.	Contributions during year	90,064,863	97,593,959	104,032,160	115,003,572
3.	Benefits during year	(184,716,537)	(196,796,956)	(206,616,684)	(210,170,449)
4.	Expected net investment income	210,699,057	231,890,140	243,524,930	166,459,575
5.	Transfers and receivables	2,300,000	2,220,000	0	0
6.	Expected Value of Assets, end of year	2,798,500,988	3,082,181,164	3,235,307,535	2,198,705,423
7.	Market Value of Assets, end of year	2,947,274,021	3,094,367,129	2,127,412,725	2,506,018,054
8.	Excess (shortfall) of net investment income	$ 148,773,033	$ 12,185,965	$ (1,107,894,810)	$ 307,312,631

TABLE 3B
CALCULATION OF EXCESS (SHORTFALL) INVESTMENT INCOME FOR ACTUARIAL VALUE OF NET ASSETS
School

		Plan Year End			
		12/31/2006	**12/31/2007**	**12/31/2008**	**12/31/2009**
1.	Market Value of Assets, beginning of year	$ 5,773,541,598	$ 6,501,191,800	$ 6,863,242,512	$ 4,749,398,735
2.	Contributions during year	277,813,825	312,360,158	351,288,652	379,318,453
3.	Benefits during year	(473,994,469)	(519,171,843)	(542,872,662)	(565,041,695)
4.	Expected net investment income	454,187,066	511,982,021	541,543,467	372,665,886
5.	Transfers and receivables	4,600,000	4,730,000	0	0
6.	Expected Value of Assets, end of year	6,036,148,020	6,811,092,136	7,213,201,969	4,936,341,379
7.	Market Value of Assets, end of year	6,501,191,800	6,863,242,512	4,749,398,735	5,624,405,754
8.	Excess (shortfall) of net investment income	$ 465,043,780	$ 52,150,376	$ (2,463,803,234)	$ 688,064,375

TABLE 3C
CALCULATION OF EXCESS (SHORTFALL) INVESTMENT INCOME FOR ACTUARIAL VALUE OF NET ASSETS
State/School

		Plan Year End			
		12/31/2006	12/31/2007	12/31/2008	12/31/2009
1.	Market Value of Assets, beginning of year	$ 8,453,695,203	$ 9,448,465,821	$ 9,957,609,641	$ 6,876,811,460
2.	Contributions during year	367,878,688	409,954,117	455,320,812	494,322,025
3.	Benefits during year	(658,711,006)	(715,968,799)	(749,489,346)	(775,212,144)
4.	Expected net investment income	664,886,123	743,872,161	785,068,397	539,125,461
5.	Transfers and receivables	6,900,000	6,950,000	0	0
6.	Expected Value of Assets, end of year	8,834,649,008	9,893,273,300	10,448,509,504	7,135,046,802
7.	Market Value of Assets, end of year	9,448,465,821	9,957,609,641	6,876,811,460	8,130,423,808
8.	Excess (shortfall) of net investment income	$ 613,816,813	$ 64,336,341	$ (3,571,698,044)	$ 995,377,006

TABLE 3D
CALCULATION OF EXCESS (SHORTFALL) INVESTMENT INCOME FOR ACTUARIAL VALUE OF NET ASSETS
Local

		Plan Year End			
		12/31/2006	**12/31/2007**	**12/31/2008**	**12/31/2009**
1.	Market Value of Assets, beginning of year	$ 1,897,431,737	$ 2,176,385,696	$ 2,339,695,800	$ 1,659,523,521
2.	Contributions during year	104,980,627	116,832,356	129,967,365	153,054,256
3.	Benefits during year	(127,971,578)	(143,255,820)	(148,142,237)	(157,112,798)
4.	Expected net investment income	150,892,593	173,074,250	186,462,655	132,602,663
5.	Transfers and receivables	0	0	0	0
6.	Expected Value of Assets, end of year	2,025,333,379	2,323,036,482	2,507,983,583	1,788,067,642
7.	Market Value of Assets, end of year	2,176,385,696	2,339,695,800	1,659,523,521	2,033,031,884
8.	Excess (shortfall) of net investment income	$ 151,052,317	$ 16,659,318	$ (848,460,062)	$ 244,964,242

TABLE 3E
CALCULATION OF EXCESS (SHORTFALL) INVESTMENT INCOME FOR ACTUARIAL VALUE OF NET ASSETS
KP&F

			12/31/2006		12/31/2007		12/31/2008		12/31/2009
1.	Market Value of Assets, beginning of year	$	1,459,554,937	$	1,632,582,900	$	1,749,740,089	$	1,232,995,979
2.	Contributions during year		79,129,699		90,227,912		89,951,185		92,025,361
3.	Benefits during year		(102,440,958)		(108,568,763)		(112,958,046)		(118,344,181)
4.	Expected net investment income		115,849,883		129,887,112		139,076,637		97,607,178
5.	Transfers and receivables		100,000		90,000		0		0
6.	Expected Value of Assets, end of year		1,552,093,561		1,744,219,161		1,865,809,865		1,304,284,337
7.	Market Value of Assets, end of year		1,632,582,900		1,749,740,089		1,232,995,979		1,484,548,360
8.	Excess (shortfall) of net investment income	$	80,489,339	$	5,520,928	$	(632,813,886)	$	180,264,023

TABLE 3F
CALCULATION OF EXCESS (SHORTFALL) INVESTMENT INCOME FOR ACTUARIAL VALUE OF NET ASSETS
Judges

			12/31/2006		12/31/2007		12/31/2008		12/31/2009
1.	Market Value of Assets, beginning of year	$	98,126,948	$	111,406,613	$	120,840,352	$	87,017,852
2.	Contributions during year		6,514,385		6,909,103		7,371,737		7,328,809
3.	Benefits during year		(6,046,384)		(6,672,286)		(6,787,124)		(7,635,319)
4.	Expected net investment income		7,868,516		8,921,819		9,690,163		6,949,404
5.	Transfers and receivables		0		20,000		0		0
6.	Expected Value of Assets, end of year		106,463,465		120,585,249		131,115,128		93,660,746
7.	Market Value of Assets, end of year		111,406,613		120,840,352		87,017,852		106,498,558
8.	Excess (shortfall) of net investment income	$	4,943,148	$	255,103	$	(44,097,276)	$	12,837,812

TABLE 4
DEVELOPMENT OF ACTUARIAL VALUE OF NET ASSETS

		State/School	State	School	Local	Total KPERS
1.	Excess (shortfall) of investment income					
	a. Year ending 12/31/09	$ 995,377,006	$ 307,312,631	$ 688,064,375	$ 244,964,242	$ 1,240,341,248
	b. Year ending 12/31/08	(3,571,698,044)	(1,107,894,810)	(2,463,803,234)	(848,460,062)	(4,420,158,106)
	c. Year ending 12/31/07	64,336,341	12,185,965	52,150,376	16,659,318	80,995,659
	d. Year ending 12/31/06	613,816,813	148,773,033	465,043,780	151,052,317	764,869,130
	e. Total	$ (1,898,167,884)	$ (639,623,181)	$ (1,258,544,703)	$ (435,784,185)	$ (2,333,952,069)
2.	Deferral of excess (shortfall) of investment income					
	a. Year ending 12/31/09 (80%)	796,301,605	245,850,105	550,451,500	195,971,394	992,272,999
	b. Year ending 12/31/08 (60%)	(2,143,018,826)	(664,736,886)	(1,478,281,940)	(509,076,037)	(2,652,094,863)
	c. Year ending 12/31/07 (40%)	25,734,536	4,874,386	20,860,150	6,663,727	32,398,263
	d. Year ending 12/31/06 (20%)	122,763,363	29,754,607	93,008,756	30,210,463	152,973,826
	e. Total	$ (1,198,219,322)	$ (384,257,788)	$ (813,961,534)	$ (276,230,453)	$ (1,474,449,775)
3.	Market Value of Assets, end of year	$ 8,130,423,808	$ 2,506,018,054	$ 5,624,405,754	$ 2,033,031,884	$ 10,163,455,692
4.	Preliminary Actuarial Value of Assets, end of year (3) - (2e)	$ 9,328,643,130	$ 2,890,275,842	$ 6,438,367,288	$ 2,309,262,337	$ 11,637,905,467
5.	Smoothing corridor					
	a. 80% of market value	6,504,339,046	2,004,814,443	4,499,524,603	1,626,425,507	8,130,764,553
	b. 120% of market value	9,756,508,569	3,007,221,664	6,749,286,905	2,439,638,261	12,196,146,830
6.	Actuarial Value of Assets, end of year (4), but not <(5a) and not >(5b)	$ 9,328,643,130	$ 2,890,275,842	$ 6,438,367,288	$ 2,309,262,337	$ 11,637,905,467
7.	Actuarial Value divided by market value (6)/(3)	114.7%	115.3%	114.5%	113.6%	114.5%

TABLE 4 (cont.)
DEVELOPMENT OF ACTUARIAL VALUE OF NET ASSETS

		Total KPERS	KP&F	Judges	Total
1.	Excess (shortfall) of investment income				
	a. Year ending 12/31/09	$ 1,240,341,248	$ 180,264,023	$ 12,837,812	$ 1,433,443,083
	b. Year ending 12/31/08	(4,420,158,106)	(632,813,886)	(44,097,276)	(5,097,069,268)
	c. Year ending 12/31/07	80,995,659	5,520,928	255,103	86,771,690
	d. Year ending 12/31/06	764,869,130	80,489,339	4,943,148	850,301,617
	e. Total	$ (2,333,952,069)	$ (366,539,596)	$ (26,061,213)	$ (2,726,552,878)
2.	Deferral of excess (shortfall) of investment income				
	a. Year ending 12/31/09 (80%)	992,272,999	144,211,218	10,270,250	1,146,754,467
	b. Year ending 12/31/08 (60%)	(2,652,094,863)	(379,688,332)	(26,458,366)	(3,058,241,561)
	c. Year ending 12/31/07 (40%)	32,398,263	2,208,371	102,041	34,708,675
	d. Year ending 12/31/06 (20%)	152,973,826	16,097,868	988,630	170,060,324
	e. Total	$ (1,474,449,775)	$ (217,170,875)	$ (15,097,445)	$ (1,706,718,095)
3.	Market Value of Assets, end of year	$ 10,163,455,692	$ 1,484,548,360	$ 106,498,558	$ 11,754,502,610
4.	Preliminary Actuarial Value of Assets, end of year (3) - (2e)	$ 11,637,905,467	$ 1,701,719,235	$ 121,596,003	$ 13,461,220,705
5.	Smoothing corridor				
	a. 80% of market value	8,130,764,553	1,187,638,688	85,198,847	9,403,602,088
	b. 120% of market value	12,196,146,830	1,781,458,032	127,798,270	14,105,403,132
6.	Actuarial Value of Assets, end of year (4), but not <(5a) and not >(5b)	$ 11,637,905,467	$ 1,701,719,235	$ 121,596,003	$ 13,461,220,705
7.	Actuarial Value divided by market value (6)/(3)	114.5%	114.6%	114.2%	114.5%

SECTION 4

SYSTEM LIABILITIES

In the previous section, an actuarial valuation was compared with an inventory process, and an analysis was given of the inventory of assets of the System as of the valuation date, December 31, 2009. In this section, the discussion will focus on the commitments of the System, which are referred to as its liabilities.

Table 5 contains an analysis of the actuarial present value of all future benefits (PVFB) for contributing members, inactive members, retirees and their beneficiaries. The analysis is provided for each group.

The liabilities summarized in Table 5 include the actuarial present value of all future benefits expected to be paid with respect to each member. For an active member, this value includes measures of both benefits already earned and future benefits expected to be earned. For all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of the surviving beneficiaries.

The actuarial assumptions used to determine liabilities are based on the results of the 2007 Triennial Experience Study. This set of assumptions, as shown in Appendix C, was adopted by the Board in November 2007 and was first used for the December 31, 2007 valuation.

The liabilities reflect the benefit structure in place as of December 31, 2009.

Actuarial Liabilities

A fundamental principle in financing the liabilities of a retirement program is that the cost of its benefits should be related to the period in which benefits are earned, rather than to the period of benefit distribution. An actuarial cost method is a mathematical technique that allocates the present value of future benefits into annual costs. In order to do this allocation, it is necessary for the funding method to "breakdown" the present value of future benefits into two components:

(1) that which is attributable to the past and

(2) that which is attributable to the future.

Actuarial terminology calls the part attributable to the past the "past service liability" or the "actuarial liability". The portion allocated to the future is known as the present value of future normal costs, with the specific piece of it allocated to the current year being called the "normal cost". Table 6 contains the calculation of actuarial liabilities for all groups.

TABLE 5
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF DECEMBER 31, 2009

	State	School	Local	Total KPERS
1. Active employees				
a. Retirement Benefit	$ 2,255,358,400	$ 7,974,474,527	$ 2,936,628,727	$ 13,166,461,654
b. Pre-Retirement Death Benefit	27,988,794	58,081,427	49,832,678	135,902,899
c. Withdrawal Benefit	106,347,093	313,003,589	183,333,187	602,683,869
d. Disability Benefit	107,762,213	208,214,148	134,269,389	450,245,750
e. Total	2,497,456,500	8,553,773,691	3,304,063,981	14,355,294,172
2. Inactive Vested Members	132,812,587	248,846,258	150,018,345	531,677,190
3. Inactive Nonvested Members	8,919,398	34,581,928	21,035,631	64,536,957
4. Disabled Members	74,825,739	88,200,703	56,965,211	219,991,653
5. Retirees	1,489,807,926	4,633,977,321	1,043,429,139	7,167,214,386
6. Beneficiaries	96,693,313	125,253,841	73,731,437	295,678,591
7. Unclaimed Account Reserve	668,200	1,331,800	500,000	2,500,000
8. Total PVFB	$ 4,301,183,663	$ 13,685,965,542	$ 4,649,743,744	$ 22,636,892,949

TABLE 5 (cont.)
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
PRESENT VALUE OF FUTURE BENEFITS (PVFB)
AS OF DECEMBER 31, 2009

	KP&F	Judges
1. Active employees		
a. Retirement Benefit	$ 1,454,178,570	$ 118,451,032
b. Pre-Retirement Death Benefit	20,802,944	1,037,313
c. Withdrawal Benefit	48,598,052	39,589
d. Disability Benefit	210,757,473	0
e. Total	1,734,337,039	119,527,934
2. Inactive Vested Members	36,693,682	2,385,789
3. Inactive Nonvested Members	12,152,450	0
4. Disabled Members	98,996,593	0
5. Retirees	833,502,039	57,458,459
6. Beneficiaries	96,427,600	8,910,088
7. Total PVFB	$ 2,812,109,403	$ 188,282,270

TABLE 6
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL LIABILITIES
AS OF DECEMBER 31, 2009

	State	School	Local	Total KPERS
1. Present Value of Future Benefits	$ 4,301,183,663	$ 13,685,965,542	$ 4,649,743,744	$ 22,636,892,949
2. Present Value of Future Normal Costs for Active Members				
a. Retirement Benefit	$ 437,996,278	$ 1,809,870,863	$ 753,721,258	$ 3,001,588,399
b. Pre-Retirement Death Benefit	7,316,622	17,404,571	15,734,290	40,455,483
c. Withdrawal Benefit	116,674,580	352,595,663	203,693,799	672,964,042
d. Disability Benefit	42,694,657	68,887,780	51,866,765	163,449,202
e. Total	604,682,137	2,248,758,877	1,025,016,112	3,878,457,126
3. Total Actuarial Liability (1) - (2e)	$ 3,696,501,526	$ 11,437,206,665	$ 3,624,727,632	$ 18,758,435,823

TABLE 6 (cont.)
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL LIABILITIES
AS OF DECEMBER 31, 2009

		KP&F		Judges
1. Present Value of Future Benefits	$	2,812,109,403	$	188,282,270
2. Present Value of Future Normal Costs for Active Members				
a. Retirement Benefit	$	397,686,470	$	40,055,185
b. Pre-Retirement Death Benefit		12,918,005		444,225
c. Withdrawal Benefit		62,112,562		49,597
d. Disability Benefit		107,355,337		0
e. Total		580,072,374		40,549,007
3. Total Actuarial Liability (1) - (2e)	$	2,232,037,029	$	147,733,263

SECTION 5

EMPLOYER CONTRIBUTIONS

The previous two sections were devoted to a discussion of the assets and liabilities of the System. A comparison of Tables 4 and 6 indicates that current assets fall short of meeting the present value of future benefits (total liability). This is expected in all but a fully closed down fund, where no further contributions are anticipated.

In an active system, there will almost always be a difference between the actuarial value of assets and total liabilities. This deficiency has to be made up by future contributions and investment returns. An actuarial valuation sets out a schedule of future contributions that will deal with this deficiency in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. Under an actuarial cost method, the contributions required to meet the difference between current assets and current liabilities are allocated each year between two elements: (1) the normal cost and (2) the payment on the unfunded actuarial liability.

The term “fully funded” is often applied to a system in which contributions at the normal cost rate are sufficient to pay for the benefits of existing employees as well as for those of new employees. More often than not, systems are not fully funded, either because of past benefit improvements that have not been completely funded and/or because of actuarial deficiencies that have occurred because experience has not been as favorable as anticipated. Under these circumstances, an unfunded actuarial liability (UAL) exists.

