

January 26, 2023

The Honorable Nick Hoheisel, Chairperson  
House Committee on Financial Institutions and Pensions  
300 SW 10th Avenue, Room 582-N  
Topeka, Kansas 66612

Dear Representative Hoheisel:

**SUBJECT:** Fiscal Note for HB 2025 by Joint Committee on Pensions, Investments and Benefits

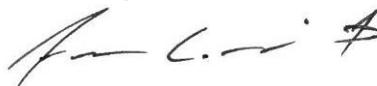
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2025 is respectfully submitted to your committee.

Under current law, KPERS Tier One and Tier Two members do not have an option for a cost-of-living adjustment (COLA) when choosing a monthly retirement benefit. However, the KPERS Tier Three plan was designed with a self-funded COLA option. HB 2025 would add an option for KPERS Tier One and Tier Two members to choose a self-funded COLA benefit that would be funded with an actuarial reduction to the member's benefit.

According to KPERS, the enactment of HB 2025 would have no actuarial cost to KPERS, as any KPERS Tier One or Tier Two member who would choose the new self-funded COLA option would receive a benefit that would be actuarially reduced to account for the cost of the COLA. Tier One and Tier Two members would still have the option to select other benefit options currently available, including a maximum monthly benefit, joint-survivor benefit, or a life-certain benefit option.

KPERS indicates that the bill would require changes to the KPERS pension administration system to allow for the new benefit option. However, the cost for any changes would be negligible and could be absorbed within existing budget resources.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Jarod Waltner, KPERS