

KCPERS Policy

Policy #018 – Definition of Actuarially Sound

Adopted: November 8, 2005

Amended: March 14, 2006

For purposes of implementing the provisions of the sections 86.900 to 86.1280 RSMo for the Police Retirement System and sections 86.1310 to 86.1640 RSMo for the Civilian Employees' Retirement System, the following definition of “actuarially sound” being currently used by the plan actuaries is hereby approved by the Retirement Board. Calculations to determine if the retirement plans are actuarially sound will be based on the most recently completed actuarial valuations and will remain valid until the next valuation is completed.

A retirement plan shall be considered actuarially sound for purposes described in the statutes, provided that at least one of the three following conditions is met:

1. The plan’s funded ratio (actuarial value of assets/actuarial accrued liability) measured in accordance with GASB Statement 25, rounded to the nearest whole percentage, is 75% or greater.
2. For each of the three most recently completed plan years, the plan has received a combination of employer and employee contributions that in total are, rounded to the nearest whole percentage, 90% or greater of the plan’s required contributions (defined to be the sum of the Annual Required Contribution as defined by GASB Statement 25 and any required employee contributions).
3. For at least three out of the last five completed plan years, the plan has received employer contributions that equal or exceed the plan’s Annual Required Contribution as defined by GASB Statement 25.