Description of Rate Components

Commencing with the December 31, 2003 actuarial valuation, the actuarial cost method for all three systems was changed to the traditional Entry Age Normal (EAN) – level percent of pay cost method. Under the EAN cost method, the actuarial present value of each member’s projected benefits allocates on a level basis over the member’s compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial liability. The unfunded actuarial liability represents the difference between the actuarial liability and the actuarial value of assets as of the valuation date. The unfunded actuarial liability is calculated each year and reflects experience gains/losses.

The contribution rates based on this December 31, 2009 actuarial valuation will be used to determine employer contribution rates to the Kansas Public Employees Retirement System for fiscal years beginning in 2012 (July 1, 2012 to June 30, 2013 for the State and calendar year 2012 for Local employers).

KPERS

The law provides for the calculation of separate employer contribution rates for three groups: State, School and Local (for all other covered employers).

Legislation provides that the employer rates of contribution for the State and School recommended by the Board of Trustees for all groups can not increase more than 0.60% since FY2008 (the limit was 0.40% in FY2006 and 0.50% in FY2007) and later. Contribution rates for the Local group can not increase more than 0.60% since 2008 (the limit was 0.40% in 2006 and 0.50% in 2007). Such limits on the increase in the statutory contribution rate do not apply to the increase in the employer contribution rate for benefit enhancements. Although not shown in these rates, the total contribution rates for KPERS employers include the statutory employer contribution to the KPERS Group Life Insurance.

There are several components of the unfunded actuarial liability which are amortized over different periods. The increase in the unfunded actuarial liability resulting from the 1998 COLA is amortized over 15 years. The increase in the unfunded actuarial liability for Local employers resulting from 2003 legislation which made the 13th check for pre-July 2, 1987 retirees a permanent benefit is funded over a 10 year period, with the first contribution in 2005 (3 years remaining in FY2012, the fiscal year for which this valuation sets the contribution rate). The increase in the unfunded actuarial liability due to the $300 one-time payment to retirees in 2007 and 2008 is amortized over 10 years (Local only). The State funded the increased liability for the $300 one-time payment for its members in both 2007 and 2008. The remainder of the unfunded actuarial liability is amortized over a period originally set at 40 years beginning July 1, 1993. At the December 31, 2009 valuation date, twenty-three (23) years remain in that period.

The UAL is amortized as a level percentage of payroll. The payroll growth assumption is 4% so the annual amortization payments will increase 4% each year. As a result, if total payroll grows 4% per year, as assumed, the amortization payment will remain level as a percentage of total current payroll. If payroll increases less/more than 4% each year, the amortization payment will increase/decrease as a percentage of total payroll.

The actuarial contribution rate for KPERS is comprised of the normal cost rate and a contribution toward the unfunded actuarial liability. The State and School contribution rate includes an additional contribution necessary to pay the debt service payment on the bonds issued by the State in 2003 to finance the increase in liability from making the 13th check a permanent benefit.

Local employers who affiliate with KPERS for prior service on or after January 1, 1999 pay an additional employer contribution to finance their unfunded actuarial liability on their affiliation date.

KP&F

The actuarially determined contribution requirements for employers in KP&F are comprised of:

(a) a "uniform" rate, determined separately for State and Local employers, which includes the normal cost and a UAL payment for the entire group, plus

(b) any payment required to amortize the unfunded past service liability or any 15% excess benefit liability, which is determined separately for each participating employer.

For employers who enter KP&F for future service only, the total cost is the uniform contribution rate.

There are several components of the unfunded actuarial liability, which are amortized over different periods. The increase in the unfunded actuarial liability resulting from the 1998 COLA is amortized over 15 years. The increase in the unfunded actuarial liability for Local employers resulting from 2003 legislation which made the 13th check for pre-July 2, 1987 retirees a permanent benefit is funded over a 10 year period with the first contribution in 2005 (3 years remain as of FY2012, the fiscal year for which this valuation sets the contribution rate). The increase in the unfunded actuarial liability due to the $300 one-time payment to retirees in 2007 and 2008 is amortized over 10 years (Local only). The State funded the increased liability for the $300 one-time payment for its members in both 2007 and 2008. The remainder of the unfunded actuarial liability is amortized over a period originally set at 40 years beginning July 1, 1993. At the December 31, 2009 valuation date, twenty-three (23) years remain in that period.

The UAL is amortized as a level percentage of payroll. The payroll growth assumption is 4% so the annual amortization payments will increase 4% each year. As a result, if total payroll grows 4% per year, as assumed, the amortization payment will remain level as a percentage of total current payroll. If payroll increases less/more than 4% each year, the amortization payment will increase/decrease as a percentage of total payroll

Judges

The actuarial contribution rate for the Judges is comprised of the normal cost rate and a contribution toward the unfunded actuarial liability. The UAL is amortized over a 40 year period established in 1993 with payments determined as a level dollar amount. As of this valuation date, twenty-three (23) years remain. The contribution rate includes an additional contribution necessary to pay the debt service payment on the bonds issued by the State in 2003 to finance the increase in liability from making the 13th check a permanent benefit.

Contribution Rate Summary

The normal cost rates for each System are developed in Table 7. Table 8 develops the actuarial contribution rate for the unfunded actuarial liability. Bonds were issued in 2003 by the State to finance the increase in the actuarial liability due to legislation making the 13th check for pre-July 2, 1987 retirees a permanent benefit. The debt service payment on the bonds is to be paid by an additional employer contribution to the System, effective July 1, 2004. The development of this debt service contribution rate for FY2013 is shown in Table 9. The total actuarial contribution rates determined as of December 31, 2009, are presented in Table 10. The contribution rates for local employers who affiliated with KPERS for prior service and are amortizing the payment of that liability over a period of years are shown in Tables 11A and 11B. Table 12 shows the KP&F individual employer contribution rates for fiscal years beginning in 2011 and 2012 while Tables 13 and 14 show the calculation of the additional contribution rate due to amortization of prior service UAL or excess benefit liability for fiscal years beginning in 2012.

The rates shown in this report, which are based on the actuarial assumptions and cost methods described in Appendix C, are applicable for determining employer contribution rates for fiscal years commencing in 2012.

TABLE 7
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
NORMAL COST RATE
AS OF DECEMBER 31, 2009

	State	School	State/School	Local
1. Normal Cost at Beginning of Year				
a. Retirement Benefit	$ 60,169,246	$ 223,483,538	$ 283,652,784	$ 95,676,763
b. Pre-Retirement Death Benefit	1,038,344	2,305,965	3,344,309	2,059,908
c. Withdrawal Benefit	15,741,863	44,173,863	59,915,726	25,670,173
d. Disability Benefit	5,789,710	8,958,769	14,748,479	6,692,992
e. Total	82,739,163	278,922,135	361,661,298	130,099,836
2. Estimated Covered Payroll for 2010	$ 1,048,674,951	$ 3,352,328,403	$ 4,401,003,354	$ 1,661,357,024
3. Normal Cost Rate [(1e) / (2)] $*1.08^{.5}$	8.20%	8.65%	8.54%	8.14%

TABLE 7 (cont.)
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
NORMAL COST RATE
AS OF DECEMBER 31, 2009

		KP&F		Judges
1. Normal Cost at Beginning of Year				
a. Retirement Benefit	$	42,637,227	$	5,443,964
b. Pre-Retirement Death Benefit		1,481,367		59,180
c. Withdrawal Benefit		6,604,795		7,609
d. Disability Benefit		11,778,878		0
e. Total		62,502,267		5,510,753
2. Estimated Covered Payroll for 2010	$	441,454,916	$	28,681,056
3. Normal Cost Rate [(1e) / (2)] $*1.08^{.5}$		14.71%		19.97%

TABLE 8
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
UNFUNDED ACTUARIAL LIABILITY CONTRIBUTION RATES
AS OF DECEMBER 31, 2009

	State	School	Local	KPF		Judges
1. Actuarial Liability	$ 3,696,501,526	$ 11,437,206,665	$ 3,624,727,632	$ 2,232,037,029		$ 147,733,263
2. Actuarial Value of Assets	2,890,275,842	6,438,367,288	2,309,262,337	1,701,719,235		121,596,003
3. Unfunded Actuarial Liability (UAL)	806,225,684	4,998,839,377	1,315,465,295	530,317,794		26,137,260
a. UAL for 1998 COLA	7,291,682	17,852,048	5,221,542	4,518,430		0
b. UAL for 13th Check (2003)	0	0	1,830,848	3,428,839		0
c. UAL for 2007 One Time Payment	0	0	1,302,453	443,904		0
d. UAL for 2008 One Time Payment	0	0	1,443,599	504,200		0
e. Prior service and other local employer UAL*	0	0	5,120,413	16,451,665		0
f. Remaining UAL	798,934,002	4,980,987,329	1,300,546,439	504,970,755		26,137,260
4. Payment to Amortize UAL (assumed mid-year)						
a. UAL for 1998 COLA	2,621,818	6,418,934	1,877,473	1,598,025	**	0
b. UAL for 13th Check (2003)	0	0	658,305	1,232,902	**	0
c. UAL for 2007 One Time Payment	0	0	215,929	73,593	**	0
d. UAL for 2008 One Time Payment	0	0	213,213	74,468	**	0
e. Remaining UAL	52,998,719	330,422,720	86,274,079	30,107,290	**	2,425,074
f. Total	55,620,537	336,841,654	89,238,999	33,086,278	**	2,425,074
5. Total Estimated Payroll for 2010	$ 1,048,674,951	$ 3,352,328,403	$ 1,661,357,024	$ 396,148,554	**	$ 28,681,056
6. Amortization Payment as a Percent of Payroll	5.30%	10.05%	5.37%	8.35%	**	8.46%

* These obligations are paid directly by the employer and do not enter into the overall amortization rates.
**Only includes local governments. State agencies have a different uniform rate.

TABLE 9
DEVELOPMENT OF CONTRIBUTION RATES
FOR DEBT SERVICE PAYMENT ON BONDS

The 2003 Legislature made the retirant dividend (13th check) for pre-July 2, 1987 retirees a permanent benefit. To offset the estimated cost of the benefit enhancement the State issued bonds in the late summer of 2003. The debt service payment on the bonds will come from increased contribution rates for the KPERS State and School groups, the State KP&F group and the Judges.

	State	School	KPF (state)	Judges	Total
Original Bond Issue Proceeds	$ 7,793,450	$ 15,068,078	$ 1,867,119	$ 171,353	$ 24,900,000
Scheduled Payments					
FYE 2013	1,004,383	1,941,902	240,625	22,083	3,208,993
FYE 2014	1,005,138	1,943,362	240,806	22,100	3,211,406
Projected Payroll for FYE 2013*	1,088,443,775	3,479,458,511	47,024,512	29,763,290	
Rate of Pay Required	0.09%	0.06%	0.51%	0.07%	

* Assumes 1.5% annual payroll growth

TABLE 10
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACTUARIAL EMPLOYER CONTRIBUTION RATES
FISCAL YEAR COMMENCING IN 2012

	Total Normal Cost	Employee Normal Cost	Employer Normal Cost	Unfunded Actuarial Liability	Debt Service Payment	Total Employer Contribution*
State **	8.20%	4.04%	4.16%	5.30%	0.09%	9.55%
School	8.65%	4.07%	4.58%	10.05%	0.06%	14.69%
State/School **	8.54%	4.07%	4.47%	8.92%	0.07%	13.46%
Local	8.14%	4.07%	4.07%	5.37%	0.00%	9.44%
KP&F Uniform Contribution Rate						
State ***	14.71%	6.52%	8.19%	7.73%	0.51%	16.43%
Local ***	14.71%	6.52%	8.19%	8.35%	0.00%	16.54%
Judges	19.97%	4.75%	15.22%	8.46%	0.07%	23.75%

* Does not include the contribution to the Death and Disability Program.

** For Correctional Employees, employer contribution rates of 11.24% and 10.06% apply for normal retirement ages of 55 and 60, respectively.

*** The total contribution rate for each employer is equal to the appropriate uniform contribution rate (state or local) plus an additional rate, if applicable, required to amortize the unfunded past service liability or the 15% excess benefit liability, determined separately for each employer. (See Table 12)

TABLE 11A
LOCAL AFFILIATION COST FACTORS
FOR FISCAL YEAR BEGINNING IN 2012

Employer	Year Affiliated	Projected 2012 Annual Payroll	Projected 1/1/2012 Unfunded Actuarial Liability	Projected 1/1/2012 Excess Benefit Liability	Payment on 1/1/2012 Unfunded Liabilities[2]	Payment on Unfunded Liability as % of Payroll	Total Rate for Years Commencing[1] in 2012
St. Francis Housing Authority	1999	$14,338	$8,154	$0	$552	3.85%	11.19%
City of Burden	1999	$134,510	$16,087	$0	$1,088	0.81%	8.15%
City of Longton	1999	$76,169	$19,549	$0	$1,324	1.74%	9.08%
Bourbon County RWD#2	1999	$197,554	$113,309	$0	$7,674	3.88%	11.22%
Towanda Township	1999	$55,285	$9,260	$0	$626	1.13%	8.47%
City of Herndon	1999	NA	$11,355	$0	$5,895	[3]	[3]
Hays Housing Authority	2000	$61,887	$1,807	$0	$126	0.20%	7.54%
Haysville Community Library	2000	$178,463	$205,882	$0	$13,935	7.81%	15.15%
Hamilton County Library	2000	$87,540	$13,632	$0	$923	1.05%	8.39%
Ellis Public Library	2000	$26,875	$5,177	$0	$350	1.30%	8.64%
Bucklin Public Library	2000	$18,861	$12,880	$0	$874	4.63%	11.97%
Elkhart Cemetery District	2000	$44,771	$1,812	$0	$125	0.28%	7.62%
Clay County Conservation District	2000	NA	$8,338	$0	$7,987	[3]	[3]
City of Linn Valley	2000	$82,473	$1,011	$0	$69	0.08%	7.42%
City of Blue Mound	2000	$94,240	$2,905	$0	$192	0.20%	7.54%
Kansas Workers' Risk Coop for Counties	2000	$297,418	$52,329	$0	$3,528	1.19%	8.53%
Lindsborg Community Library	2002	NA	$3,620	$0	$241	[3]	[3]
City of North Newton	2002	$353,954	$167,091	$0	$11,083	3.13%	10.47%
City of Arcadia	2002	$91,144	$16,344	$0	$1,083	1.19%	8.53%
Four County Mental Health	2002	$9,220,929	$1,420,980	$0	$173,980	1.89%	9.23%
City of Linwood	2003	$77,300	$2,449	$0	$163	0.21%	7.55%
Johnson County Fire District #2 Rural	2003	$2,652,433	$455,496	$0	$30,215	1.14%	8.48%
Basehor Community Library	2003	$242,443	$57,917	$0	$3,842	1.58%	8.92%
City of Gypsum	2003	$59,161	$4,923	$0	$327	0.55%	7.89%
Greenleaf Housing Authority	2003	$14,960	$23,116	$0	$1,533	10.25%	17.59%
City of Bentley	2004	$76,648	$38,874	$0	$2,733	3.57%	10.91%
Mulvane Public Library	2004	$61,437	$13,939	$0	$980	1.60%	8.94%
The Center for Counseling and Consultation	2004	$2,148,377	$1,171,806	$0	$82,406	3.84%	11.18%

TABLE 11A (cont.)
LOCAL AFFILIATION COST FACTORS
FOR FISCAL YEAR BEGINNING IN 2012

Employer	Year Affiliated	Projected 2012 Annual Payroll	Projected 1/1/2012 Unfunded Actuarial Liability	Projected 1/1/2012 Excess Benefit Liability	Payment on 1/1/2012 Unfunded Liabilities[2]	Payment on Unfunded Liability as % of Payroll	Total Rate for Years Commencing[1] in 2012
Crawford County RWD #2	2005	$41,472	$0	$0	$0	0.00%	7.34%
Doniphan County RFD #2	2005	$74,640	$9,309	$0	$654	0.88%	8.22%
City of Denison	2005	$49,497	$20,547	$0	$1,445	2.92%	10.26%
Stanton County Recreation Commission	2005	$69,405	$25,306	$0	$1,779	2.56%	9.90%
City of Salina	NA	$15,370,623	$0	$68,673	$30,656	0.20%	7.54%
City of Shawnee	NA	$9,167,258	$0	$159,302	$62,885	0.69%	8.03%
Unified Government - Wyandotte Co./ KCK	NA	$67,784,564	$0	$593,786	$169,316	0.25%	7.59%
City of Emporia	NA	$6,164,301	$0	$4,344	$1,622	0.03%	7.37%
City of Leavenworth	NA	$6,523,555	$0	$5,323	$1,988	0.03%	7.37%
Total		$121,614,486	$3,915,205	$831,428	$624,199		

[1]Basic local employer contribution rates excluding Death and Disability contribution: FY 2011: 6.74% FY 2012: 7.34%

[2]Payments are assumed to be mid-year for Unfunded Actuarial Liability or Excess Benefit Liability

[3]This entity will pay off their unfunded actuarial liability according to a fixed schedule. Payments are as of January 1.

