



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025

Available at [kyret.ky.gov](http://kyret.ky.gov)

Prepared by Kentucky Public Pensions  
Authority's Division of Accounting



# TABLE OF CONTENTS

## INTRODUCTION

Letter of Transmittal	4
Governance	7
Agency Structure	8
Professional Awards	9

## FINANCIAL

Report of Independent Auditors	10
Management's Discussion & Analysis	14
<b>Basic Financial Statements</b>	17
Combining Statement of Fiduciary Net Position	17
Combining Statement of Changes in Fiduciary Net Position	18
Notes to the Financial Statements	18
Note A. Summary Of Significant Accounting Policies	18
Note B. Description & Contribution Information	20
Note C. Cash, Short-term Investments & Securities Lending Collateral	24
Note D. Investments	25
Note E. Securities Lending Transactions	39
Note F. Risk Of Loss	40
Note G. Contingencies	40
Note H. Income Tax Status	40
Note I. Financial Reporting For (GASB 67) Pension Plans And (GASB 74) Postemployment Benefit Plans	40
Note J. Legislation	45
Note K. Litigation	46
Note L. Reciprocity Agreement	49
Note M. Reimbursement Of Retired Reemployed Health Insurance, Active Member Health Insurance Contributions, and Retired Reemployed Employer Contributions	49
Note N. General Fund Appropriations	49
Note O. Prisma Daniel Boone Fund	50
Note P. Subsequent Events	50
Note Q. Related Party	50

## REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employers' Net Pension Liability	51
Schedule of Changes in Employers' Total Pension Liability	52
Notes to Schedule of Employers' Contributions	55
Schedule of Employers' Contributions Pension	55
Schedule of Employers' Net OPEB Liability	57
Schedule of Changes in Employers' Net OPEB Liability	58
Notes to Schedule of Employers' OPEB Contributions	63
Schedule of Employers' OPEB Contributions	64
Money Weighted Rates of Return	65

## OTHER SUPPLEMENTARY INFORMATION

Schedule of Administrative Expenses	66
Schedule of Direct Investment Expenses	66
Schedule of Professional Consultant Fees	67
Report on Internal Control	68

## INVESTMENTS

Investment Overview	70
Investment Strategies	71
Investment Objectives	72
Investment Results	73
Benchmarks	73
Long-Term Results	74
Public Equity	75
Core Fixed Income	76
Specialty Credit	78
Private Equity	79
Real Estate	80
Real Return	80
Cash	81
Additional Schedules	81

## ACTUARIAL

Certification of Actuarial Results	87
Summary of Actuarial Assumptions	90
Summary of Actuarial Valuation Results	95
Recommended Employer Contribution Rates	95
Summary of Actuarial Unfunded Liabilities	97
Solvency Test	99
Member Valuation	101
Summary of Benefit Provisions KERS & SPRS Plans	102

## STATISTICAL

Plan Statistics	106
Participating Employers	107
Member Monthly Benefit	108
Fiduciary Net Position	108
Changes in Fiduciary Net Position	110
Schedule of Benefit Expenses	114
Active Refunds	117
Analysis of Initial Retirees	117
Payment Options	119
Employer Contribution Rates	119
Insurance Contracts	120
Glossary	121



# KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road · Frankfort, Kentucky 40601  
kyret.ky.gov · Phone: 502-696-8800 · Fax: 502-696-8822



## To our Members, Benefit Recipients, Employers and the Board of Trustees

December 4, 2025

On behalf of the Kentucky Public Pensions Authority (KPPA) we are honored to present the Annual Comprehensive Financial Report (ACFR) of the Kentucky Retirement Systems, a component unit of the Commonwealth of Kentucky, for the Fiscal Year Ended (FYE) June 30, 2025.

Responsibility for the accuracy, completeness, and fairness of the information presented rests ultimately with KPPA management which, along with the Executive Director and staff, assist the KPPA Board in its responsibilities. Because the cost of internal control should not exceed anticipated benefits, KPPA relies on a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP has issued an unmodified ("clean") opinion on the KRS financial statements for the FYE June 30, 2025. The Independent Auditors' report is located in the Financial Section of this report.

The Management's Discussion and Analysis (MD&A) is also located in the Financial Section of this report. The MD&A provides an analytical overview of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

KPPA is the special-purpose government responsible for the day-to-day administration of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS), comprising the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS).

Beginning with FYE 2024, KPPA produces separate ACFRs for CERS and KRS. Supported by research and recommendations from KPPA management, this aligns with guidance from the Government Accounting Standards Board (GASB) and authority under state statute.

KPPA also produces a single Summary Annual Financial Report (SAFR) that provides an overview of information in the CERS and KRS ACFRs, as well as insights into the combined systems.

This approach aims to enhance transparency and reporting by providing information relevant to each system's members, the public, and stakeholders.

### KPPA Executive Director's Message Ryan Barrow

#### Asset Growth

Double-digit investment returns, employer contributions, and General Fund appropriations authorized by the Legislature in Fiscal Year (FY) 2025 contributed to improved funding and record asset levels for all pension and insurance plans. The systems saw a \$3 billion increase in the market value of all plans for the 12 months ended June 30. Total assets by market value stood at \$29.8 billion, compared with \$26.8 billion as of the same date in 2024.

Net returns for all pension and insurance portfolios exceeded 11% in FY 2025, marking the third year in a row that CERS and KRS pension and insurance portfolio net returns neared or exceeded double digits.

This asset growth not only moves the systems toward the target of full funding by 2049, it also helps the systems fulfill the promises made to retirees, and in turn helps local communities. Every year, KPPA pays more than \$2 billion in ongoing pension benefits, with 93% of that money going to Kentucky residents making retirement benefits an important economic driver for the Commonwealth.

### **Continuous Improvement**

One of our core values at KPPA is to instill a culture of continuous improvement in everything we do. Furthering that value, KPPA in FY 2025 launched a Leadership Academy in February. Fourteen participants from various divisions attended monthly leadership training sessions and met regularly with assigned mentors. Training topics included personality assessment and team building; empathy and integrity; time management; delegation skills; and effective communication. In November, participants attended the Commonwealth's two-day LEAD Conference. The program concluded in December 2025 with final presentations and a graduation ceremony.

