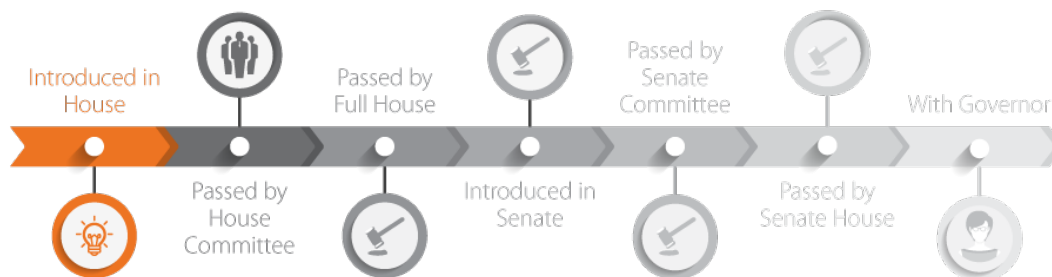


## 2025 Legislative Session | KPERS Bill Recap

### House Bill 2298: Retiree COLA; Liability Reduction Fund

#### Where It's At



#### Quick Look

HB 2298 grants a 2% cost-of-living adjustment (COLA) to all retirees who retired on or before July 1, 2020. The bill also creates the Liability Reduction Fund as a funding mechanism for the COLA and to reduce employer contributions.

#### Hearings

No hearings scheduled.

#### The Fine Print

HB 2298 has two distinct parts. Part one grants a permanent, 2% benefit increase to all retirees, beneficiaries and disability recipients who retired on or before July 1, 2020.

Part two creates the Liability Reduction Fund. This fund will receive a \$1.0 billion transfer from the Budget Stabilization Fund, sometimes called the "Rainy Day Fund." This additional \$1.0 billion will be included in the calculation of KPERS' assets in the annual actuarial valuation.

These additional assets, while not part of the Trust Fund, would be used to fund the costs of the 2% COLA. Any assets not used to support the COLA would be used to reduce employer contribution rates.

In the case of a natural disaster, a healthcare emergency, or more than a 10% downturn in State revenue over one year, the State Treasurer could transfer money from the Liability Reduction Fund to the State General Fund.

If the Liability Reduction Fund balance decreases, this would result in fewer assets for valuation purposes. It would also increase future employer contribution rates. The COLA would not be affected by the total assets in the Liability Reduction Fund.