TABLE 11B
LOCAL AFFILIATION COST FACTORS - AFFILIATION AFTER 1/1/06
FOR FISCAL YEAR BEGINNING IN 2012

Effective for affiliations on or after January 1, 2006, the payment on the unfunded actuarial liability due to affiliation for prior service is amortized as a fixed level dollar payment. No adjustment is made to the employer contribution rate for these payments.

Employer	Year Affiliated	Unfunded Actuarial Liability on Jan 1 Following Affiliation	Annual Payment Due January 1 to Amortize Unfunded Liability	Final Payment Year
Nippawalla Township	2006	$4,158	$356	2032
City of Vermillion	2006	$3,950	$338	2032

TABLE 12
KP&F
EMPLOYER CONTRIBUTION RATES FOR FISCAL YEARS COMMENCING IN CALENDAR YEARS 2011 AND 2012

Employer	Total Rate for Fiscal Year Commencing in 2011	Recommended Total Rate for Fiscal Year Commencing in 2012
Douglas County Law Enforcement	17.41 %	19.32 %
Ford County	14.57	16.54
Franklin County Sheriff's Dept	14.57	16.54
Gray County Sheriff's Dept.	14.57	16.54
Harvey County Sheriff's Dept.	14.57	16.54
Johnson County Fire Dept.	14.57	16.54
Johnson County Fire No. 1	14.57	16.54
Johnson County Fire No. 2	14.57	16.54
Johnson County Park Commission	14.57	16.54
Johnson County Sheriff's Dept.	14.75	16.71
Labette County Sheriff's Dept.	16.91	18.82
Reno County Sheriff's Dept.	14.57	16.54
Riley County Law Enforcement	14.57	16.54
Sedgwick County Fire No. 1	14.57	16.54
Sedgwick County Sheriff's Dept.	14.91	16.88
Sedgwick County EMT's	14.93	16.88
Shawnee County Sheriff's Dept.	17.11	18.94
Sumner County Sheriff's Dept.	16.00	17.86
Unified Gov't of Wyandotte County	14.57	16.54
Unified Gov't of Wyandotte Co. - KCK	17.32	20.35
City of Abilene	14.57	16.54
City of Arkansas City	14.57	16.54
City of Atchison	15.55	17.54
City of Bonner Springs	14.57	16.54
City of Chanute	14.57	16.54
City of Cimarron	14.57	16.54
City of Coffeyville	19.81	21.56
City of Concordia	18.56	19.84
City of Derby	14.57	16.54
City of Dodge City	20.01	21.92
City of Emporia	14.57	16.54
City of Erie	14.57	16.54
City of Eudora	14.57	16.54
City of Fairway	14.57	16.54
City of Fort Scott	20.42	22.13
City of Herington	15.39	17.31
City of Hutchinson	14.57	16.54

TABLE 12 (cont.)
KP&F
EMPLOYER CONTRIBUTION RATES FOR FISCAL YEARS COMMENCING IN CALENDAR YEARS 2011 AND 2012

Employer	Total Rate for Fiscal Year Commencing in 2011	Recommended Total Rate for Fiscal Year Commencing in 2012
City of Junction City	14.57 %	16.54 %
City of Lawrence	14.57	16.54
City of Leavenworth	15.97	17.56
City of Leawood	15.16	17.13
City of Lenexa	14.69	16.66
City of Manhattan	14.57	16.54
City of Merriam	14.57	16.54
City of McPherson	14.57	16.54
City of Mission	14.57	16.54
City of Newton EMTs	16.58	19.12
City of Newton	14.57	16.54
City of Olathe	14.64	16.60
City of Ottawa	14.57	16.54
City of Parsons	14.57	16.54
City of Pittsburg	17.18	19.43
City of Salina	17.68	19.81
City of Shawnee	15.72	18.37
City of Topeka	14.57	16.54
City of Wellington	17.77	19.45
City of Westwood	14.57	16.54
City of Winfield	18.10	20.15
Board of Regents Campus Police	14.44	16.43
Kansas Bureau of Investigation	14.44	16.43
Kansas Highway Patrol	14.44	16.43
Cowley County Sheriff's Dept	14.57	16.54
City of Gardner Public Safety Officers	14.57	16.54
City of Liberal Police & Firemen	14.57	16.54
City of Oswego	14.57	16.54
Leavenworth County	14.57	16.54
Pottawatomie County	14.57	16.54
City of Roeland Park	14.57	16.54
City of Edwardsville Police	17.13	18.75
City of Garden City	14.57	16.54
City of Lake Quivira	14.57	16.54
City of Paola	14.57	16.54
City of Winfield (EMS)	22.10	22.48
Miami County	14.57	16.54

TABLE 12 (cont.)
KP&F
EMPLOYER CONTRIBUTION RATES FOR FISCAL YEARS COMMENCING IN CALENDAR YEARS 2011 AND 2012

Employer	Total Rate for Fiscal Year Commencing in 2011		Recommended Total Rate for Fiscal Year Commencing in 2012	
Atchinson County	14.57	%	16.54	%
City of Park City	14.57		16.54	
Dickinson County	14.57		16.54	
Leavenworth County (EMS)	14.57		16.54	
City of Basehor	14.57		16.54	
City of Edwardsville Firemen	19.17		22.25	
City of Marion	14.57		16.54	
City of Overbrook	14.57		16.54	
Leavenworth County Fire District #1	14.57		16.54	
Shawnee Heights Fire District	14.57		16.54	
City of Lansing	14.57		16.54	
State Fire Marshall	14.44		16.43	
Seward County	14.57		16.54	
City of Hays	14.57		16.54	
Ellis County	14.57		16.54	
City of Baldwin City	14.57		16.54	
McPherson County	14.57		16.54	
City of Spring Hill	14.57		16.54	
City of Andover	14.57		16.54	
Kearny County	14.57		16.54	
Neosho County	14.57		16.54	
Clark County	14.57		16.54	
City of Wakefield	14.57		16.54	
Russell County	14.57	*	16.54	*
City of Rossville	14.57		16.54	
City of Goddard	14.57		16.54	

* This employer will pay off their unfunded actuarial liability according to a fixed schedule in addition to the contribution rate shown here.

TABLE 13A
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
PRIOR SERVICE LIABILITY
FOR FISCAL YEARS BEGINNING IN 2012

Employer	1/1/2010 Unfunded Prior Service Liability	Payment on Unfunded Liability*
Douglas County Law Enforcement	$1,412,694	$181,138
Ford County	0	0
Franklin County Sheriff's Dept	0	0
Gray County Sheriff's Dept.	0	0
Harvey County Sheriff's Dept.	0	0
Johnson County Fire Dept.	0	0
Johnson County Fire No. 1	0	0
Johnson County Fire No. 2	0	0
Johnson County Park Commission	0	0
Johnson County Sheriff's Dept.	194,957	67,758
Labette County Sheriff's Dept.	178,713	16,582
Reno County Sheriff's Dept.	0	0
Riley County Law Enforcement	0	0
Sedgwick County Fire No. 1	0	0
Sedgwick County Sheriff's Dept.	274,073	54,352
Sedgwick County EMT's	69,413	31,177
Shawnee County Sheriff's Dept.	1,123,866	154,845
Sumner County Sheriff's Dept.	73,130	11,639
Unified Gov't of Wyandotte County	0	0
Unified Gov't of Wyandotte Co. - KCK	0	0
City of Abilene	0	0
City of Arkansas City	0	0
City of Atchison	0	0
City of Bonner Springs	0	0
City of Chanute	0	0
City of Cimarron	0	0
City of Coffeyville	493,871	122,214
City of Concordia	50,259	12,471
City of Derby	0	0
City of Dodge City	1,844,871	215,432
City of Emporia	0	0
City of Erie	0	0
City of Eudora	0	0
City of Fairway	0	0
City of Fort Scott	296,294	73,266
City of Herington	10,471	3,014
City of Hutchinson	0	0
City of Junction City	0	0
City of Lawrence	0	0
City of Leavenworth	0	0

TABLE 13A (cont.)
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
PRIOR SERVICE LIABILITY
FOR FISCAL YEARS BEGINNING IN 2012

Employer	1/1/2010 Unfunded Prior Service Liability	Payment on Unfunded Liability*
City of Leawood	$281,284	$47,701
City of Lenexa	32,062	14,445
City of Manhattan	0	0
City of Merriam	0	0
City of McPherson	0	0
City of Mission	0	0
City of Newton EMTs	54,868	7,898
City of Newton	0	0
City of Olathe	20,947	13,718
City of Ottawa	0	0
City of Parsons	0	0
City of Pittsburg	409,984	101,429
City of Salina	980,043	242,452
City of Shawnee	83,467	20,681
City of Topeka	0	0
City of Wellington	228,186	56,430
City of Westwood	0	0
City of Winfield	475,434	86,672
Board of Regents Campus Police	0	0
Kansas Bureau of Investigation	0	0
Kansas Highway Patrol	0	0
Cowley County Sheriff's Dept	0	0
City of Gardner Public Safety Officers	0	0
City of Liberal Police & Firemen	0	0
City of Oswego	0	0
Leavenworth County	0	0
Pottawatomie County	0	0
City of Roeland Park	0	0
City of Edwardsville Police	228,109	18,952
City of Garden City	0	0
City of Lake Quivira	0	0
City of Paola	0	0
City of Winfield (EMS)	416,886	39,655
Miami County	0	0
Atchinson County	0	0
City of Park City	0	0
Dickinson County	0	0
Leavenworth County (EMS)	0	0
City of Basehor	0	0
City of Edwardsville Firemen	415,385	37,963

TABLE 13A (cont.)
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
PRIOR SERVICE LIABILITY
FOR FISCAL YEARS BEGINNING IN 2012

Employer	1/1/2010 Unfunded Prior Service Liability	Payment on Unfunded Liability*
City of Marion	$0	$0
City of Overbrook	0	0
Leavenworth County Fire District #1	0	0
Shawnee Heights Fire District	0	0
City of Lansing	0	0
State Fire Marshall	0	0
Seward County	0	0
City of Hays	0	0
Ellis County	0	0
City of Baldwin City	0	0
City of Spring Hill	0	0
City of Andover	0	0
Kearny County	0	0
Neosho County	0	0
Clark County	0	0
City of Wakefield	0	0
City of Rossville	0	0
City of Goddard	0	0
Total	$ 9,649,267	$ 1,631,884

* Payments are based on a remaining 40-year amortization periods, except for Harvey County Sheriff's Department (20 years) and Sedgwick County EMTs (30 years). Payments are assumed to made throughout the year.

TABLE 13B
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
PRIOR SERVICE LIABILITY - AFFILIATION AFTER 1/1/06
FOR FISCAL YEAR BEGINNING IN 2012

Effective for affiliations on or after January 1, 2006, the payment on the unfunded actuarial liability due to affiliation for prior service is amortized as a fixed level dollar payment. No adjustment is made to the employer contribution rate for these payments.

Employer	Year Affiliated	Unfunded Actuarial Liability on Jan 1 Following Affiliation	Annual Payment Due January 1 to Amortize Unfunded Liability	Final Payment Year
McPherson County	2007	$457	$63	2017
Russell County	2009	$144,903	$12,937	2031

Only employers with remaining obligations are shown.

TABLE 14
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
FOR FISCAL YEARS BEGINNING IN 2012

Employer	Number of Employees	Total Estimated 2012 Payroll	Projected 1/1/2010 Excess Benefit Liability	Payment on Excess Benefit Liability*	Payment on Unfunded Liability (Table 13)	Total Payment Amount	As Percent of Payroll
Douglas County Law Enforcement	83	$6,522,370	$0	$0	$181,138	$181,138	2.78 %
Ford County	46	2,533,467	0	0	0	0	0.00
Franklin County Sheriff's Dept	52	2,708,856	0	0	0	0	0.00
Gray County Sheriff's Dept.	9	464,051	0	0	0	0	0.00
Harvey County Sheriff's Dept.	20	1,086,878	0	0	0	0	0.00
Johnson County Fire Dept.	159	11,610,410	0	0	0	0	0.00
Johnson County Fire No. 1	20	1,258,052	0	0	0	0	0.00
Johnson County Fire No. 2	67	5,684,635	0	0	0	0	0.00
Johnson County Park Commission	19	1,096,085	0	0	0	0	0.00
Johnson County Sheriff's Dept.	480	39,229,667	0	0	67,758	67,758	0.17
Labette County Sheriff's Dept.	17	728,861	0	0	16,582	16,582	2.28
Reno County Sheriff's Dept.	55	3,292,782	0	0	0	0	0.00
Riley County Law Enforcement	102	6,328,786	0	0	0	0	0.00
Sedgwick County Fire No. 1	132	9,149,447	0	0	0	0	0.00
Sedgwick County Sheriff's Dept.	258	16,238,708	501	145	54,352	54,497	0.34
Sedgwick County EMT's	148	9,111,537	0	0	31,177	31,177	0.34
Shawnee County Sheriff's Dept.	112	6,462,704	0	0	154,845	154,845	2.40
Sumner County Sheriff's Dept.	19	882,593	0	0	11,639	11,639	1.32
Unified Gov't of Wyandotte County	825	4,530,250	0	0	0	0	0.00
Unified Gov't of Wyandotte Co. - KCK	0	59,710,391	5,788,720	2,274,152	0	2,274,152	3.81
City of Abilene	21	1,001,036	0	0	0	0	0.00
City of Arkansas City	48	2,759,327	0	0	0	0	0.00
City of Atchison	40	1,908,092	41,574	19,129	0	19,129	1.00
City of Bonner Springs	25	1,419,648	0	0	0	0	0.00
City of Chanute	34	1,947,869	0	0	0	0	0.00
City of Cimarron	0	0	0	0	0	0	0.00
City of Coffeyville	44	2,434,999	0	0	122,214	122,214	5.02
City of Concordia	8	377,681	0	0	12,471	12,471	3.30
City of Derby	52	3,010,177	0	0	0	0	0.00

TABLE 14 (cont.)
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
FOR FISCAL YEARS BEGINNING IN 2012

Employer	Number of Employees	Total Estimated 2012 Payroll	Projected 1/1/2010 Excess Benefit Liability	Payment on Excess Benefit Liability*	Payment on Unfunded Liability (Table 13)	Total Payment Amount	As Percent of Payroll
City of Dodge City	70	$4,001,633	$0	$0	$215,432	$215,432	5.38 %
City of Emporia	90	5,467,834	0	0	0	0	0.00
City of Erie	2	90,701	0	0	0	0	0.00
City of Eudora	9	631,491	0	0	0	0	0.00
City of Fairway	9	754,312	0	0	0	0	0.00
City of Fort Scott	31	1,310,764	0	0	73,266	73,266	5.59
City of Herington	9	391,894	0	0	3,014	3,014	0.77
City of Hutchinson	154	9,748,610	0	0	0	0	0.00
City of Junction City	98	5,669,732	0	0	0	0	0.00
City of Lawrence	275	22,140,045	0	0	0	0	0.00
City of Leavenworth	117	6,673,879	162,208	68,028	0	68,028	1.02
City of Leawood	109	8,056,802	0	0	47,701	47,701	0.59
City of Lenexa	167	11,867,687	0	0	14,445	14,445	0.12
City of Manhattan	66	3,949,205	0	0	0	0	0.00
City of Merriam	49	3,567,911	0	0	0	0	0.00
City of McPherson	49	2,567,859	0	0	0	0	0.00
City of Mission	29	1,897,566	0	0	0	0	0.00
City of Newton EMTs	4	306,043	0	0	7,898	7,898	2.58
City of Newton	73	4,522,892	0	0	0	0	0.00
City of Olathe	280	21,566,422	0	0	13,718	13,718	0.06
City of Ottawa	44	2,876,897	0	0	0	0	0.00
City of Parsons	39	1,724,464	0	0	0	0	0.00
City of Pittsburg	69	3,507,442	0	0	101,429	101,429	2.89
City of Salina	170	11,772,212	308,929	142,499	242,452	384,951	3.27
City of Shawnee	136	11,111,725	416,772	182,953	20,681	203,634	1.83
City of Topeka	514	35,810,385	0	0	0	0	0.00
City of Wellington	34	1,938,041	0	0	56,430	56,430	2.91
City of Westwood	7	467,929	0	0	0	0	0.00
City of Winfield	41	2,397,890	0	0	86,672	86,672	3.61

TABLE 14 (cont.)
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
FOR FISCAL YEARS BEGINNING IN 2012