### **Other Notes**

- On the budget front, KPPA began the process to secure funds to modernize and enhance the aging business system that helps support Self Service and powers systems serving our members.
- We conducted our first multi-day in-person trustee education forum since the pandemic. The IMPACT Forum, which stands for Investments, Management, Pensions, Advisory, Compliance, and Training, provided the annual statutory training required of our Trustees.
- We published separate Annual Comprehensive Financial Reports for CERS and KRS for the first time in FY 2024 and received the GFOA Certificate of Achievement for Excellence in Financial Reporting for each report.
- We have implemented, or are in the process of implementing, aspects of the 2024 – 2028 Strategic Plan including surveys, member outreach, account auditing, and use of artificial intelligence (AI).

## **KRS Chief Executive Officer's Message**

**John Chilton**

The KERS Nonhazardous and SPRS pension plans continue to benefit from additional funding approved by the Kentucky General Assembly over and above the money allocated to fund the full actuarially recommended contributions for all KERS and SPRS plans.

Recent biennial budgets included \$1.14 billion in additional allocations to pay down the unfunded liabilities of those two pensions. In the 2024 session, legislators approved House Bill 1, which allocated an additional \$100 million for the KERS Nonhazardous pension plan – \$50 million each in FYs 2025 and 2026 – and an additional \$50 million for the SPRS pension plan, \$25 million each in FYs 2025 and 2026.

In addition, House Bill 6 allocated \$250 million each in FYs 2025 and 2026 to pay down the KERS Nonhazardous pension's unfunded liability.

Investment returns have also played an important role in improved funding. The KERS Nonhazardous and Hazardous pension and insurance plans and the SPRS pension and insurance plans all turned in net investment returns of 11% or better during FY 2025. It's the third year in a row that KRS pension and insurance portfolio net returns have neared or exceeded 10%.

Considering the level of risk in each portfolio, all system pension and insurance portfolios are in the top 5% of peer public pension funds in terms of Sharpe ratio over the most recent one-, three-, and five-year periods. The Sharpe ratio measures how much investment return a portfolio earns compared to how much risk is in the portfolio. This is a testament to the work of the KRS Investment Committee and the Office of Investments to construct portfolios that maximize returns while minimizing risk.

These additional allocations and strong investment returns are helping to improve the funded ratios for both pension plans. After reaching funding lows in 2017 and 2018, the KERS Nonhazardous and SPRS pension plans have more than doubled in the years since. All pension plans are on track to be fully funded by 2049.

### **Acknowledgments**

The preparation of this report has been a collaborative effort of KPPA Executive Management and the Accounting Division, Communications Division, Office of Investments, and the KRS CEO. The contents have been reviewed by the Internal Audit Division. KPPA is responsible for all the information in the report and confidently presents it as a basis for understanding the stewardship of the system.

Respectfully submitted,



A handwritten signature in dark ink, appearing to read "Ryan Barrow".

Ryan Barrow  
KPPA Executive Director



A handwritten signature in dark ink, appearing to read "Michael B. Lamb".

Michael B. Lamb, CPA  
KPPA Chief Financial Officer

# GOVERNANCE

As of December 4, 2025

The Kentucky Retirement Systems (KRS) is governed by a nine member board of trustees, consisting of three elected members and six gubernatorial appointees serving four-year terms. Two of the elected members represent the Kentucky Employees Retirement System (KERS) and one elected member represents the State Police Retirement System (SPRS). KRS has four representatives on the KPPA Board in addition to employing a Chief Executive Officer who serves as a legislative and executive advisor and a General Counsel who provides legal services.

## KRS BOARD OF TRUSTEES

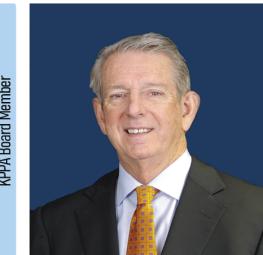
Lynn Hampton, Chair  
C. Prewitt Lane, Vice Chair

General Counsel: Dentons Bingham Greenebaum

Three (3) Elected Trustees

Six (6) Appointed by Governor

**LEADERSHIP:**  
Every April, the trustees elect a Chair and Vice Chair and affirm who will serve on the KPPA Board in compliance with state law.



Lynn Hampton  
Chair  
Term ends June 17, 2026

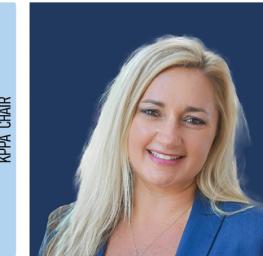
C. Prewitt Lane  
Vice Chair  
Term ends June 17, 2027

John E. Chilton  
Chief Executive  
Officer

**ELECTED BY MEMBERSHIP:**  
Every four years, two eligible KERS members and one eligible SPRS member are elected to serve on the Board of Trustees.



Keith Peercy  
Term ends March 31, 2027  
Elected by SPRS



Dr. Crystal Miller  
Term ends March 31, 2026  
Elected by KERS



David Adkins  
Term ends March 31, 2026  
Elected by KERS

**APPOINTED BY GOVERNOR:**  
The Governor appoints six individuals to serve on the Board of Trustees.



Pamela F. Thompson  
Term ends June 17, 2027



Ramsey Bova  
Term ends June 17, 2026



Mary G. Eaves  
Term ends June 21, 2027

**CHIEF EXECUTIVE OFFICER (CEO):**  
The CEO works with the trustees and KPPA staff to carry out the statutory provisions of the systems.

