

## MEMORANDUM

To: Senate Financial Institutions and Insurance Committee

From: Alan D. Conroy, Executive Director

Date: February 3, 2026

Subject: Informational Testimony on Senate Bill 232

Senate Bill 232 adds to the definition of investment options available to the KPERS Board of Trustees in its management of the Treasurer's Unclaimed Property Fund. Specifically, the bill affirms the use of certain debt securities issued by foreign governments, subject to defined statutory safeguards.

### **Treasurer's Unclaimed Property Program**

The Treasurer's Unclaimed Property (TUP) program at KPERS is the investment program used to manage unclaimed property funds that are transferred by the State Treasurer to KPERS.

The TUP program is separate from the KPERS retirement trust and has no impact on retirement benefits, employer contribution rates, or the funded status of the pension system. The goal of the program is to invest the funds prudently while maintaining sufficient liquidity, since the State Treasurer may need to access the money to pay valid unclaimed property claims at any time.

All investment earnings from the TUP program are credited to the State General Fund, not to KPERS or to retirement accounts. KPERS manages the investments under statutory guidelines set by the Legislature and policy direction from the KPERS Board of Trustees, while the State Treasurer retains authority to liquidate funds as needed.

### **Current Law**

K.S.A. 74-2263 is the statutory structure of the TUP program and directs that the investment objective of the TUP program is the preservation of funds and making the funds as productive as possible. There are several guidelines around the types of investments that can be utilized for the TUP program.

SB 232 defines the investments in bonds, notes, or other obligations of foreign governments within the allowable investments of the TUP program.

The investment in foreign government bonds must meet several conditions:



- the issuing country must be classified as an industrial country by the International Monetary Fund, and
- the securities must carry a minimum investment-grade rating of A-minus by Standard & Poor's, A3 by Moody's, or an equivalent rating from another nationally recognized rating organization.

In addition, the bill limits foreign government investments to no more than five percent of the amount available for investment.

In addition, SB 232 includes express prohibitions of investments in securities issued by countries designated by the United States Department of State as state sponsors of terrorism. The bill further prohibits investments in authoritarian or totalitarian governments.

### **Administrative Impact**

KPERS anticipates that adding foreign government bonds as a permissible investment option would not require new staff, contracts, or operating expenditures beyond existing research and analysis conducted by staff.

It is also important to note that the Treasurer's Unclaimed Property Fund is entirely separate from the KPERS Trust Fund. Senate Bill 232 would have no actuarial impact on KPERS retirement benefits, employer contribution rates, or the long-term funding of the retirement system.

In summary, Senate Bill 232 defines investment tools available for managing unclaimed property funds while maintaining clear statutory limitations and safeguards.

Thank you for the opportunity to provide this informational testimony. I would be pleased to respond to any questions the Committee may have.