Employer	Number of Employees	Total Estimated 2012 Payroll	Projected 1/1/2010 Excess Benefit Liability	Payment on Excess Benefit Liability*	Payment on Unfunded Liability (Table 13)	Total Payment Amount	As Percent of Payroll
Board of Regents Campus Police	122	$6,479,603	$0	$0	$0	$0	0.00 %
Kansas Bureau of Investigation	80	6,146,627	0	0	0	0	0.00
Kansas Highway Patrol	527	36,462,614	0	0	0	0	0.00
Cowley County Sheriff's Dept	26	1,242,562	0	0	0	0	0.00
City of Gardner Public Safety Officers	36	2,153,362	0	0	0	0	0.00
City of Liberal Police & Firemen	63	2,881,175	0	0	0	0	0.00
City of Oswego	5	207,635	0	0	0	0	0.00
Leavenworth County	59	3,144,672	0	0	0	0	0.00
Pottawatomie County	28	1,350,662	0	0	0	0	0.00
City of Roeland Park	16	978,439	0	0	0	0	0.00
City of Edwardsville Police	15	858,693	0	0	18,952	18,952	2.21
City of Garden City	93	4,881,886	0	0	0	0	0.00
City of Lake Quivira	2	132,122	0	0	0	0	0.00
City of Paola	14	799,699	0	0	0	0	0.00
City of Winfield (EMS)	10	667,518	0	0	39,655	39,655	5.94
Miami County	51	2,886,004	0	0	0	0	0.00
Atchinson County	10	428,138	0	0	0	0	0.00
City of Park City	18	904,116	0	0	0	0	0.00
Dickinson County	15	719,527	0	0	0	0	0.00
Leavenworth County (EMS)	35	1,711,256	0	0	0	0	0.00
City of Basehor	12	584,961	0	0	0	0	0.00
City of Edwardsville Firemen	12	664,959	0	0	37,963	37,963	5.71
City of Marion	4	161,913	0	0	0	0	0.00
City of Overbrook	2	85,852	0	0	0	0	0.00
Leavenworth County Fire District #1	4	233,943	0	0	0	0	0.00
Shawnee Heights Fire District	10	625,842	0	0	0	0	0.00
City of Lansing	18	864,551	0	0	0	0	0.00
State Fire Marshall	8	459,755	0	0	0	0	0.00
Seward County	30	1,593,990	0	0	0	0	0.00

TABLE 14 (cont.)
KP&F EMPLOYER ADDITIONAL CONTRIBUTION RATES
FOR FISCAL YEARS BEGINNING IN 2012

Employer	Number of Employees	Total Estimated 2012 Payroll	Projected 1/1/2010 Excess Benefit Liability	Payment on Excess Benefit Liability*	Payment on Unfunded Liability (Table 13)	Total Payment Amount	As Percent of Payroll
City of Hays	56	$3,020,557	$0	$0	$0	$0	0.00 %
Ellis County	46	2,548,612	0	0	0	0	0.00
City of Baldwin City	7	406,909	0	0	0	0	0.00
McPherson County	1	22,917	0	0	**	**	0.00
City of Spring Hill	13	710,317	0	0	0	0	0.00
City of Andover	34	1,721,201	0	0	0	0	0.00
Kearny County	19	1,004,766	0	0	0	0	0.00
Neosho County	12	504,036	0	0	0	0	0.00
Clark County	5	238,062	0	0	0	0	0.00
City of Wakefield	1	47,127	0	0	0	0	0.00
Russell County	9	432,985	0	0	**	**	0.00
City of Rossville	3	129,453	0	0	0	0	0.00
City of Goddard	9	449,352	0	0	0	0	0.00
Total	7,179	$ 481,827,992	$ 6,718,703	$ 2,686,906	$ 1,631,884	$ 4,318,790	

* Payments are based on paying off the liability in 2014.
** See Table 13b for fixed dollar amortization schedule.

SECTION 6

ACCOUNTING AND OTHER INFORMATION

Historically, Government Accounting Standards Board (GASB) Statement No. 5, "Disclosure of Pension Information by Public Employee Retirement Systems and State and Local Government Employers", required the disclosure of the funded status of the Plan on an annual basis using the pension benefit obligation (PBO).

In an effort to enhance the understandability and usefulness of the pension information that is included in the financial reports of pension plans for state and local governments, the Governmental Accounting Standards Board (GASB) issued Statement No. 25 - Financial Reporting for Defined Benefit Pension Plans. This Statement, along with GASB Statement No. 27, supersedes GASB Statement No. 5.

GASB Statement No. 25, effective for fiscal years beginning after June 15, 1996, establishes financial reporting standards for defined benefit pension plans. In addition to two required statements regarding plan assets, the statement requires two schedules and accompanying notes disclosing information relative to the funded status of the plan and historical contribution patterns.

- The Schedule of Funding Progress provides information about whether the financial strength of the Plan is improving or deteriorating over time.

- The Schedule of Employer Contributions provides historical information about the annual required contribution (ARC) and the percentage of the ARC that was actually contributed.

In addition to information required by GASB, an exhibit of the anticipated cash flows from the System is also included.

TABLE 15
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACCOUNTING INFORMATION FOR GASB 25

Schedule of Funding Progress
($ in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
12/31/2004	$10,971,427	$15,714,092	$4,742,666	70%	$5,102,016	93%
12/31/2005	11,339,293	16,491,762	5,152,469	69%	5,270,351	98%
12/31/2006	12,189,197	17,552,791	5,363,593	69%	5,599,193	96%
12/31/2007	13,433,115	18,984,915	5,551,800	71%	5,949,228	93%
12/31/2008	11,827,619	20,106,787	8,279,168	59%	6,226,526	133%
12/31/2009	13,461,221	21,138,206	7,676,985	64%	6,532,496	118%

TABLE 15 (cont.)
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACCOUNTING INFORMATION FOR GASB 25

	KPERS System	KP& F System	Judges System
Valuation Date	12/31/09	12/31/09	12/31/09
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed	Level Percent Closed	Level Dollar Closed
Remaining Amortization Period	23 years	23 years	23 years
Asset Valuation Method	Difference between actual return and expected return on market value recognized evenly over five-year period. Value must be within corridor of 80% - 120% of market value.		
Actuarial Assumptions:			
Investment Rate of Return	8.0%	8.0%	8.0%
Projected Salary Increases	4.0% - 12.0%	4.0% - 12.5%	4.5%
Cost of Living Adjustment	None	None	None

TABLE 16
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACCOUNTING INFORMATION FOR GASB 25

Schedule of Employer Contributions

For the Fiscal Year Ended June 30

Year	Annual Required Contribution	Percentage Contributed
2005	$381,791,085	68.6%
2006	471,424,006	63.4%
2007	531,292,151	63.9%
2008	607,662,300	65.1%
2009	660,833,664	68.0%
2010	673,558,185	72.2% *

*Due to timing of the actuarial valuation versus the System's fiscal year, the actual number is not yet available. The number shown is an estimate.

The numbers shown in this exhibit are provided by KPERS. Milliman has relied on the accuracy of the numbers as provided and has not verified them.

TABLE 17
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
PROJECTED BENEFIT PAYMENTS

Year	State	School	Local	Total KPERS	KP&F	Judges	Total
2010	$204,562,000	$557,670,000	$149,338,000	$911,570,000	$117,588,000	$8,676,000	$1,037,834,00 0
2011	221,187,000	609,547,000	165,402,000	996,136,000	126,716,000	9,710,000	1,132,562,000
2012	235,826,000	661,750,000	180,500,000	1,078,076,000	135,408,000	10,609,000	1,224,093,000
2013	251,229,000	713,127,000	197,222,000	1,161,578,000	144,004,000	11,442,000	1,317,024,000
2014	266,287,000	764,396,000	214,519,000	1,245,202,000	152,419,000	12,349,000	1,409,970,000
2015	282,237,000	817,168,000	234,776,000	1,334,181,000	161,309,000	13,223,000	1,508,713,000
2016	298,851,000	869,821,000	256,273,000	1,424,945,000	171,085,000	14,169,000	1,610,199,000
2017	315,554,000	922,866,000	279,118,000	1,517,538,000	181,407,000	15,048,000	1,713,993,000
2018	332,163,000	975,733,000	302,918,000	1,610,814,000	192,030,000	16,043,000	1,818,887,000
2019	348,936,000	1,027,813,000	327,695,000	1,704,444,000	203,186,000	16,995,000	1,924,625,000
2020	364,782,000	1,078,928,000	352,451,000	1,796,161,000	214,470,000	17,726,000	2,028,357,000
2021	380,129,000	1,128,750,000	377,451,000	1,886,330,000	226,184,000	18,495,000	2,131,009,000
2022	394,411,000	1,177,343,000	402,712,000	1,974,466,000	238,043,000	19,311,000	2,231,820,000
2023	407,697,000	1,224,811,000	427,194,000	2,059,702,000	249,812,000	19,926,000	2,329,440,000
2024	419,676,000	1,271,122,000	450,957,000	2,141,755,000	262,252,000	20,445,000	2,424,452,000
2025	430,814,000	1,316,436,000	474,229,000	2,221,479,000	275,054,000	20,956,000	2,517,489,000
2026	440,706,000	1,360,680,000	497,097,000	2,298,483,000	287,872,000	21,299,000	2,607,654,000
2027	448,658,000	1,403,038,000	518,406,000	2,370,102,000	300,834,000	21,463,000	2,692,399,000
2028	454,841,000	1,444,017,000	538,644,000	2,437,502,000	313,316,000	21,527,000	2,772,345,000
2029	459,744,000	1,484,002,000	557,274,000	2,501,020,000	325,518,000	21,496,000	2,848,034,000
2030	463,109,000	1,522,465,000	574,721,000	2,560,295,000	337,483,000	21,343,000	2,919,121,000
2031	465,655,000	1,559,460,000	591,298,000	2,616,413,000	349,153,000	21,041,000	2,986,607,000
2032	467,106,000	1,595,113,000	607,046,000	2,669,265,000	360,055,000	20,724,000	3,050,044,000
2033	467,870,000	1,629,581,000	621,561,000	2,719,012,000	370,103,000	20,314,000	3,109,429,000
2034	467,677,000	1,662,305,000	635,444,000	2,765,426,000	379,646,000	19,731,000	3,164,803,000

Note: Cash flows are the expected future non-discounted payments to current members. These numbers exclude refund payouts to current nonvested inactives and assume future retirees elect the normal form of payment and future withdrawals elect refunds according to valuation assumptions.

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APPENDIX A
HISTORICAL SUMMARY OF MEMBERS

The following tables display selected historical data for KPERS, KP&F and Judges as available.

KPERS

Valuation		Active Members						Number			
			Average								
Date December 31	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Deferred Disabled*	Inactives	Retired	Act/Ret Ratio
2000	222,968	137,086	44.2	34.1	10.1	30,307	N/A		34,667	51,215	2.68
2001	229,185	139,253	44.4	34.2	10.2	31,279	3.2%		37,175	52,757	2.64
2002	234,023	140,498	44.7	34.3	10.4	31,634	1.1%		39,420	54,105	2.60
2003	237,123	141,401	45.0	34.4	10.6	32,111	1.5%	2,933	37,280	55,509	2.55
2004	238,375	140,779	45.3	34.4	10.8	32,937	2.6%	3,004	37,191	57,401	2.45
2005	241,684	142,047	45.3	34.4	10.9	33,724	2.4%	3,099	37,015	59,523	2.39
2006	245,555	144,227	45.4	34.6	10.8	35,284	4.6%	3,007	36,513	61,808	2.33
2007	249,624	146,406	45.5	34.7	10.8	36,924	4.6%	2,911	37,140	63,167	2.32
2008	255,427	148,569	45.6	34.7	10.9	38,087	3.1%	2,823	37,567	66,468	2.24
2009	264,280	153,386	43.4	32.7	10.7	38,749	1.7%	2,781	39,212	68,901	2.23

*Prior to 2003, deferred disabled members were included in the Inactives count.

KP&F

Valuation		Active Members						Number			
			Average								
Date December 31	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Deferred Disabled*	Inactives	Retired	Act/Ret Ratio
2000	10,083	6,258	38.1	27.7	10.4	44,511	N/A		794	3,031	2.06
2001	10,471	6,405	38.3	27.7	10.6	46,483	4.4%		855	3,211	1.99
2002	10,847	6,548	38.4	27.8	10.6	47,580	2.4%		961	3,338	1.96
2003	11,007	6,464	38.8	27.9	11.0	49,017	3.0%	0	1,087	3,456	1.87
2004	11,528	6,721	38.9	28.0	11.0	51,014	4.1%	187	1,062	3,558	1.89
2005	11,719	6,772	38.9	27.9	11.0	52,222	2.4%	194	1,099	3,654	1.85
2006	12,070	6,965	39.0	28.1	11.0	53,939	3.3%	186	1,134	3,785	1.84
2007	12,210	7,137	39.1	28.1	11.0	56,068	3.9%	175	1,143	3,755	1.90
2008	12,499	7,242	39.1	28.0	11.1	57,800	3.1%	173	1,175	3,909	1.85
2009	12,556	7,179	39.5	28.1	11.4	60,287	4.3%	181	1,136	4,060	1.77

*Prior to 2003, deferred disabled members were included in the Inactives count.

APPENDIX A
HISTORICAL SUMMARY OF MEMBERS
(continued)

JUDGES

Valuation		Active Members						Number		
		Average								
Date December 31	Total Count	Number	Age	Entry Age	Service	Annual Pay ($)	Pay Increase	Inactives	Retired	Act/Ret Ratio
2000	411	247	54.2	43.5	10.8	84,794		14	150	1.65
2001	417	252	54.4	43.9	10.5	85,625	1.0%	18	147	1.71
2002	417	248	55.0	43.9	11.1	86,116	0.6%	15	154	1.64
2003	424	250	55.1	43.8	11.3	86,770	0.8%	15	159	1.56
2004	435	251	55.5	43.9	11.6	88,761	2.3%	18	166	1.51
2005	444	254	55.7	44.1	11.6	90,585	2.1%	19	171	1.47
2006	447	257	56.2	44.2	11.9	96,743	6.8%	18	172	1.49
2007	455	261	56.6	44.8	11.8	101,732	5.2%	14	180	1.45
2008	463	262	57.1	45.2	11.9	104,159	2.4%	11	190	1.38
2009	483	266	57.1	45.6	11.5	105,709	1.5%	14	203	1.31

APPENDIX A
SUMMARY OF DATA FILE RECONCILIATION

The following table reconciles the data Milliman received from KPERS to the final membership counts used in the valuation.

Records on the in-pay data file	85,908
Removed deaths prior to 12/31/09	(12,744)
Records used in the valuation	73,164
Records on the not-in-pay data file	221,839
Records removed because the member has received all benefits or is in a non-benefiting group	(17,684)
Records used in the valuation	204,155

These records are allocated as follows:

	State	School	Local	KP&F	Judges
Active members	26,005	86,048	41,333	7,179	266
Vested inactive members	3,151	6,890	3,777	331	14
Nonvested inactive members	2,712	18,068	7,395	986	0
Total Not-in pay	31,868	111,006	52,505	8,496	280
Retirees and beneficiaries	15,936	38,878	14,087	4,060	203
TOTAL	47,804	149,884	66,592	12,556	483

APPENDIX A
SUMMARY OF MEMBERSHIP DATA

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACTIVE MEMBER DATA

	12/31/2009	12/31/2008
State/School		
Number	112,053	112,322
Average Current Age	45.59	45.44
Average Service	11.22	11.03
Average Pay	$38,506	$37,686
State		
Number	26,005	24,374
Average Current Age	46.87	47.42
Average Service	12.12	12.82
Average Pay	$39,535	$39,100
School		
Number	86,048	87,948
Average Current Age	45.20	44.89
Average Service	10.94	10.53
Average Pay	$38,195	$37,294
Local		
Number	41,333	36,247
Average Current Age	44.85	46.05
Average Service	9.34	10.35
Average Pay	$39,406	$39,330
KPERS Total		
Number	153,386	148,569
Average Current Age	45.39	45.59
Average Service	10.71	10.86
Average Pay	$38,749	$38,087

APPENDIX A
SUMMARY OF MEMBERSHIP DATA

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ACTIVE MEMBER DATA

	12/31/2009	12/31/2008
KP&F		
Number	7,179	7,242
Tier I	500	536
Tier II	6,679	6,706
Average Current Age	39.50	39.10
Average Service	11.43	11.06
Average Pay	$60,287	$57,800
Judges		
Number	266	262
Average Current Age	57.06	57.09
Average Service	11.51	11.95
Average Pay	$105,709	$104,159
System Total		
Number	160,831	156,073
Average Current Age	45.14	45.31
Average Service	10.75	10.87
Average Pay	$39,821	$39,113

SUMMARY OF MEMBERSHIP DATA

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
INACTIVE MEMBER DATA

	12/31/2009	12/31/2008
State		
inactive vested	2,182	2,000
inactive nonvested	2,712	2,717
deferred disabled	969	995
School		
inactive vested	5,859	5,192
inactive nonvested	18,068	17,968
deferred disabled	1,031	1,052
Local		
inactive vested	2,996	2,616
inactive nonvested	7,395	7,074
deferred disabled	781	776
KPERS Total		
inactive vested	11,037	9,808
inactive nonvested	28,175	27,759
deferred disabled	2,781	2,823
KP&F		
inactive vested	150	149
inactive nonvested	986	1,026
deferred disabled	181	173
Judges		
inactive vested	14	11
inactive nonvested	0	0
deferred disabled	0	0
System Total		
inactive vested	11,201	9,968
inactive nonvested	29,161	28,785
deferred disabled	2,962	2,996