KPPA Board Member

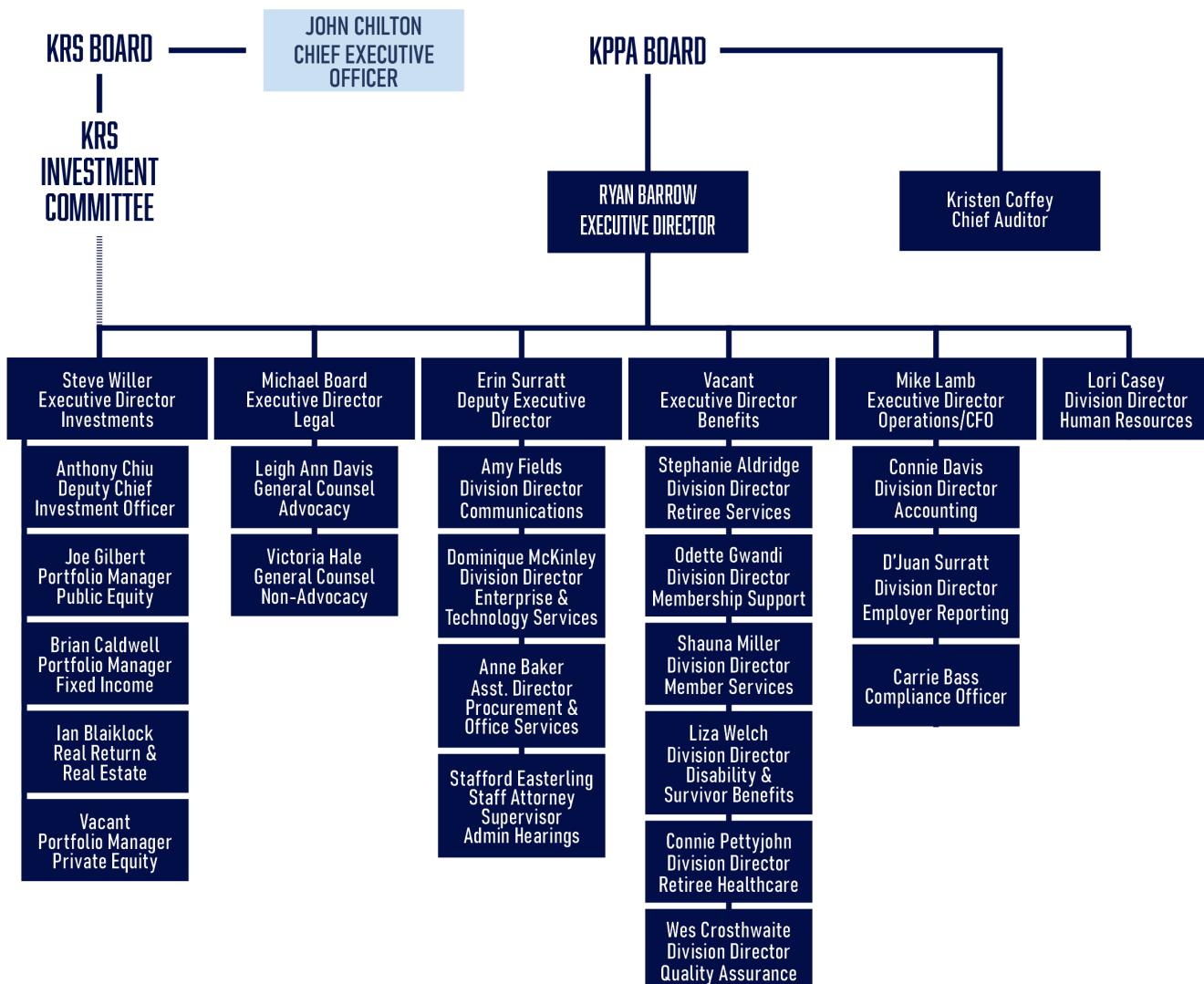


William Summers V  
Term ends June 17, 2026

# AGENCY STRUCTURE

As of December 4, 2025

The Kentucky Public Pensions Authority (KPPA) oversees the operations of the Kentucky Employees Retirement System (KERS) and State Police Retirement System (SPRS) by providing administrative support, investment management, and conducting daily activities on behalf of the Kentucky Retirement Systems (KRS) Board of Trustees and KPPA Board. KPPA is led by an Executive Director who is appointed by the KPPA Board to work with the KRS Chief Executive Officer to carry out the statutory provisions of the systems.



## CONSULTANTS

### Legal Services

Stoll Keenon Ogden, PLLC  
Reinhart Boerner Van Deuren, SC  
Frost Brown Todd, LLC  
Faegre Drinker Biddle & Reath, LLP  
Kellerman Law  
McClain Law Group  
Ice Miller, LLP  
Umberg Zipser, LLP

### Actuarial Services

Gabriel, Roeder, Smith & Co.

### Auditing Services

Eide Bailly, LLP

### Fiduciary Review Counsel

Ice Miller, LLP

### Investment Consultants

Wilshire  
Albourne  
Mercer

### Master Custodian

BNY Mellon

Refer to the Investments Section for additional information regarding Investment Advisors (pages 81-82) and Schedules of Fees and Expenses (pages 83-85).

# Professional Awards

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kentucky Retirement Systems for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports and is valid for a period of one year. This is the 26th award earned by KRS. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized document. The report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our 2025 report will continue to meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA for their consideration.



Government Finance Officers Association

### Certificate of Achievement for Excellence in Financial Reporting

Presented to

#### Kentucky Retirement Systems

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2024

A handwritten signature in black ink that reads "Christopher P. Morrell".

Executive Director/CEO

## PUBLIC PENSIONS STANDARDS AWARD FOR FUNDING AND ADMINISTRATION

The Public Pension Coordinating Council awarded the Public Pensions Standards Award for Funding and Administration to the Kentucky Retirement Systems (KRS) for 2025. This is the second award earned by KRS.

The Public Pension Coordinating Council established the Public Pension Standards to reflect expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark to measure public defined benefit plans. The Award for Funding and Administration is a distinguished national award recognizing pension programs meeting professional standards for plan design and administration as set forth in the Public Pension Standards. This award is valid for a period of one year. We believe KRS will continue to meet these standards, and we will be applying for the award next year.



Public Pension Coordinating Council

### Public Pension Standards Award For Funding and Administration 2025

Presented to

#### Kentucky Retirement Systems

In recognition of meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink that reads "Robert A. Wylie".

Robert A. Wylie  
Program Administrator



## Independent Auditor's Report

To the Members  
Kentucky Retirement Systems  
Frankfort, Kentucky

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Kentucky Retirement Systems (KRS), a component unit of the Commonwealth of Kentucky as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise KRS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of KRS, as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KRS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the KRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise KRS's basic financial statements. The accompanying schedules of administrative expense, direct investment expense, and professional consultant fees are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of administrative expenses, direct investment expenses, and professional consultant fees are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Report on Summarized Comparative Information***

The KRS's basic financial statements for the year ended June 30, 2024 (not presented herein), were audited by other auditors whose report thereon dated December 5, 2024, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The report of the other auditors dated December 5, 2024, stated that the schedules of administrative expense, direct investment expense, and professional consultant fees for the year ended June 30, 2024 was subjected to the auditing procedures applied in the audit of the June 30, 2024 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2025, on our consideration of KRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KRS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KRS's internal control over financial reporting and compliance.



Boise, Idaho  
December 4, 2025

# Management's Discussion & Analysis

## (Unaudited, \$ In Millions)

### INTRODUCTION

Management's Discussion and Analysis (MD&A) provides insight into the financial performance of KRS for the fiscal year ended June 30, 2025. It is meant to be read in the context of the accompanying Letter of Transmittal in the Introduction, the Basic Financial Statements and the Notes to those statements, the Required Supplementary Information (RSI), and additional material following this section. Together, this information provides a comprehensive picture of KRS' financial position.

KRS comprises the Kentucky Employee Retirement System (KERS) and the State Police Retirement System (SPRS). KERS includes hazardous and nonhazardous defined benefit pension and OPEB plans for Kentucky state employees. SPRS is a single employer system providing benefits to Kentucky State Police troopers. Governance of both KERS and SPRS is vested with the nine-member KRS Board of Trustees (the KRS Board). Daily system activities, including investment management, benefits counseling, legal services, accounting, and payroll functions, are performed by a staff of professional employees of the Kentucky Public Pensions Authority (KPPA), which is the special-purpose government responsible for the administration of KRS.

### FINANCIAL HIGHLIGHTS AND ANALYSIS

The following are the Condensed Comparative Statements of Fiduciary Net Position and Condensed Comparative Statements of Changes in Fiduciary Net Position of KRS for the fiscal years ended June 30, 2025, 2024, and 2023.

Condensed Summary of Fiduciary Net Position As of June 30			
	FY 2025	FY 2024	FY 2023
<b>ASSETS</b>			
Cash, Short-term Investments, and Receivables	\$695	\$615	\$1,256
Investments, at fair value	9,653	8,322	6,413
<b>TOTAL ASSETS</b>	<b>10,348</b>	<b>8,937</b>	<b>7,669</b>
<b>TOTAL LIABILITIES</b>	<b>466</b>	<b>324</b>	<b>238</b>
<b>FIDUCIARY NET POSITION</b>	<b>\$9,882</b>	<b>\$8,613</b>	<b>\$7,431</b>

Condensed Summary of Changes in Fiduciary Net Position As of June 30			
	FY 2025	FY 2024	FY 2023
<b>ADDITIONS</b>			
Member Contributions	\$148	\$137	\$117
Employer Contributions	321	369	320
Actuarially Accrued Liability Contributions (AALC)	866	987	986
General Fund Appropriations	325	240	240
Total Contributions	1,660	1,733	1,663
Net Investment Income	985	776	541
Other Additions	—	10	5
<b>TOTAL ADDITIONS</b>	<b>2,645</b>	<b>2,519</b>	<b>2,209</b>
<b>DEDUCTIONS</b>			
Benefits and Refunds	1,217	1,192	1,182
Other Deductions	159	145	156
<b>TOTAL DEDUCTIONS</b>	<b>1,376</b>	<b>1,337</b>	<b>1,338</b>
<b>NET INCREASE</b>	<b>1,269</b>	<b>1,182</b>	<b>871</b>
<b>FIDUCIARY NET POSITION</b>			
<b>BEGINNING OF THE PERIOD</b>	<b>\$8,613</b>	<b>\$7,431</b>	<b>\$6,560</b>
<b>END OF PERIOD</b>	<b>\$9,882</b>	<b>\$8,613</b>	<b>\$7,431</b>

# Management's Discussion & Analysis

## (Unaudited, \$ In Millions)

### Fiduciary Net Position

The Fiduciary Net Position of KRS was \$8,613 at the beginning of the fiscal year and increased by 14.73% to \$9,882 as of June 30, 2025. The \$1,269 increase is primarily attributable to the appreciation of the fair value of investments, continued AALC payments, and additional funding from the Kentucky General Assembly.

### Contributions

Total contributions reported for fiscal year 2025 were \$1,660 compared to \$1,733 in fiscal year 2024, a decrease of 4.21% or \$73. This decrease was driven by a decrease in the employer contribution rates from the prior year to the current year.

### Investments

The KRS pension and insurance portfolios investment returns averaged 11.4% for the fiscal year ended June 30, 2025, compared to 10.6% for the fiscal year ended June 30, 2024. The continued positive performance is due to the notable returns from the Public Equity portfolio and the outpacing of the Real Return portfolios over their benchmarks. See investment results beginning on page 73 of the investment section.

The fair value of investments, as of June 30, 2025, were \$9,653, an increase of \$1,331 from the prior year, and net investment income was \$985 for the current fiscal year, compared to \$776 for the prior fiscal year.

Investment returns are reported net of fees and investment expenses, including carried interest. Investment fees and expenses totaled \$81 for fiscal year 2025 compared to \$65 in the prior fiscal year.

	1-Year Return			Fair Value of Investments			Investment Fees & Expenses			Net Investment Income		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
<b>Pension</b>												
KERS Nonhazardous	11.2%	9.5%	7.0%	\$5,001	\$4,100	\$2,964	\$39	\$29	\$20	\$493	\$356	\$220
KERS Hazardous	11.9%	11.1%	9.5%	1,120	1,008	830	10	9	7	121	102	77
SPRS	11.0%	9.6%	7.6%	725	635	469	6	4	3	72	57	41
<b>Insurance</b>												
KERS Nonhazardous	11.8%	11.1%	9.9%	\$1,806	\$1,649	\$1,311	\$16	\$13	\$11	\$195	\$167	\$128
KERS Hazardous	11.2%	11.2%	9.3%	713	662	599	7	7	5	74	67	53
SPRS	11.3%	11.0%	9.5%	288	268	240	3	3	2	30	27	21
<b>Average/Total</b>	<b>11.4%</b>	<b>10.6%</b>	<b>8.8%</b>	<b>\$9,653</b>	<b>\$8,322</b>	<b>\$6,413</b>	<b>\$81</b>	<b>\$65</b>	<b>\$48</b>	<b>\$985</b>	<b>\$776</b>	<b>\$540</b>

Asset allocation is the primary driver of long-term investment performance and is designed to achieve an optimal long-term asset mix. The investment policy statement (IPS) of the KRS board has established the following asset allocation guidelines as of June 30, 2025. See also the investment overview beginning on page 70 of the investment section.