APPENDIX A
SUMMARY OF MEMBERSHIP DATA

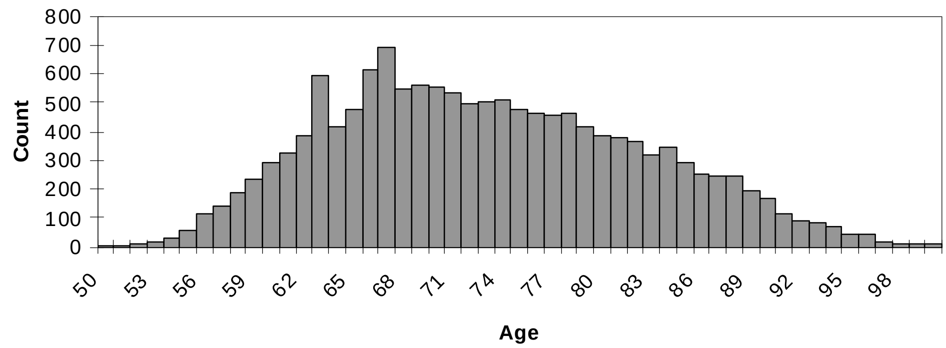
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
RETIREE AND BENEFICIARY MEMBER DATA

	12/31/2009	12/31/2008
State		
Number	15,936	15,621
Average Benefit	$11,692	$11,436
Average Age	72.83	72.73
School		
Number	38,878	37,346
Average Benefit	$13,108	$12,789
Average Age	72.08	72.07
Local		
Number	14,087	13,501
Average Benefit	$9,062	$8,758
Average Age	72.91	73.00
KPERS Total		
Number	68,901	66,468
Average Benefit	$11,953	$11,652
Average Age	72.42	72.41
KP&F		
Number	4,060	3,909
Average Benefit	$25,866	$25,085
Average Age	63.70	63.50
Judges		
Number	203	190
Average Benefit	$36,023	$35,173
Average Age	74.00	73.70
System Total		
Number	73,164	70,567
Average Benefit	$12,792	$12,460
Average Age	71.94	71.92

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of December 31, 2009

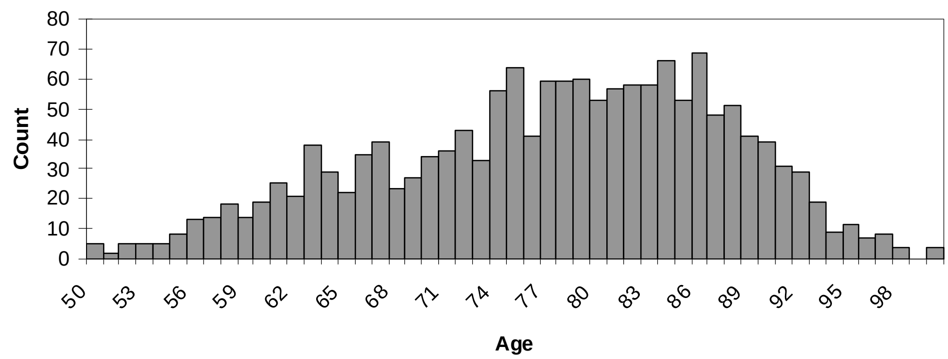
STATE

Retirees



Count:	14,260	Average age:	73.1	Average benefit:	$ 12,119

Beneficiaries



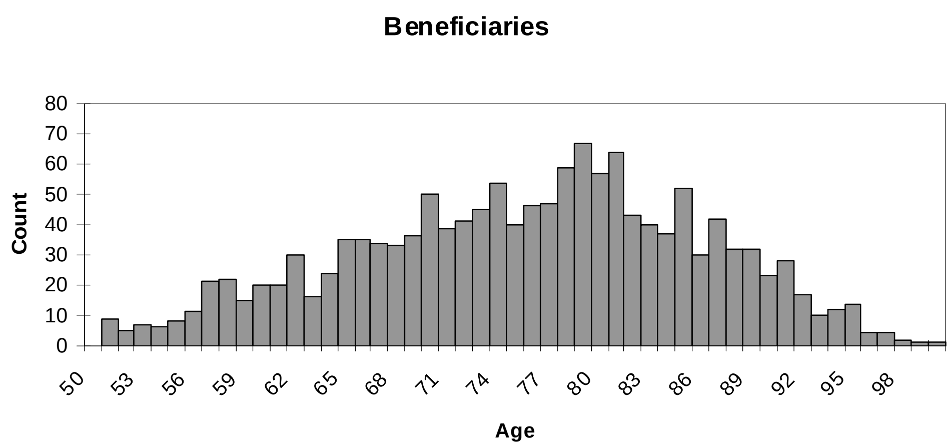
Count:	1,676	Average age:	76.1	Average benefit:	$ 8,055

Number of certain only beneficiaries not graphed: 78

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of December 31, 2009

LOCAL

Count: 12,543 Average age: 72.7 Average benefit: $ 9,421



Count: 1,544 Average age: 74.6 Average benefit: $ 6,156

Number of certain only beneficiaries not graphed: 102

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of December 31, 2009

SCHOOL

Count: 36,921 Average age: 71.9 Average benefit: $ 13,361

Count: 1,957 Average age: 75.5 Average benefit: $ 8,342

Number of certain only beneficiaries not graphed: 161

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of December 31, 2009

KP&F

Count: 3,195 Average age: 64.2 Average benefit: $ 29,327

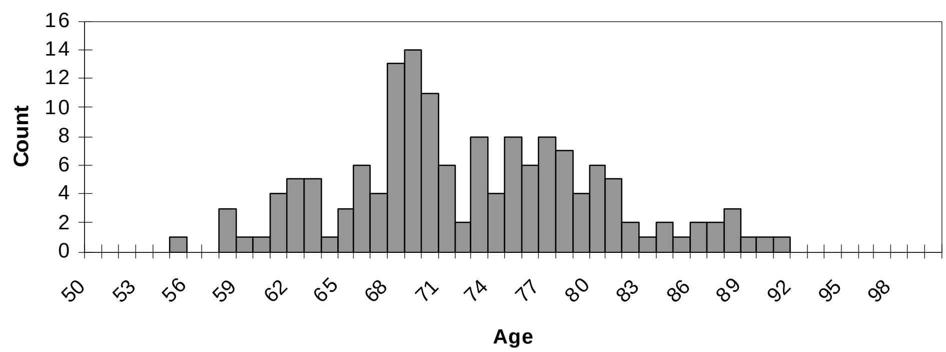
Count: 865 Average non-child age: 70.7 Average benefit: $ 13,421

Number of certain only beneficiaries not graphed: 3
Approximately 78 beneficiaries were missing a date of birth and were assumed to be 75 years old.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF RETIREES AND BENEFICIARIES
as of December 31, 2009

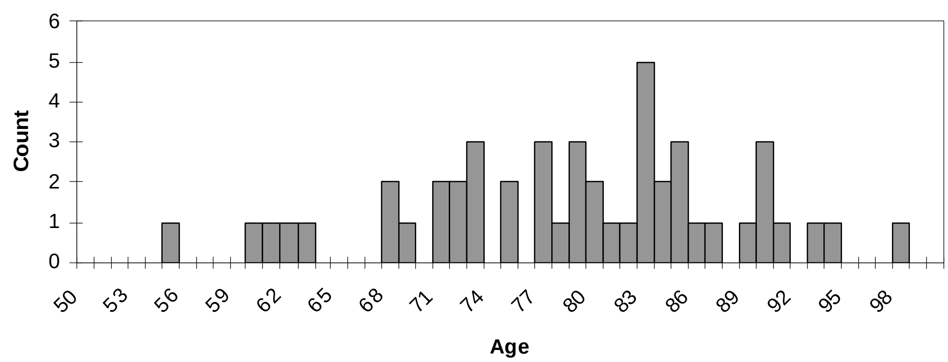
JUDGES

Retirees



Count:	152	Average age:	72.4	Average benefit:	$	39,946

Beneficiaries



Count:	51	Average age:	78.5	Average benefit:	$	24,334

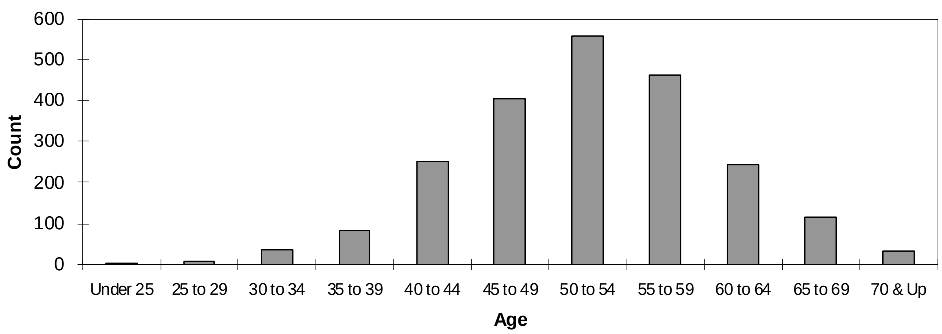
Number of certain only beneficiaries not graphed: 1

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF INACTIVE VESTED MEMBERS
as of December 31, 2009

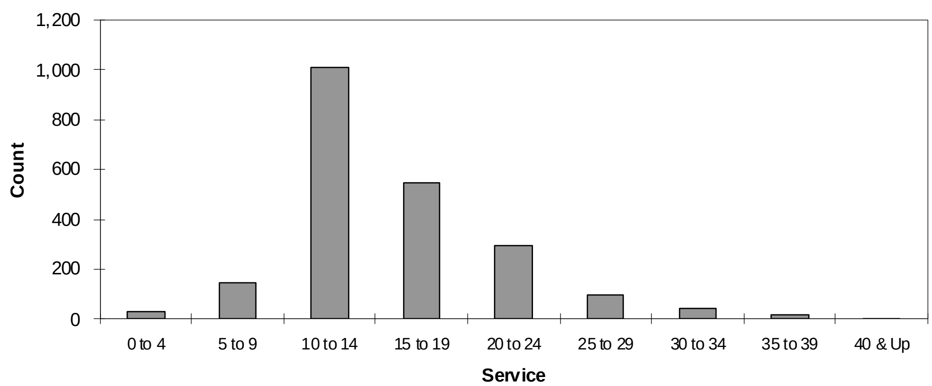
STATE

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	1	0	0	0	0	0	0	0	1
25 to 29	0	5	1	0	0	0	0	0	0	6
30 to 34	0	20	15	0	0	0	0	0	0	35
35 to 39	0	15	57	8	0	0	0	0	0	80
40 to 44	0	19	173	55	3	0	0	0	0	250
45 to 49	0	10	207	120	63	5	0	0	0	405
50 to 54	0	21	258	163	73	26	17	0	0	558
55 to 59	0	17	186	123	91	40	3	3	0	463
60 to 64	1	13	83	57	44	17	12	10	4	241
65 to 69	18	19	22	19	14	8	8	2	2	112
70 & Up	11	7	6	2	4	0	1	0	0	31
Total	30	147	1,008	547	292	96	41	15	6	2,182

Age Distribution



Service Distribution



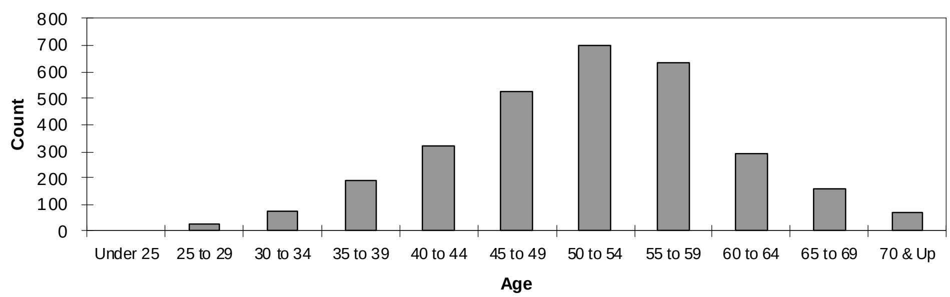
Nonvested: 2,712

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF INACTIVE VESTED MEMBERS
as of December 31, 2009

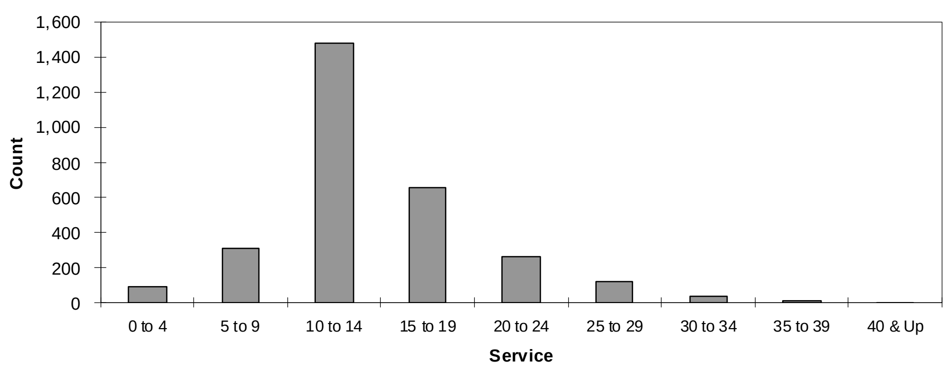
LOCAL

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	28	0	0	0	0	0	0	0	28
30 to 34	0	53	23	0	0	0	0	0	0	76
35 to 39	0	44	136	10	0	0	0	0	0	190
40 to 44	0	32	215	67	8	1	0	0	0	323
45 to 49	0	37	288	147	46	8	1	0	0	527
50 to 54	0	32	347	183	87	36	11	1	0	697
55 to 59	0	22	302	163	76	50	15	5	0	633
60 to 64	2	22	129	72	34	17	8	6	1	291
65 to 69	57	30	35	13	13	10	2	1	1	162
70 & Up	37	13	5	5	5	2	1	0	1	69
Total	96	313	1,480	660	269	124	38	13	3	2,996

Age Distribution



Service Distribution

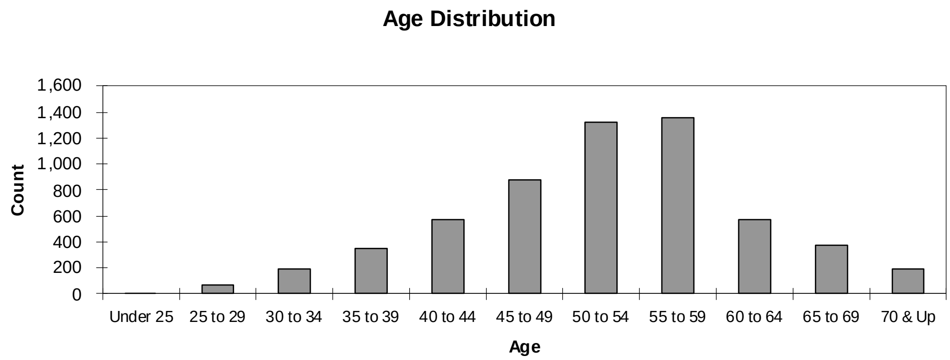


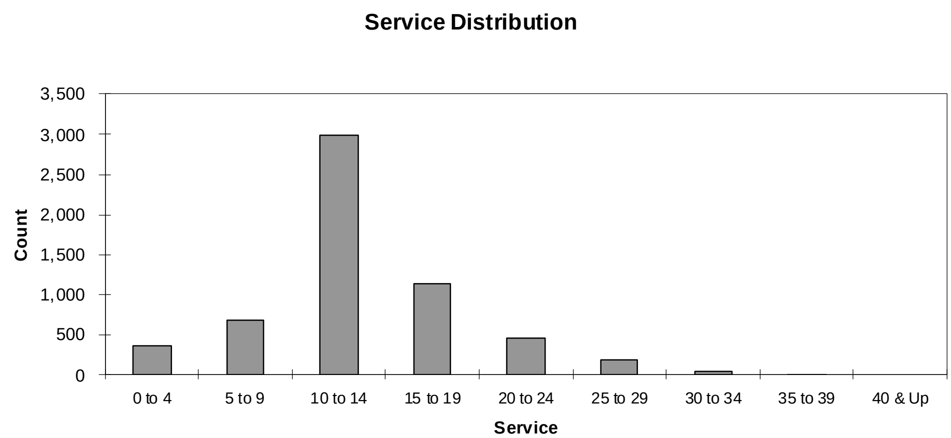
Nonvested: 7,395

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF INACTIVE VESTED MEMBERS
as of December 31, 2009

SCHOOL

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	2	0	0	0	0	0	0	0	2
25 to 29	0	73	0	0	0	0	0	0	0	73
30 to 34	0	136	50	0	0	0	0	0	0	186
35 to 39	0	84	250	12	0	0	0	0	0	346
40 to 44	0	71	373	112	10	0	0	0	0	566
45 to 49	0	72	535	182	74	14	0	0	0	877
50 to 54	2	70	700	306	149	78	11	0	0	1,316
55 to 59	0	54	705	354	158	69	14	1	0	1,355
60 to 64	0	36	303	139	63	17	9	2	1	570
65 to 69	225	55	49	24	9	9	4	3	0	378
70 & Up	142	24	15	6	3	0	0	0	0	190
Total	369	677	2,980	1,135	466	187	38	6	1	5,859





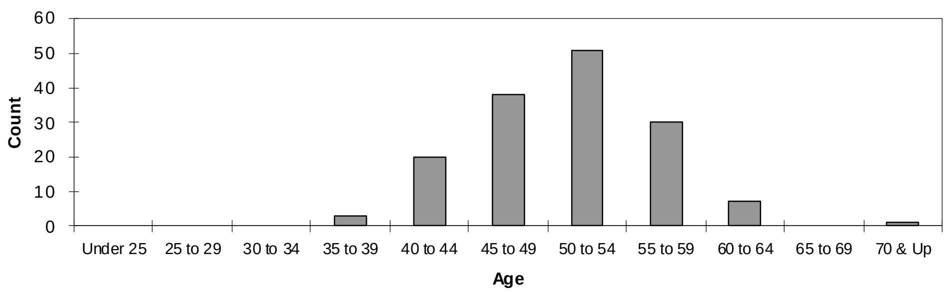
Nonvested: 18,068

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF INACTIVE VESTED MEMBERS
as of December 31, 2009