KERS Nonhazardous Pension & SPRS Pension Plans				KERS Hazardous Pension & all KRS Insurance Plans			
Asset Class	Target	Minimum	Maximum	Target	Minimum	Maximum	
Public Equity	30%	20%	40%	40%	25%	50%	
Private Equity	6%	3%	9%	8%	4%	12%	
Core Fixed Income	27%	22%	35%	10%	8%	15%	
Specialty Credit	20%	15%	25%	25%	20%	30%	
Cash	2%	—%	5%	2%	—%	5%	
Real Estate	5%	3%	7%	7%	4%	10%	
Real Return	10%	7%	13%	8%	5%	11%	
	100%			100%			

# Management's Discussion & Analysis

## (Unaudited, \$ In Millions)

### Deductions

Benefits and refunds paid for fiscal year 2025 totaled \$1,217 compared to \$1,192 in fiscal year 2024, a 2.10% increase, due to the slight increase in retired membership of the systems.

### ACTUARIAL HIGHLIGHTS

The actuarial accrued liability (AAL) is the measure of the cost of benefits that have been earned to date, but not yet paid, and is calculated using the entry age normal cost method (EANC) as required by state statute. The difference in value between the AAL and the actuarial value of assets is defined as the unfunded actuarial accrued liability (UAAL).

Schedule of Unfunded Actuarial Accrued Liability (UAAL) As of June 30												
	KERS Nonhazardous						KERS Hazardous					
	Pension		Insurance		Pension		Insurance		Pension		Insurance	
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
<b>Actuarial Accrued Liability (AAL)</b>	\$16,839	\$16,648	\$16,304	\$2,475	\$2,095	\$1,877	\$1,488	\$1,443	\$1,363	\$420	\$420	\$380
<b>Actuarial Value of Assets</b>	4,810	4,122	3,552	1,818	1,712	1,533	1,076	985	891	700	700	652
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$12,029	\$12,526	\$12,752	\$657	\$383	\$344	\$412	\$458	\$472	(\$279)	(\$279)	(\$273)
<b>Funded Ratio</b>	28.57%	24.76%	21.79%	73.45%	81.73%	81.66%	72.34%	68.28%	65.40%	166.43%	166.43%	171.87%

Schedule of Unfunded Actuarial Accrued Liability (UAAL) As of June 30						
	SPRS					
	Pension		Insurance			
	2025	2024	2023	2025	2024	2023
<b>Actuarial Accrued Liability (AAL)</b>	\$1,130	\$1,092	\$1,067	\$251	\$244	\$233
<b>Actuarial Value of Assets</b>	700	590	560	263	245	234
<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	\$431	\$502	\$507	(\$12)	(\$1)	(\$1)
<b>Funded Ratio</b>	61.88%	54.03%	52.46%	104.85%	100.46%	100.62%

Please refer to Note I and the RSI of the Financial Section, as well as the Actuarial Section for more analysis of the funding status, asset values, actuarial assumptions, and actuarially determined employer contributions.

### INFORMATION REQUESTS

This financial report is designed to provide a general overview of KRS' financial position. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

ATTN: Director of Accounting  
 Kentucky Public Pensions Authority  
 1260 Louisville Road  
 Frankfort, KY 40601

# Basic Financial Statements

## KRS Combining Statement of Fiduciary Net Position

As of June 30, 2025, with Comparative Totals as of June 30, 2024 (\$ in Thousands)

ASSETS	Pension			Insurance			KRS	KRS
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	Total 2025	Total 2024
<b>CASH AND SHORT-TERM INVESTMENTS</b>								
Cash Deposits	\$263	\$28	\$26	\$101	\$16	\$12	\$446	\$465
Short-term Investments	221,007	59,712	38,383	71,358	28,082	8,904	427,446	441,430
<b>Total Cash and Short-term Investments</b>	<b>221,270</b>	<b>59,740</b>	<b>38,409</b>	<b>71,459</b>	<b>28,098</b>	<b>8,916</b>	<b>427,892</b>	<b>441,895</b>
<b>RECEIVABLES</b>								
Accounts Receivable	89,217	4,019	2,995	5,631	444	220	102,526	116,626
Accounts Receivable - Investments	100,502	15,366	15,179	22,680	8,027	2,972	164,726	56,377
<b>Total Receivables</b>	<b>189,719</b>	<b>19,385</b>	<b>18,174</b>	<b>28,311</b>	<b>8,471</b>	<b>3,192</b>	<b>267,252</b>	<b>173,003</b>
<b>INVESTMENTS, AT FAIR VALUE</b>								
Core Fixed Income	1,321,111	108,938	192,126	185,737	71,714	26,046	1,905,672	1,672,118
Public Equities	1,634,223	488,519	239,772	778,997	308,751	124,098	3,574,360	3,092,032
Private Equities	204,983	64,641	28,351	110,299	44,588	19,915	472,777	474,267
Specialty Credit	1,007,415	279,612	141,502	450,538	173,745	72,263	2,125,075	1,726,445
Derivatives	17	(2)	1	—	11	(2)	25	(63)
Real Return	468,629	85,420	69,012	139,103	53,375	21,664	837,203	684,912
Real Estate	234,554	63,267	35,441	102,488	45,389	17,333	498,472	466,474
Securities Lending Collateral	129,611	29,538	19,073	39,153	15,518	6,208	239,101	205,574
<b>Total Investments, at Fair Value</b>	<b>5,000,543</b>	<b>1,119,933</b>	<b>725,278</b>	<b>1,806,315</b>	<b>713,091</b>	<b>287,525</b>	<b>9,652,685</b>	<b>8,321,759</b>
<b>Total Assets</b>	<b>5,411,532</b>	<b>1,199,058</b>	<b>781,861</b>	<b>1,906,085</b>	<b>749,660</b>	<b>299,633</b>	<b>10,347,829</b>	<b>8,936,657</b>
<b>LIABILITIES</b>								
Accounts Payable	4,662	1,276	236	3	—	—	6,177	5,691
Accounts Payable - Investments	133,975	19,574	19,699	33,057	10,039	3,953	220,297	112,582
Securities Lending Collateral	129,611	29,538	19,073	39,153	15,518	6,208	239,101	205,574
<b>Total Liabilities</b>	<b>268,248</b>	<b>50,388</b>	<b>39,008</b>	<b>72,213</b>	<b>25,557</b>	<b>10,161</b>	<b>465,575</b>	<b>323,847</b>
<b>Total Fiduciary Net Position</b>								
<b>Restricted for Benefits</b>	<b>\$5,143,284</b>	<b>\$1,148,670</b>	<b>\$742,853</b>	<b>\$1,833,872</b>	<b>\$724,103</b>	<b>\$289,472</b>	<b>\$9,882,254</b>	<b>\$8,612,810</b>

See accompanying notes which are an integral part of these combining financial statements.