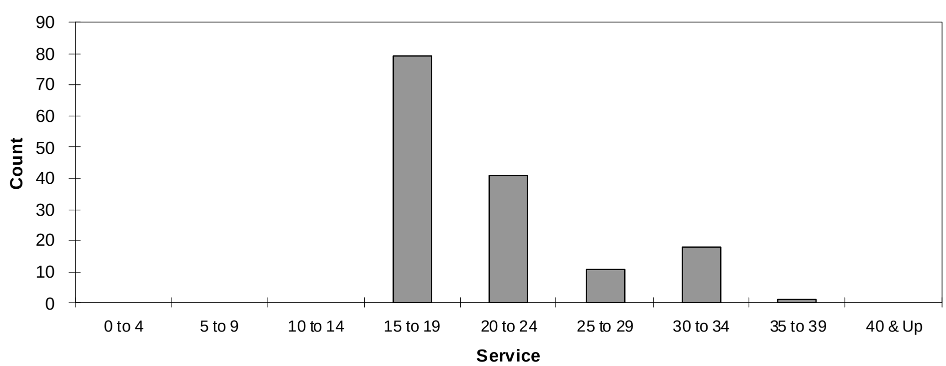
KP&F

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	3	0	0	0	0	0	3
40 to 44	0	0	0	17	3	0	0	0	0	20
45 to 49	0	0	0	24	11	3	0	0	0	38
50 to 54	0	0	0	18	16	7	10	0	0	51
55 to 59	0	0	0	14	9	1	5	1	0	30
60 to 64	0	0	0	3	1	0	3	0	0	7
65 to 69	0	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	1	0	0	0	0	1
Total	0	0	0	79	41	11	18	1	0	150

Age Distribution



Service Distribution



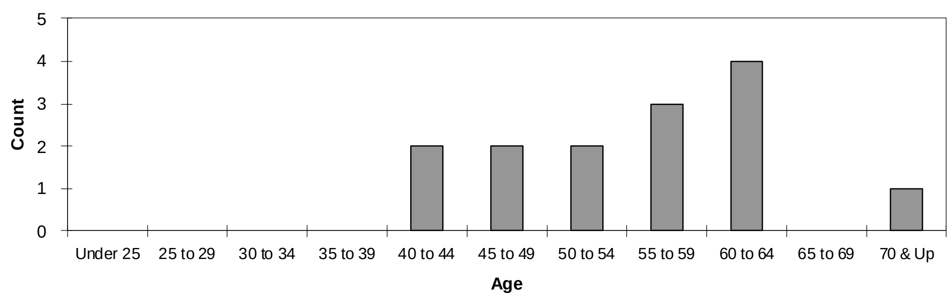
Nonvested: 986

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF INACTIVE VESTED MEMBERS
as of December 31, 2009

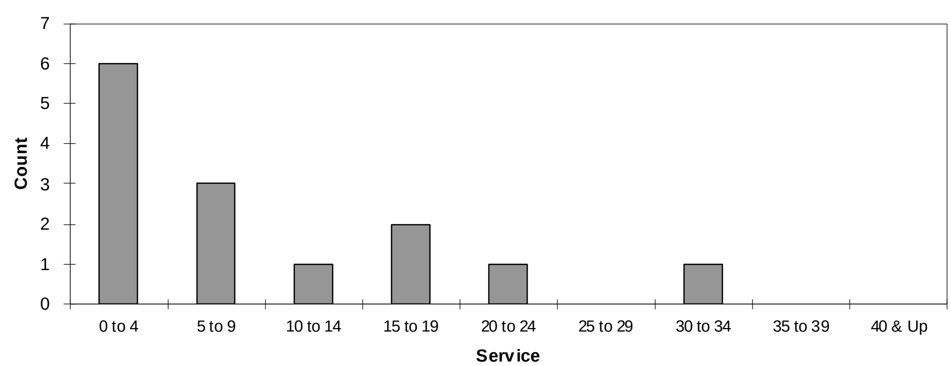
JUDGES

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	0	0	0	0	0	0
40 to 44	2	0	0	0	0	0	0	0	0	2
45 to 49	2	0	0	0	0	0	0	0	0	2
50 to 54	1	0	1	0	0	0	0	0	0	2
55 to 59	0	1	0	1	1	0	0	0	0	3
60 to 64	1	2	0	1	0	0	0	0	0	4
65 to 69	0	0	0	0	0	0	0	0	0	0
70 & Up	0	0	0	0	0	0	1	0	0	1
Total	6	3	1	2	1	0	1	0	0	14

Age Distribution



Service Distribution



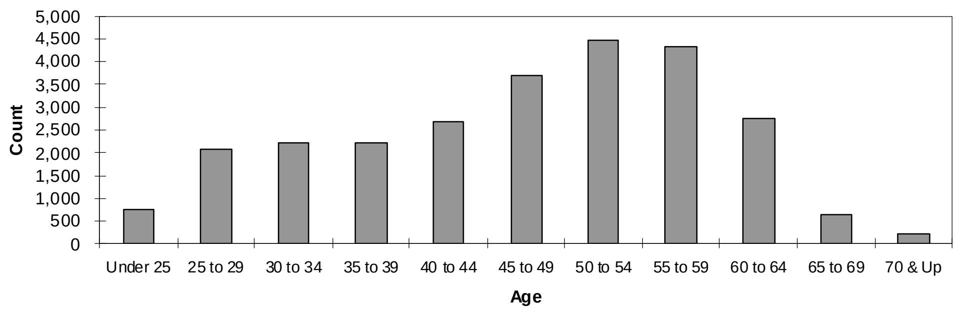
Nonvested: 0

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS
as of December 31, 2009

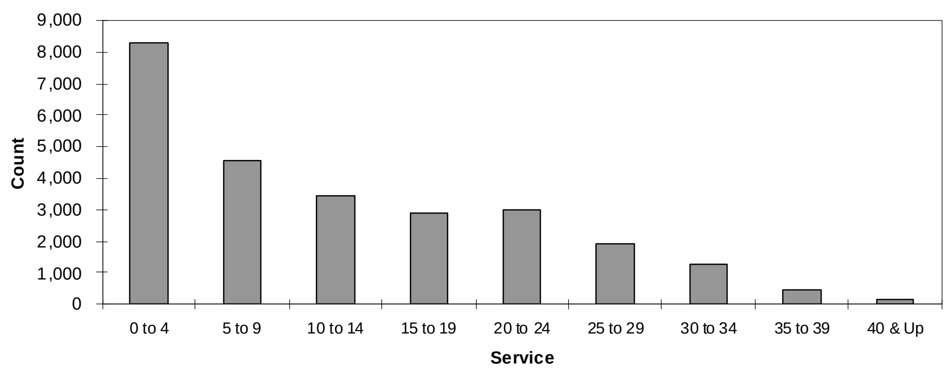
STATE

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	759	7	0	0	0	0	0	0	0	766
25 to 29	1,747	323	2	0	0	0	0	0	0	2,072
30 to 34	1,281	755	183	1	0	0	0	0	0	2,220
35 to 39	943	606	515	140	3	0	0	0	0	2,207
40 to 44	839	524	532	506	255	16	0	0	0	2,672
45 to 49	789	630	543	553	746	384	59	0	0	3,704
50 to 54	810	609	605	563	708	673	478	22	0	4,468
55 to 59	660	584	525	573	722	511	512	210	15	4,312
60 to 64	370	369	388	415	440	284	177	199	101	2,743
65 to 69	70	109	97	116	93	48	40	27	36	636
70 & Up	30	32	31	27	35	19	10	6	15	205
Total	8,298	4,548	3,421	2,894	3,002	1,935	1,276	464	167	26,005

Age Distribution



Service Distribution

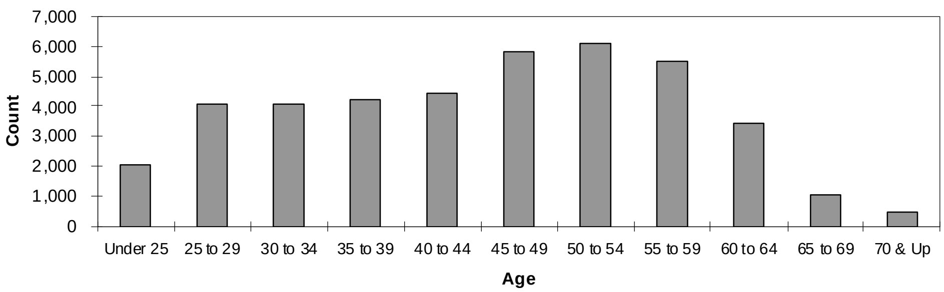


KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS
as of December 31, 2009

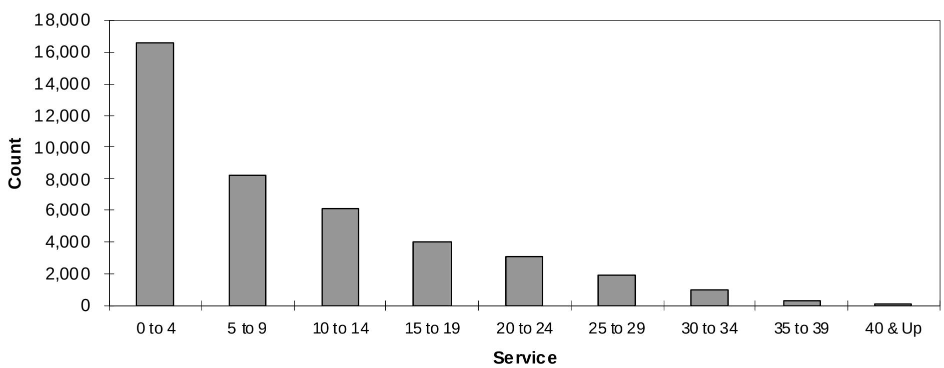
LOCAL

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	2,060	12	0	0	0	0	0	0	0	2,072
25 to 29	3,446	632	11	0	0	0	0	0	0	4,089
30 to 34	2,351	1,322	417	4	0	0	0	0	0	4,094
35 to 39	1,878	1,131	966	239	11	0	0	0	0	4,225
40 to 44	1,586	1,007	935	629	258	14	0	0	0	4,429
45 to 49	1,659	1,089	1,054	805	769	387	48	0	0	5,811
50 to 54	1,438	1,087	1,002	863	715	612	344	22	0	6,083
55 to 59	1,139	972	844	823	737	528	335	144	7	5,529
60 to 64	653	666	571	462	468	271	192	110	38	3,431
65 to 69	214	204	194	161	143	71	40	27	21	1,075
70 & Up	128	98	101	59	47	27	17	8	10	495
Total	16,552	8,220	6,095	4,045	3,148	1,910	976	311	76	41,333

Age Distribution



Service Distribution

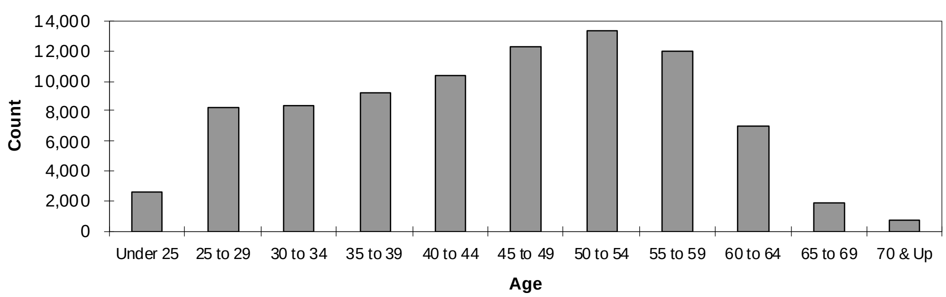


KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS
as of December 31, 2009

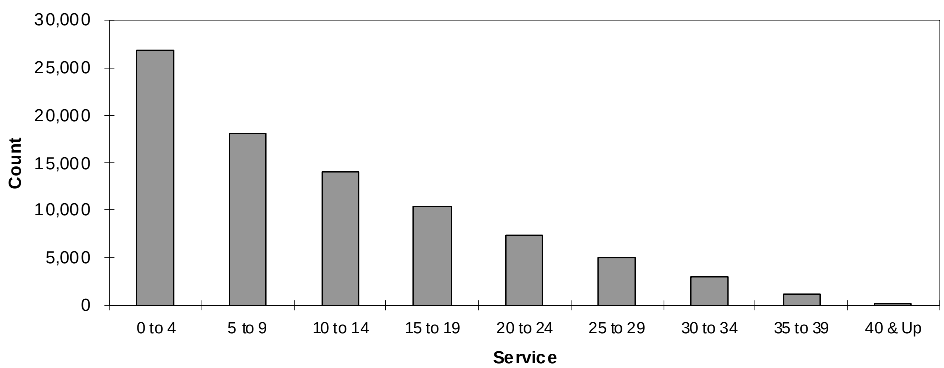
SCHOOL

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	2,625	39	0	0	0	0	0	0	0	2,664
25 to 29	6,157	2,060	17	0	0	0	0	0	0	8,234
30 to 34	3,309	3,777	1,271	1	0	0	0	0	0	8,358
35 to 39	3,228	2,125	2,951	871	4	0	0	0	0	9,179
40 to 44	3,108	2,297	1,897	2,270	759	15	0	0	0	10,346
45 to 49	2,908	2,592	2,250	1,632	1,960	955	19	0	0	12,316
50 to 54	2,257	2,086	2,368	2,062	1,533	1,854	1,141	11	0	13,312
55 to 59	1,635	1,589	1,824	2,005	1,779	1,257	1,379	567	2	12,037
60 to 64	1,023	945	1,022	1,135	1,098	724	422	459	129	6,957
65 to 69	401	384	280	257	226	139	89	52	86	1,914
70 & Up	177	194	144	97	40	32	15	9	23	731
Total	26,828	18,088	14,024	10,330	7,399	4,976	3,065	1,098	240	86,048

Age Distribution



Service Distribution

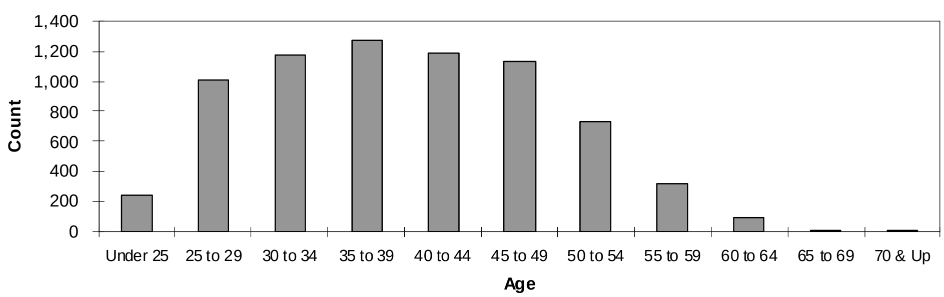


KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS
as of December 31, 2009

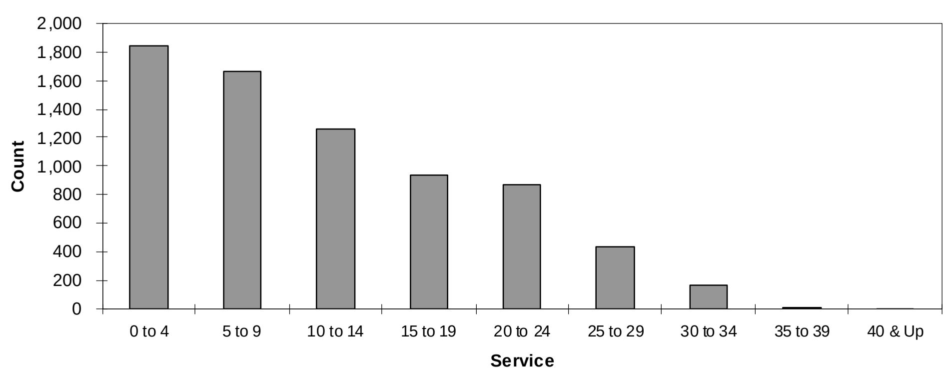
KP&F

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	245	0	0	0	0	0	0	0	0	245
25 to 29	732	273	0	0	0	0	0	0	0	1,005
30 to 34	383	614	177	1	0	0	0	0	0	1,175
35 to 39	227	351	533	160	0	0	0	0	0	1,271
40 to 44	112	203	311	392	169	1	0	0	0	1,188
45 to 49	78	114	136	228	396	182	2	0	0	1,136
50 to 54	31	53	62	96	207	186	93	1	0	729
55 to 59	24	37	24	40	70	57	62	4	0	318
60 to 64	7	9	11	21	26	9	8	3	1	95
65 to 69	2	3	1	1	2	0	2	0	1	12
70 & Up	0	1	1	1	1	0	0	1	0	5
Total	1,841	1,658	1,256	940	871	435	167	9	2	7,179