## KRS Combining Statement of Changes In Fiduciary Net Position

For the fiscal year ended June 30, 2025, with Comparative Totals as of June 30, 2024 (\$ in Thousands)

	Pension			Insurance			KRS Total	KRS Total
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	2025	2024
<b>ADDITIONS</b>								
Member Contributions	\$104,830	\$22,096	\$6,006	\$12,295	\$2,176	\$418	\$147,821	\$136,995
Employer Contributions	154,409	70,768	52,975	38,863	2,159	1,888	321,062	368,848
Actuarially Accrued Liability Contributions	864,522	—	—	1,860	—	—	866,382	987,445
General Fund Appropriations	300,000	—	25,000	—	—	—	325,000	240,000
Other Additions	—	—	—	4	—	—	4	9,485
<b>Total Contributions &amp; Other Additions</b>	<b>1,423,761</b>	<b>92,864</b>	<b>83,981</b>	<b>53,022</b>	<b>4,335</b>	<b>2,306</b>	<b>1,660,269</b>	<b>1,742,773</b>
<b>INVESTMENT INCOME</b>								
Net Appreciation in FV of Investments	363,949	92,561	52,053	147,310	56,743	22,884	735,500	553,411
Interest/Dividends	161,500	37,396	24,259	61,373	23,284	9,436	317,248	278,989
Securities Lending Income	6,775	1,655	1,119	2,535	766	345	13,195	8,524
Less: Investment Expense	23,822	6,541	3,341	10,280	4,681	1,878	50,543	43,491
Less: Performance Fees	9,022	2,232	1,076	3,575	1,810	695	18,410	13,592
Less: Securities Lending Fees, Expenses, and Rebates	6,093	1,495	1,008	2,293	690	312	11,891	7,641
<b>Net Investment Income</b>	<b>493,287</b>	<b>121,344</b>	<b>72,006</b>	<b>195,070</b>	<b>73,612</b>	<b>29,780</b>	<b>985,099</b>	<b>776,200</b>
<b>Total Additions</b>	<b>1,917,048</b>	<b>214,208</b>	<b>155,987</b>	<b>248,092</b>	<b>77,947</b>	<b>32,086</b>	<b>2,645,368</b>	<b>2,518,973</b>
<b>DEDUCTIONS</b>								
Benefit Payments	1,046,018	87,620	65,696	—	—	—	1,199,334	1,176,475
Refunds	11,154	6,212	346	—	—	—	17,712	16,046
Administrative Expenses	14,163	1,627	308	687	116	71	16,972	16,947
Healthcare Expenses	—	—	—	105,627	21,645	14,634	141,906	127,902
<b>Total Deductions</b>	<b>1,071,335</b>	<b>95,459</b>	<b>66,350</b>	<b>106,314</b>	<b>21,761</b>	<b>14,705</b>	<b>1,375,924</b>	<b>1,337,370</b>
Net Increase in Fiduciary Net Position Restricted for Pension Benefit	845,713	118,749	89,637	141,778	56,186	17,381	1,269,444	1,181,603
<b>Total Fiduciary Net Position Restricted for Benefits</b>								
<b>Beginning of Period</b>	<b>4,297,571</b>	<b>1,029,921</b>	<b>653,216</b>	<b>1,692,094</b>	<b>667,917</b>	<b>272,091</b>	<b>8,612,810</b>	<b>7,431,207</b>
<b>End of Period</b>	<b>\$5,143,284</b>	<b>\$1,148,670</b>	<b>\$742,853</b>	<b>\$1,833,872</b>	<b>\$724,103</b>	<b>\$289,472</b>	<b>\$9,882,254</b>	<b>\$8,612,810</b>

See accompanying notes, which are an integral part of these combining financial statements.

## NOTE A. Summary of Significant Accounting Policies

### Basis Of Accounting

KRS' combining financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Premium payments are recognized when due and payable in accordance with the insurance terms of the plan. Administrative and investment expenses are recognized when incurred. The net position represents the assets of the system available to pay pension benefits for retirees, active and inactive members, and health care premiums for current and future retirees.

### Method Used To Value Investments

Investments are reported at fair value. Fair value is the price that would be received upon selling an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. See Investments Note D for further discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Gain (loss) on investments includes gains and losses

on investments bought and sold as well as held during the fiscal year. Investment returns are recorded in all plans net of investment fees.

## Investment Unitization

Within the plan accounting structure there are two primary types of accounts: Plan Accounts and Pool Accounts. Plan Accounts are the owners of the investment pool. An account is established for each plan and these accounts hold Units of Participation that represent the plan's invested value of the investment pool. Pool Accounts are accounts that hold the assets of the investment pool where all investment related activity and earnings occur. The pooled accounts are the investment strategies of the pool. Units of Participation are bought and sold as each plan contributes or withdraws cash or assets from the investment pool. The investment pool earnings are then allocated to plans utilizing a cost distribution method that allows for fluctuating prices experienced in capital markets. This involves earnings allocated to the plan accounts with an increase or decrease in cost on the Unit of Participation Holdings of the plan accounts. Correspondingly, the price of the Unit of Participation Holdings is updated to reflect change in fair value in the investment pool. Earnings are allocated based on the daily weighted average of Master Trust Units held by each plan account during each monthly earnings period. This method is commonly used when plans make multiple contributions or withdrawals from the investment pool throughout the month as it eliminates allocation distortion due to large end of month cash flows.

## Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Capital/intangible Assets

Equipment and computer software costing more than \$3,000 are valued at historical cost, capitalized when put into service, and depreciated or amortized using the straight-line method over the estimated useful life of the assets, ranging from three to ten years. Improvements, which increase the useful life of the asset, are capitalized. Maintenance and repairs are charged as an expense when incurred. As of June 30, 2023, all capital/intangible assets were fully depreciated and or amortized. No additional capital/intangible assets have been capitalized since that date.

## Accounts Receivable

Accounts Receivable consist of amounts due from employers. Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made. If amounts previously written off are collected, they will be credited to income when received.

The Investment Accounts Receivable and Investment Accounts Payable consist of investment management earnings and fee accruals, as well as all buys and sells of securities which have not closed as of the reporting date.

## Benefits

Benefits are recognized when due and payable in accordance with the terms of the plan.

## Expense Allocation

Administrative expenses are allocated to the system based on a hybrid allocation developed by management in conjunction with the KRS Board. The hybrid allocation is based on a combination of plan membership and direct plan expenses. All investment related expenses are allocated in proportion to the percentage of investment assets held by each plan.

## Component Unit

KRS is a component unit of the Commonwealth of Kentucky (the Commonwealth) for financial reporting purposes.

KERS was created by the Kentucky General Assembly on July 1, 1956, pursuant to Kentucky Revised Statutes 61.515. SPRS was created by the Kentucky General Assembly on July 1, 1958, pursuant to Kentucky Revised Statutes 16.510. Six of the nine trustees are appointed by the Governor. The administrative budget of KPPA, which incorporates KRS administrative cost is subject to approval by the Kentucky General Assembly. KRS employer contribution rates are set by

statute and subject to legislative approval. The methods used to determine the employer rates for KRS (KERS and SPRS) are specified in Kentucky Revised Statutes 61.565.

Perimeter Park West, Incorporated (PPW) is a legally separate entity functioning as a real estate holding company for the offices used by KPPA. PPW is governed by a three-member board selected by its sole shareholder, KRS.

## Recent Accounting Pronouncements

*GASB Statement Number 101, Compensated Absences.* The requirements of the Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024. Management implemented the standard and determined this was immaterial to the financial statements.

*GASB Statement Number 102, Certain Risk Disclosures.* The requirements of the Statement will take effect for financial statements for fiscal years beginning after June 15, 2024. Management implemented the standard and determined that there are no concentrations or constraints that meet the requirements of this disclosure.

*GASB Statement Number 103, Financial Reporting Model Improvements.* The requirements of the Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management is evaluating the impact of the Statement to the financial report.

*GASB Statement Number 104, Disclosure of Certain Capital Assets.* The requirements of the Statement are effective for fiscal year that ends June 30, 2026, and all reporting periods thereafter. Management is evaluating the impact of the Statement to the financial report.

## NOTE B. Description & Contribution Information

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### KRS - Kentucky Retirement System

KRS comprises the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), and for financial reporting purposes, is composed of six Plans - three defined benefit pension Plans, and three OPEB plans, as discussed below. Each of the Pension and OPEB Plans are legally separated with benefits only eligible to be paid for each of the respective membership groups.

KERS was established by Kentucky Revised Statutes 61.515, to provide retirement, disability, and death benefits to system members. KERS, for financial reporting purposes, is composed of two pension Plans - KERS Nonhazardous Plan and KERS Hazardous Plan, and two corresponding OPEB Plans. Each of the Pension and OPEB plans are legally separated with benefits only eligible to be paid for each of the respective membership groups and are cost-sharing multiple-employer plans. The KERS Nonhazardous Plan was established to provide retirement benefits to all regular full-time members employed in positions of any state department, board, or agency directed by Executive Order to participate in KERS. The membership of the KERS Hazardous Plan includes employees whose position is considered hazardous with principal job duties including, but are not limited to, active law enforcement, probation and parole officer, detective, pilots, paramedics, and emergency medical technicians, with duties that require frequent exposure to a high degree of danger and also require a high degree of physical condition.

SPRS is a single employer defined benefit pension Plan that was established by Kentucky Revised Statutes 16.510 to provide retirement benefits to all full-time state troopers employed in positions by the Kentucky State Police, and all positions are considered Hazardous. SPRS, for financial reporting purposes, is composed of the retirement Plan, and a corresponding OPEB Plan.

The OPEB Plans are part of the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), established by Kentucky Revised Statutes 61.701 for eligible members receiving benefits from KERS Nonhazardous, KERS Hazardous, and SPRS. The Insurance Fund was created for the purpose of providing a trust separate from the retirement trusts, and for the purpose of providing hospital and medical insurance benefits.

The responsibility of the Plans within KRS is vested in the KRS Board. The KRS Board consists of nine members. Six trustees are appointed by the governor and three are elected. Of the elected trustees, two are elected by KERS members and one is elected by SPRS members. Active, inactive and retired members of the appropriate system are invited to participate in the election of trustees. Of the six appointed trustees, three must have investment experience and three must have retirement experience as defined by statute. All appointments by the governor are subject to Senate confirmation. The two trustees elected by the KERS membership must be members of or retired from KERS. The one trustee elected by the SPRS membership must be a member of or retired from SPRS.

## Employer Contributions

For the fiscal year ended June 30, 2025, there were 330 participating employers in KERS, and SPRS is a single employer plan. The Commonwealth is required to contribute actuarially determined rates for KERS and SPRS pensions and insurance. The KRS Board recommends the rates each year following the annual actuarial valuation, but the rates are set by the legislature within the budget bill for each biennium. The contribution rates from July 1, 2023, through June 30, 2025, were set within HB 1, passed in the 2022 Regular Legislative Session, for KERS Nonhazardous, KERS Hazardous and SPRS employers.

The KERS Nonhazardous employer contribution rate shall include, (1) the normal cost contribution and (2) the prorated amount of the actuarially accrued liability assigned to each individual nonhazardous employer in accordance with Kentucky Revised Statutes 61.565(1)(d). Each employer pays the normal cost as a percentage of reported payroll plus a flat amount to cover the employer-specific actuarially accrued liability contribution for the fiscal year as determined by the annual valuation.

Per Kentucky Revised Statutes 61.565 and 16.645(18), normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of the last annual valuation preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS and SPRS.

For the fiscal year ended June 30, 2025, participating employers of KERS Nonhazardous, KERS Hazardous and SPRS contributed a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS Board for the fiscal year is a percentage of each employee's creditable compensation. Administrative costs are financed through employer contributions and investment earnings.

Contribution Rate Breakdown by Plan						
As of June 30, 2025						
Plan	Pension		Insurance		Combined Total	
	Employer Contribution Rates	Actuarially Recommended Rates	Employer Contribution Rates	Actuarially Recommended Rates	Employer Contribution Rates	Actuarially Recommended Rates
KERS Nonhazardous *	6.99%	6.99%	1.45%	1.45%	8.44%	8.44%
KERS Hazardous	23.74%	23.74%	—%	—%	23.74%	23.74%
SPRS	65.79%	65.79%	2.31%	2.31%	68.10%	68.10%

\* House Bill 8 passed during the 2021 legislative session required, beginning July 1, 2021, the KERS Nonhazardous employers pay the normal cost for all employees plus a flat amount which is equal to their assigned percentage of the annual dollar amount that is sufficient to amortize the total unfunded actuarial accrued liability of the system over a closed period. The percentage is based on the liability that was attributable to the agency as of June 30, 2019.