Age Distribution



Service Distribution

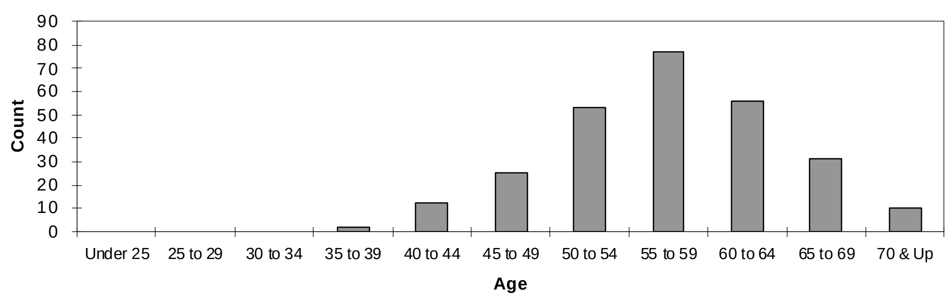


KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
DISTRIBUTION OF ACTIVE MEMBERS
as of December 31, 2009

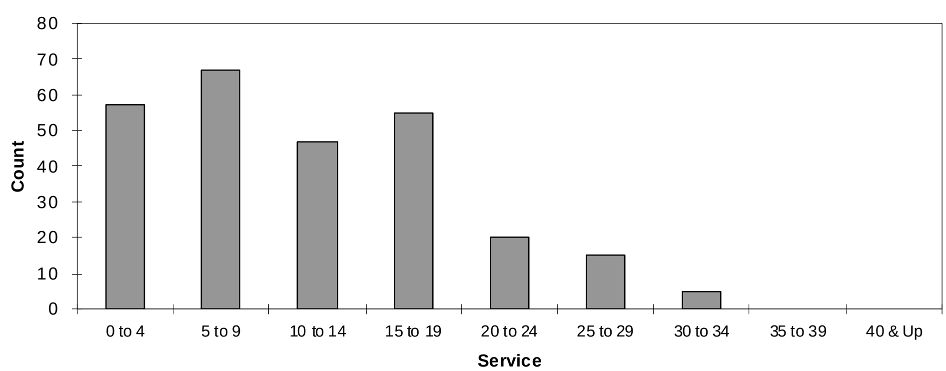
JUDGES

	Service									
Age	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	Total
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0
35 to 39	1	0	1	0	0	0	0	0	0	2
40 to 44	7	4	1	0	0	0	0	0	0	12
45 to 49	15	10	0	0	0	0	0	0	0	25
50 to 54	15	17	9	10	2	0	0	0	0	53
55 to 59	13	21	13	17	8	4	1	0	0	77
60 to 64	3	7	15	16	6	7	2	0	0	56
65 to 69	3	6	6	8	3	3	2	0	0	31
70 & Up	0	2	2	4	1	1	0	0	0	10
Total	57	67	47	55	20	15	5	0	0	266

Age Distribution



Service Distribution



APPENDIX B

SUMMARY OF PLAN PROVISIONS

Plan Membership

The Kansas Public Employees Retirement System (the Retirement System, or, the System), is an umbrella organization administering three statewide retirement systems: the Kansas Public Employees Retirement System (KPERS), the Kansas Police and Firemen's Retirement System (KP & F), and the Kansas Retirement System for Judges. All three systems are defined benefit, contributory plans that cover substantially all public employees in Kansas. The Kansas Retirement System for Judges is a single employer plan, while the other two are cost-sharing, multiple employer plans. Participation by the State of Kansas is mandatory, whereas participation by local political subdivisions is optional but irrevocable once elected. Benefit payments are also provided for a certain group of legislative employees.

Employee Membership

Membership is mandatory for all employees in covered positions, except elected officials. A covered position for non-school employees is one that is covered by Social Security, is not seasonal or temporary, and requires at least 1,000 hours of work per year. School employees who work at least 630 hours per year or 3.5 hours per day for at least 180 days are eligible for membership. Effective July 1, 2009, all employees become KPERS members on their date of employment. Prior to July 1, 2009 only School employees were covered immediately. There was a one-year service requirement for the State and Local group. Those who retire under the provisions of the Retirement System may not become contributing members again.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Summary of Provisions *

* Effective July 1, 2009, a new set of benefit provisions is applicable to KPERS members. Members who participate on or after July 1, 2009 are referred to as Tier 2 members.

<u>**Normal Retirement**</u>

Eligibility – Tier 1: (a) Age 65, or (b) age 62 with ten years of credited service, or (c) any age when combined age and years of credited service equal 85 "points". Age is determined by the member's last birthday and is not rounded up.

Tier 2: (a) Age 65 with 5 years of credited service or (b) age 60 with 30 years of credited service.

Benefits – Benefits are based on the member's years of credited service, Final Average Salary (FAS), and a statutory multiplier. For those who were hired prior to July 1, 1993, Final Average Salary equals the greater of either: a four-year Final Average Salary, including add-ons, such as sick and annual leave; or a three-year Final Average Salary, excluding add-ons, such as sick and annual leave. For those who are hired on or after July 1, 1993 and before July 1, 2009, Final Average Salary equals the average of the three highest years of service, excluding add-ons, such as sick and annual leave. Effective July 1, 2009 (Tier 2), Final Average Salary equals the average of the five highest years of salary, excluding additional compensation.

Prior Service Credit – Prior service credit is 0.75% or 1% of Final Average Salary per year [School employees receive 0.75% Final Average Salary for each year of prior service that is not credited under the former Kansas School Retirement System (KSRS)].

Participating Service Credit – Participating service credit is 1.75% of Final Average Salary.

Early Retirement

Eligibility – Eligibility is age 55 and ten years of credited service.

Benefit – Tier 1: The normal retirement benefit is reduced 0.2% per month for each month between the ages of 60 and 62, plus 0.6% for each month between the ages of 55 and 60.

Tier 2: The normal retirement benefit is reduced actuarially for early commencement. The reduction factor is 35% at age 60 and 57.5% at age 55. If the member has 30 years of credited service, the early retirement reduction is less (50% of regular reduction).

Vesting Requirements

Eligibility – Effective July 1, 2009, a member must have five years of credited service (ten years prior to July 1, 2009). Should the vested member terminate employment, the member must leave accumulated contributions on deposit with the Retirement System to be eligible for future benefits. If a vested member terminates employment and withdraws accumulated contributions, the member forfeits all rights and privileges under the Retirement System.

Benefit – Retirement benefits are payable when the vested member reaches normal retirement age, or reduced benefits are payable when the vested member reaches a specified early retirement age.

Other Benefits

Withdrawal Benefit – Members who terminate employment may withdraw contributions with interest after the last day on the employer's payroll. Withdrawing contributions forfeits all membership rights and benefits, which a member may have accrued prior to withdrawing their contributions from the Retirement System. Former members, who return to covered employment within five years after terminating employment, will not have lost any membership rights or privileges if they *haven't* withdrawn contributions. The Retirement Act provides for withdrawal of contributions 31 days after employment terminates, but it does not allow members to borrow from contributions.

Disability Benefit – Members receiving disability benefits under the KPERS Death and Disability Benefits Program continue to receive service credit under KPERS. If a disabled member retires after receiving disability benefits for at least five years immediately preceding retirement, the member's Final Average Salary is adjusted by the actuarial salary increase assumption rates in existence during the member's period of disability prior to July 1, 1993, 5% per year to July, 1998 and the change in CPI-U less 1%, not to exceed 4% after July, 1998.

Death Benefits – **Pre-retirement death (non-service connected)** – The member's accumulated contributions plus interest are paid in a lump sum to the designated beneficiary. In lieu of receiving the member's accumulated contributions, the surviving spouse of a member who is eligible to retire at death may elect to receive benefits under any survivor option. The spouse must be the member's sole designated beneficiary to exercise this option. If the member had at least 10 years of credited service, but had not reached retirement age, the spouse may elect to leave the member's contributions on deposit with the System and receive a monthly benefit to begin on the date the member would have been eligible to retire.

Service-connected accidental death – The member's accumulated contributions plus interest, plus lump sum amount of $50,000, plus annual benefit based on 50% of Final Average Salary; reduced by Workers' Compensation benefits and subject to a minimum benefit of $100 a month; are payable to a spouse, minor children, or dependent parents, for life, or until the youngest child reaches age 18 (or up to age 23 if they are full-time students), in this order of preference. The monthly accidental death benefit is in lieu of any joint/survivor benefit for which the surviving spouse would have been eligible.

Post-retirement death – A lump sum amount of $4,000 is payable to the member's beneficiary. If the member has selected a retirement option, benefits are paid to the joint annuitant or the designated beneficiary. Under joint and survivor retirement options, if the joint annuitant predeceases the retired member, the reduced option benefit is increased to the amount the retired member would have received if no retirement option had been elected. Benefits payable to a joint annuitant cease at the joint annuitant's death. If a member does not select an option, the designated beneficiary receives the excess, if any, of the member's accumulated contributions plus interest over total benefits paid to date of death.

Member Contributions

Member contributions are 4% of compensation for Tier 1 and 6% for Tier 2. Interest is credited to members' contribution accounts on June 30 each year, based on account balance as of the preceding December 31. Those who became members prior to July 1, 1993, have interest credited to their accounts at the rate of 8% per year. Those who become members on and after July 1, 1993, have interest credited to their accounts at the rate of 4% per year.

Employer Contributions

Rates are certified by the Board of Trustees, based on the results of annual actuarial valuations.

Board of Regents Plan Members (TIAA and equivalents)

Board of Regents plan members (TIAA and equivalents) do not make contributions to KPERS. They receive prior service benefits for service before 1962; the benefit is 1% of Final Average Salary for each year of credited prior service. Service after 1961 is counted for purposes of determining eligibility for vesting.

Correctional Members

Correctional employees, as certified to the Board of Trustees by the Secretary of Corrections, are defined in K.S.A. 74-4914a: (a) correctional officers, (b) certain directors and deputy directors of correctional institutions, (c) correctional power plan operators, (d) correctional industries employees, (e) correctional food service employees, and (f) correctional maintenance employees.

For groups (a) and (b) with at least three consecutive years of credited service, in such positions immediately preceding retirement, normal retirement age is 55 or Rule of 85 and early retirement requirements are age 50 with ten years of credited service. For groups (c), (d), (e), and (f) with at least three consecutive years of service in such positions immediately preceding retirement, normal retirement age is 60 or Rule of 85 and early retirement requirements are 55 with ten years of credited service.

Cost of Living Adjustments (COLAs)

Tier 2 Only: 2% cost-of-living adjustment (COLA) each year beginning at age 65 or the second July 1 after your retirement date, whichever is later.

KANSAS POLICE & FIREMEN'S RETIREMENT SYSTEM

Normal Retirement

Tier I – age 55 and 20 years of service or 32 years of service (regardless of age).

Tier II – age 50 and 25 years of service, or age 55 and 20 years of service, or age 60 and 15 years of service.

Benefits – Benefits are based on the member's Final Average Salary. For those who were hired prior to July 1, 1993, Final Average Salary equals the average of the highest three of the last five years of credited participating service, including add-ons, such as sick and annual leave. For those who are hired on or after July 1, 1993, Final Average Salary equals the average of the highest three of the last five years of participating service, excluding add-ons, such as sick and annual leave. Benefits are based on a member's years of credited service and a multiplier of 2.5% of Final Average Salary for each year of credited service, to a maximum of 80% of Final Average Salary.

Local Plan – For members covered by local plan provisions on the employer's entry date, normal retirement is at age 50 with 22 years of credited service.

Early Retirement

Eligibility – Members must be at least age 50 and have 20 years of credited service.

Benefit – Normal retirement benefits are reduced 0.4% per month under age 55.

Vesting Requirements

Eligibility – **Tier I:** The member must have 20 years of service credit; if terminating employment, the member must leave contributions on deposit with the Retirement System to be eligible for future benefits. Unreduced benefits are payable at age 55 or reduced benefits are payable as early as age 50.

Eligibility – **Tier II:** The member must have 15 years of service credit to be considered vested. If terminating employment, the member must leave contributions on deposit with the Retirement System to be eligible for future benefits. A vested member may draw unreduced benefits as early as age 50 with 25 years of credited service, age 55 with 20 years of credited service, or age 60 with 15 years of credited service. A reduced benefit is available at age 50 with 20 years of credited service.

Other Benefits

Withdrawal Benefits – Members who terminate employment before retirement may withdraw contributions with interest after the last day on the employer's payroll. Withdrawal of contributions forfeits all membership rights and benefits, which a member may have accrued prior to withdrawing accumulated contributions from the Retirement System. Former members, who return to covered employment within five years after terminating employment, will not have lost any membership rights or privileges if they haven't withdrawn contributions.

Disability Benefits

Tier I: Service-connected disability – There are no age or service requirements to be eligible for this benefit. There is an annual benefit of 50% of Final Average Salary, plus 10% of Final Average Salary for each dependent child under age 18 (or up to age 23 for full-time students), to a maximum of 75% of Final Average Salary. If dependent benefits aren't payable, the benefit is 50% of Final Average Salary or 2.5% for each year of credited service up to a maximum of 80% of Final Average Salary. Upon the death of a member after two years from the proximate cause of death which is the original service-connected disability, the same benefits are payable. Upon the death of a member after 2 years from a cause different than the disability for which the member is receiving service-connected disability benefits, the surviving spouse receives a lump sum payment of 50% of Final Average Salary. Additionally, a pension benefit of one-half the member's benefit is payable to either the spouse or to the dependent children.

Tier I: Non-Service-connected disability – An annual benefit of 2.5% times years of credited service times Final Average Salary with a minimum of 25% of FAS and a maximum of 80% of FAS.

Tier II: There is no distinction between service-connected and non-service-connected disability benefits. Annual benefit of 50% of Final Average Salary. Service Credit is granted during the period of disability. Disability benefits convert to age and service retirement at the earliest date the member is eligible for full retirement benefits. If the member is disabled for at least five years immediately preceding retirement, the member's Final Average Salary is adjusted during the period of Disability.

Death Benefits (Tier I and Tier II)

Active Member Service Connected Death – There is no age or service requirement. An annual benefit of 50% of Final Average Salary is payable to the spouse, plus 10% of Final Average Salary for each dependent child under age 18 [or up to age 23 if full time student(s)], to a maximum of 75% of Final Average Salary Active Member.

Active Member Non-Service Connected Death – A lump sum of 100% of Final Average Salary is payable to the spouse and a pension of 2.5% of Final Average Salary per year of credited service (to a maximum of 50%) is payable to the spouse. If there is no spouse, the monthly benefit is paid to the dependent children (age 18 or 23 if a full time student). If there is no surviving spouse or eligible children, the beneficiary will receive a lump sum payment of 100% of the member's current annual pay inclusive of the member's accumulated contributions.

Inactive Member Death – If an inactive member is eligible for retirement when death occurs, and the inactive member's spouse is the sole beneficiary, the spouse may elect to receive benefits as a joint annuitant under any option in lieu of a refund of the member's accumulated contributions.

Post-Retirement Death – There is a lump sum amount of $4,000 payable, less any death benefit payable under local plan provisions. If the member has selected a retirement option, benefits are paid to the joint annuitant or the designated beneficiary. Under joint and survivor options, if the joint annuitant predeceases the retired member, the benefit is increased to the amount the retired member would have received if no option had been selected. Benefits payable to the joint annuitant cease when the joint annuitant dies. If no option is selected, the designated beneficiary receives the excess, if any, of the member's accumulated contributions over total benefits paid to the date of death. The surviving spouse of a transfer member (who was covered by local plan on the employer's entry date, who dies after retirement, and who has not elected a retirement benefit option) receives a lump sum payment of 50% of Final Average Salary. Additionally, a pension benefit of three-fourths of the member's benefit is payable either to the spouse or dependent children.

Classifications

Tier I – Members have Tier I coverage if they were employed prior to July 1, 1989, and they did not elect coverage under Tier II.

Tier II – Members have Tier II coverage if they were employed July 1, 1989, or later. This also includes members employed before July 1, 1989 who elected Tier II coverage.

Some KP&F members are considered either Tier I or Tier II Transfer or Brazelton members.

Transfer Member – member who is a former member of a local plan who elected to participate in KP&F. Former Kansas Highway Patrol and former Kansas Bureau of Investigation members are included in this group.

Brazelton member – member who participated in a class action lawsuit, whose contribution is lower, and whose benefits are offset by Social Security.

Member Contributions

Member contributions are 7% of compensation. For members with 32 years of credited service, the contribution rate is reduced to 2% of compensation.

Brazelton members contribute .008% with a Social Security offset. Benefits payable to these members are reduced by one-half of original Social Security benefits accruing from employment with the participating employer.

Employer Contributions

Individual rates are certified by the Board of Trustees for each participating employer based on the results of annual actuarial valuations.

KANSAS JUDGES RETIREMENT SYSTEM

Normal Retirement

Eligibility – (a) Age 65, or (b) age 62 with ten years of credited service, or (c) any age when combined age and years of credited service equals 85 "points". Age is determined by the member's last birthday and is not rounded up.

Benefit – the benefit is based on the member's Final Average Salary, which is the average of the three highest years of service under any retirement system administered by KPERS. The basic formula for those who were members prior to July 1, 1987, is 5% of Final Average Salary for each year of service up to ten years, plus 3.5% for each year of service greater than ten, to a maximum of 70% of Final Average Salary. For those who became members on or after July 1, 1987, the formula is 3.5% for each year, to a maximum benefit of 70% of Final Average Salary.

Early Retirement

Eligibility – A member must be age 55 and have ten years of credited service to take early retirement.

Benefit – The retirement benefit is reduced to 0.2% per month for each month between the ages of 60 and 62, plus 0.6% per month for each month between the ages of 55 and 60.

Vesting Requirements

Eligibility – There is no minimum service requirement; however, if terminating employment, the member must leave contributions on deposit with the Retirement System in order to be eligible for future benefits. Eligible judges who have service credited under KPERS have vested benefits under both KPERS and the Retirement System for Judges when the combined total credited service equals ten years.

Benefit – Normal benefit accrued at termination is payable at age 62 or in reduced amount at age 55, provided the member has ten years of service credit. Otherwise, benefits are not payable until age 65.

Other Benefits

Disability Benefits – These benefits are payable if a member is defined as totally and permanently disabled as certified by the Supreme Court. The disability benefit, payable until age 65, is 3.5% of Final Average Salary for each year of service (minimum of 25% and maximum of 70% of Final Average Salary). Benefits are recalculated when the member reaches retirement age based on participating service credit for the period of disability. If a judge is disabled for at least five years immediately preceding retirement, the judge's Final Average Salary is adjusted.

Withdrawal Benefit – Members who terminate employment may withdraw contributions with interest, but forfeit any right to a future benefit.

Pre-retirement Death – A refund of the member's accumulated contributions is payable. In lieu of receiving the member's accumulated contributions, the surviving spouse of a member who is eligible to retire at death, may elect to receive benefits under any survivor benefit option. If the member had at least 10 years of credited service, but hadn't reached retirement age at the time of death, the spouse may elect a monthly benefit to begin on the date the member first would have been eligible to retire as long as the member's contributions aren't withdrawn.

Post-retirement Death – A lump sum death benefit of $4,000 is payable to the member's beneficiary. If the member had selected an option with survivor benefits, those benefits are paid to the joint annuitant or to the member's designated beneficiary. Under retirement options with survivor benefits, if the joint annuitant predeceases the retired member, the retirement benefit is increased to the amount the retired member would have received if no survivor benefits had been elected. Benefits payable to a joint annuitant cease when the joint annuitant dies. If no option was chosen by the retired member, the member's designated beneficiary receives the excess, if any, of the member's accumulated contributions over the total benefits paid to the date of the retired member's death.

Member Contributions

Judges contributions are 6% of compensation. Upon reaching the maximum retirement benefit level of 70% of Final Average Salary, the contribution rate is reduced to 2%.

Employer Contributions

Rates are certified by the Board of Trustees, based on the results of annual actuarial valuations.

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APPENDIX C

ACTUARIAL ASSUMPTIONS AND METHODS

KPERS

Rate of Investment Return 8.0%

Implicit Inflation Rate 3.25%

Rates of Mortality:
Post-retirement

The RP-2000 Healthy Annuitant table was first adjusted by an age setback or set forward. Rates were further adjusted to fit actual experience.

Starting Table
School Males: RP-2000 M Healthy -2
School Females: RP-2000 F Healthy -2
State Males: RP-2000 M Healthy +2
State Females: RP-2000 F Healthy +0
Local Males: RP-2000 M Healthy +2
Local Females: RP-2000 F Healthy -1

Sample Rates

	School		State		Local	
Age	Male	Female	Male	Female	Male	Female
50	0.513%	0.183%	0.547%	0.218%	0.587%	0.204%
55	0.549%	0.226%	0.625%	0.328%	0.670%	0.278%
60	0.662%	0.384%	0.962%	0.577%	1.031%	0.481%
65	1.051%	0.664%	1.597%	0.964%	1.712%	0.817%
70	1.747%	1.074%	2.646%	1.557%	2.837%	1.318%
75	2.917%	1.792%	4.550%	2.614%	4.878%	2.215%
80	5.278%	3.643%	7.037%	4.567%	7.545%	4.171%
85	9.331%	6.751%	11.292%	7.977%	12.108%	7.508%
90	15.661%	11.589%	17.978%	13.563%	19.278%	12.869%
95	24.301%	18.407%	24.888%	20.034%	26.687%	19.742%
100	32.791%	24.186%	30.850%	24.459%	33.080%	24.990%

Pre-retirement

School Males: 70 % of RP-2000 M Employees -2
School Females: 70% of RP-2000 F Employees -2
State Males: 70% of RP-2000 M Employees +2
State Females: 70% of RP-2000 F Employees +0
Local Males: 90% of RP-2000 M Employees +2
Local Females: 90% of RP-2000 F Employees -1

Disabled Life Mortality

RP-2000 Disabled Life Table with same age adjustments as used for Retiree Mortality.

Rates of Salary Increase

Years of Service	Rate of Increase*		
	School	State	Local
1	12.00%	10.50%	10.50%
5	6.55%	5.60%	6.20%
10	5.10%	4.90%	5.20%
15	4.60%	4.40%	4.80%
20	4.10%	4.10%	4.60%
25	4.00%	4.00%	4.10%
30	4.00%	4.00%	4.00%

*Includes general wage increase assumption of 4.0% (composed of 3.25% inflation and 0.75% productivity)

Rates of Termination

	School		State		Local	
Duration	Male	Female	Male	Female	Male	Female
0	21.00%	23.00%	17.00%	19.00%	20.00%	23.00%
1	18.00%	18.00%	14.50%	15.00%	16.00%	20.00%
2	14.00%	13.00%	12.00%	11.00%	13.20%	17.00%
3	10.00%	11.00%	10.00%	10.00%	11.00%	14.00%
4	8.00%	9.00%	8.00%	9.00%	9.60%	11.50%
5	6.50%	7.25%	7.00%	8.00%	8.30%	9.00%
6	5.50%	6.25%	6.00%	7.00%	7.10%	7.50%
7	5.00%	5.50%	5.20%	6.00%	6.00%	6.50%
8	4.50%	4.90%	4.60%	5.00%	5.00%	5.75%
9	4.00%	4.30%	4.10%	4.60%	4.40%	5.00%
10	3.60%	3.90%	3.90%	4.30%	3.80%	4.25%
11	3.20%	3.50%	3.70%	4.00%	3.50%	3.75%
12	2.90%	3.10%	3.50%	3.70%	3.30%	3.40%
13	2.60%	2.80%	3.30%	3.50%	3.10%	3.20%
14	2.40%	2.50%	3.10%	3.30%	2.90%	3.00%
15	2.20%	2.30%	2.90%	3.10%	2.70%	2.80%
16	2.00%	2.10%	2.70%	2.90%	2.50%	2.60%
17	1.80%	1.90%	2.50%	2.70%	2.30%	2.40%
18	1.60%	1.70%	2.30%	2.50%	2.10%	2.20%
19	1.50%	1.50%	2.10%	2.30%	1.90%	2.00%
20	1.40%	1.30%	1.90%	2.10%	1.80%	1.80%
21	1.30%	1.20%	1.70%	1.90%	1.70%	1.60%
22	1.20%	1.10%	1.50%	1.70%	1.60%	1.40%
23	1.10%	1.00%	1.30%	1.50%	1.50%	1.20%
24	1.00%	0.90%	1.10%	1.40%	1.40%	1.00%
25	0.90%	0.80%	0.90%	1.30%	1.30%	0.90%
26	0.80%	0.70%	0.70%	1.20%	1.20%	0.70%
27	0.70%	0.60%	0.60%	1.10%	1.10%	0.60%
28	0.60%	0.50%	0.50%	1.00%	1.00%	0.50%
29	0.50%	0.50%	0.50%	0.50%	0.90%	0.50%
30	0.50%	0.50%	0.50%	0.50%	0.80%	0.50%
30+	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Retirement Rates

School

Age	Rule of 85: 1st Year With 85 Points	Rule of 85: After 1st Year With 85 Points
53	20%	18%
55	20%	18%
57	22%	18%
59	25%	23%
61	30%	30%

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
55	5%	62	30%
56	5%	63	25%
57	8%	64	35%
58	8%	65	35%
59	12%	66-71	25%
60	15%	72-74	20%
61	22%	75	100%

State

Age	Rule of 85: 1st Year With 85 Points	Rule of 85: After 1st Year With 85 Points
53	10%	15%
55	15%	15%
57	15%	12%
59	15%	12%
61	30%	25%

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
55	5%	62	30%
56	5%	63	20%
57	5%	64	30%
58	5%	65	35%
59	8%	66-67	25%
60	8%	68-74	20%
61	20%	75	100%

Local

Age	Rule of 85: 1st Year With 85 Points	After 1st Year With 85 Points
53	11%	10%
55	13%	10%
57	13%	10%
59	15%	12%
61	25%	25%

Early Retirement		Normal Retirement	
Age	Rate	Age	Rate
55	5%	62	25%
56	5%	63	20%
57	5%	64	30%
58	5%	65	35%
59	5%	66	25%
60	5%	67-74	20%
61	15%	75	100%

- Inactive vested members – Age 62.
- For correctional employees with an age 55 normal retirement date -

Age	Rate
55	10%
58	10%
60	10%
62	45%
65	100%

- For correctional employees with an age 60 normal retirement date – Age 62.
- For TIAA employees – Age 66.

Rates of Disability

Age	School	State	Local
25	.025%	.036%	.030%
30	.028%	.102%	.065%
35	.034%	.161%	.097%
40	.058%	.244%	.143%
45	.110%	.376%	.209%
50	.213%	.511%	.363%
55	.362%	.720%	.600%
60	.680%	.920%	.850%

Indexation of Final Average Salary for Disabled Members: 2.5% per year

Probability of Vested Members Leaving Contributions With System

Age	School	State	Local
25	80%	65%	60%
30	80%	65%	60%
35	80%	65%	60%
40	80%	65%	60%
45	82%	75%	64%
50	87%	85%	74%
55	100%	100%	100%

Marriage Assumption: 70% of all members are assumed married with male spouse assumed 3 years older than female.

KP&F

Rate of Investment Return 8.0%

Implicit Inflation Assumption 3.25%

Rates of Mortality:

Post-retirement RP-2000 Healthy Annuitant Table

Pre-retirement 90% of RP-2000 Employee Table*
*70% of preretirement deaths assumed to be service related.

Disabled Life Mortality RP-2000 Disabled Life Table

Rates of Salary Increase

Years of Service	Rate of Increase*
1	12.5%
5	7.0%
10	4.9%
15	4.3%
20	4.0%
25	4.0%

*Includes general wage increase assumption of 4.0% (composed of 3.25% inflation and 0.75% productivity)

Rates of Termination

Tier 1: 3% for ages less than 41; 0% thereafter

	Years of Service	Rate
Tier 2:	1	13.0%
	5	6.0%
	10	2.5%
	15	1.0%
	20	1.0%
	25	0.0%

Retirement Rates

Tier 1:

Early Retirement Age	Early Retirement Rate	Normal Retirement Age	Normal Retirement Rate
50	5%	55	40%
51	5%	56	30%
52	5%	57	25%
53	10%	58	40%
54	30%	59	35%
		60	55%
		61	20%
		62	100%

Tier 2:

Early Retirement Age	Early Retirement Rate	Normal Retirement Age	Normal Retirement Rate
50	10%	50	25%
51	10%	53	25%
52	10%	55	25%
53	15%	58	20%
54	25%	60	20%
		61	40%
		62	35%
		63	100%

Inactive Vested: Assumed to retire at later of (i) eligibility for unreduced benefits or (ii) age 55.

Rates of Disability

Age	Rate*
22	.06%
27	.07%
32	.15%
37	.35%
42	.56%
47	.76%
52	.96%
57	1.00%

*90% assumed to be service-connected under KP & F Tier 1.

Marriage Assumption: 80% of all members assumed married with male spouse assumed to be three years older than female.

Judges

Rate of Investment Return 8.0%

Implicit Inflation Assumption 3.25%

Rates of Mortality:

Post-retirement RP-2000 Healthy Annuitant Table, set back two years

Pre-retirement 70% of RP-2000 Employee Table, set back two years

Rates of Salary Increase 4.5%

Rates of Termination None assumed

Disabled Life Mortality RP-2000 Disabled Life Table, set back two years

Rates of Disability None assumed

Retirement Rates

Age	Rate
62	30%
63	25%
64	10%
65-69	50%
70+	100%

Marriage Assumption: 70% of all members are assumed married with male spouse assumed 3 years older than female.

TECHNICAL VALUATION PROCEDURES

Data Procedures

In-pay members:

If a birth date is not available, the member is assumed to have retired at 62. If a retirement date is also not available, the member is assumed to be 75.

If a beneficiary birth date is needed but not supplied, males are assumed to be 3 years older than females.

Not in-pay members:

If a birth date is not available, it is assigned according to the following schedule:

System	Active member age at hire	Inactive member age at valuation
KPERS	34.7	50
KP&F	27.5	49
Judges	43.4	54

If gender is not provided, it is assigned randomly with a 40% probability of being male and 60% probability of being female.

Salaries for first year members are annualized assuming they were hired in the middle of the month of membership

Other Valuation Procedures

No actuarial accrued liability in excess of the unclaimed member contribution balance is held for nonvested, inactive members. A reserve is also held for accounts that have been forfeited but could be reclaimed in the future.

Benefits above the projected IRC Section 415 limit for active participants are assumed to be immaterial for the valuation.

The compensation limitation under IRC Section 401(a)(17) is considered in this valuation. On a projected basis, the impact of this limitation is insignificant.

Salary increases are assumed to occur mid-year.

Decrements are assumed to occur mid-year, except that immediate retirement is assumed for those who are at or above the age at which retirement rates are 100%. Standard adjustments are made for multiple decrements. Withdrawal does not operate once early or unreduced retirement eligibility is met.

Actuarial Methods

1. Funding Method

Under the EAN cost method, the actuarial present value of each member's projected benefits allocates on a level basis over the member's compensation between the entry age of the member and the assumed exit ages. The portion of the actuarial present value allocated to the valuation year is called the normal cost. The actuarial present value of benefits allocated to prior years of service is called the actuarial liability. The unfunded actuarial liability represents the difference between the actuarial liability and the actuarial value of assets as of the valuation date. The unfunded actuarial liability is calculated each year and reflects experience gains/losses.

There are several components of the unfunded actuarial liability which are amortized over different periods. The increase in the unfunded actuarial liability resulting from the 1998 COLA is amortized over 15 years. The increase in the unfunded actuarial liability for Local employers resulting from 2003 legislation which made the 13^{th} check for pre-July 2, 1987 retirees a permanent benefit is funded over a 10 year period beginning in 2005. The remainder of the unfunded actuarial liability is amortized over a period originally set at 40 years beginning July 1, 1993.

The UAL is amortized as a level percentage of payroll for all groups except Judges, who use a level dollar payment. The payroll growth assumption is 4% so the annual amortization payments will increase 4% each year. As a result, if total payroll grows 4% per year, as assumed, the amortization payment will remain level as a percentage of total current payroll.

2. Asset Valuation Method

For actuarial purposes, assets are valued using an asset smoothing method. The difference between the actual return and the expected return (based on the actuarial assumed rate of return) on the market value of assets is calculated each year and recognized equally over a five year period. The resulting value must fall within a corridor of 80% to 120% of market value. If the preliminary value is outside the corridor, the actuarial value is set equal to the corridor limit.

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APPENDIX D

GLOSSARY OF TERMS

Actuarial Accrued Liability	The difference between the actuarial present value of system benefits and the actuarial value of future normal costs. Also referred to as "accrued liability" or "actuarial liability".
Actuarial Assumptions	Estimates of future experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.
Accrued Service	Service credited under the system which was rendered before the date of the actuarial valuation.
Actuarial Equivalent	A single amount or series of amounts of equal actuarial value to another single amount or series of amounts, computed on the basis of appropriate assumptions.
Actuarial Cost Method	A mathematical budgeting procedure for allocating the dollar amount of the actuarial present value of retirement system benefit between future normal cost and actuarial accrued liability. Sometimes referred to as the "actuarial funding method".
Experience Gain (Loss)	The difference between actual experience and actuarial assumptions anticipated experience during the period between two actuarial valuation dates.
Actuarial Present Value	The amount of funds currently required to provide a payment or series of payments in the future. It is determined by discounting future payments at predetermined rates of interest and by probabilities of payment.
Amortization	Paying off an interest-discounted amount with periodic payments of interest and principal, as opposed to paying off with lump sum payment.
Normal Cost	The actuarial present value of retirement system benefits allocated to the current year by the actuarial cost method.

Unfunded Actuarial Accrued Liability The difference between actuarial accrued liability and the valuation assets. Sometimes referred to as "unfunded actuarial liability" or "unfunded accrued liability".

Most retirement systems have unfunded actuarial accrued liability. They arise each time new benefits are added and each time an actuarial loss is realized.

The existence of unfunded actuarial accrued liability is not in itself bad, any more than a mortgage on a house is bad. Unfunded actuarial accrued liability does not represent a debt that is payable today. What is important is the ability to amortize the unfunded actuarial accrued liability and the trend in its amount (after due allowance for devaluation of the dollar).