## Benefit Tiers:

As of June 30, 2025, the date of the most recent actuarial valuation, membership consisted of:

Membership as of June 30, 2025 (in Whole \$)				
Item	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
<b>Members</b>	146,022	20,001	3,397	169,420
<b>Active Membership</b>	34,093	4,954	863	39,910
Tier 1	11,179	973	275	12,427
Tier 2	4,644	694	183	5,521
Tier 3	18,270	3,287	405	21,962
<b>Average Annual Salary</b>	\$60,674	\$63,006	\$86,217	
<b>Average Age</b>	45.4	40.4	37.7	
<b>Retired Membership</b>	52,763	5,212	1,753	59,728
Tier 1	51,933	5,103	1,749	58,785
Tier 2	704	90	1	795
Tier 3	126	19	3	148
<b>Average Annual Benefit</b>	\$21,117	\$16,505	\$39,876	
<b>Average Age</b>	71.6	66.7	65.3	

Membership as of June 30, 2025 (in Whole \$)				
Item	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
<b>Members</b>	146,022	20,001	3,397	169,420
<b>Inactive Members</b>	59,166	9,835	781	69,782
Tier 1	31,626	2,201	261	34,088
Tier 2	9,720	1,619	129	11,468
Tier 3	17,820	6,015	391	24,226

#### TIER 1:

Members who began participating prior to September 1, 2008, are required to contribute 5% (Nonhazardous) or 8% (Hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of member contributions and interest.

#### TIER 2:

Members who began participating on or after September 1, 2008, and before January 1, 2014, are required to contribute 5% (Nonhazardous) or 8% (Hazardous) of their annual creditable compensation. Further, members also contribute an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation (KAR) 105 KAR 1:420). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts as of the June 30 of the previous year at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of member contributions and interest; however, the 1% Health Insurance Contribution (HIC) to the 401(h) account is non-refundable and is forfeited.

#### TIER 3:

Members who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% (Nonhazardous) or 8% (Hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% (Nonhazardous) or 7.5% (Hazardous) of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Interest is also paid into the Tier 3 member's account. The account currently earns 4% interest credit on the member's accumulated account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if the GANIR for the previous five years exceeds 4%, then the member's account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). It is possible that one plan in KRS may get an Upside Sharing Interest, while another may not.

### Upside Sharing Interest

Upside Sharing Interest is credited to both the member contribution balance and employer pay credit balance. Upside Sharing Interest is an additional interest credit. Member accounts automatically earn 4% interest annually. The GANIR is calculated on an individual plan basis.

The chart that follows shows the interest calculated on the members' balances as of June 30, 2024, and credited to each member's account on June 30, 2025.

(A-B) = C x 75% = D then B + D = Interest (\$ in Thousands)						
	A	B	C	D		
Plan	5-Year Geometric Average Return	Less Guarantee Rate of 4%	Upside Sharing Interest	Upside Sharing Interest X 75% = Upside Gain	Interest Rate Earned (4% + Upside)	Total Interest Credited to Member Accounts
KERS Nonhazardous	8.21%	4.00%	4.21%	3.16%	7.16%	\$20,790
KERS Hazardous	9.71%	4.00%	5.71%	4.28%	8.28%	\$7,492
SPRS	8.65%	4.00%	4.65%	3.49%	7.49%	\$1,428

## Insurance Fund Description

Eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans, eligible Medicare retirees are covered through contracts with Humana through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2025, insurance premiums withheld from benefit payments for KRS' members were \$12.9 million and \$1.2 million for KERS Nonhazardous and Hazardous, respectively; and, \$0.4 million for SPRS.

### Retiree Medical Insurance Coverage (by Plan Count)

As of June 30, 2025

	Single	Couple/Family	Parent	Medicare Without Prescription	Medicare With Prescription
KERS Nonhazardous	5,977	418	371	848	20,740
KERS Hazardous	549	458	102	59	1,658
SPRS	196	422	77	14	849
<b>Total</b>	<b>6,722</b>	<b>1,298</b>	<b>550</b>	<b>921</b>	<b>23,247</b>

*Note: Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members receive either a percentage or dollar amount for insurance coverage. The counts are the number of medical plans contracted with the Department of Employee Insurance or Medicare vendor and are not representative of the number of persons.*

The amount of benefit paid by the Insurance Fund is based on years of service. For members who began participating prior to July 1, 2003, a percentage of the contribution rate is paid based on years of service with 100% of the contribution rate being paid with 20 years of service.

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum benefit are as follows:

### Portion Paid by Insurance Fund

As of June 30, 2025

	Years of Service	Paid by Insurance Fund (%)
20+ years		100.00%
15-19 years		75.00%
10-14 years		50.00%
4-9 years		25.00%
Less than 4 years		0.00%

Since the passage of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits have been calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, Nonhazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service. Hazardous employees whose participation began on or after July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a Hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned Hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes.

House Bill 1 (2008 Kentucky General Assembly) changed the minimum vesting requirement for participation in the health insurance plan to 15 years for members whose participation began on or after September 1, 2008. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, and 61.692. The Kentucky

General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

The amount of benefit paid by the Insurance Fund is based on years of service. For members participating on or after July 1, 2003, the dollar amounts of the benefit per year of service are as follows:

<b>Dollar Contribution for Fiscal Year 2025 For Member participation date on or after July 1, 2003</b>	
	(in Whole \$)
KERS Nonhazardous	\$14.63
KERS Hazardous	\$21.94
SPRS	\$21.94

The Insurance Plan pays 100% of the contribution rate for hospital and medical insurance premiums for the spouse and dependents of members who die as a direct result of an act in the line of duty or from a duty-related injury.

#### **Cost of Living Adjustment (COLA)**

Prior to July 1, 2009, COLAs were provided to retirees annually equal to the percentage increase in the annual average of the consumer price index (CPI) for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were to be limited to 1.50%.

In 2013, the General Assembly created a new law to govern how COLAs will be granted. Language included in Senate Bill 2 during the 2013 Regular Session states COLAs will only be granted in the future if the KRS Board determines that assets of the Systems are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs the payment of funds in the year the COLA is provided. The granting of COLAs for the KERS and SPRS membership is covered under Kentucky Revised Statutes 61.691. No COLA has been granted since July 1, 2011.

## **Note C. Cash, Short-Term Investments & Securities Lending Collateral**

The provisions of *GASB Statement No. 28 Accounting and Financial Reporting for Securities Lending Transactions* require that cash received as collateral on securities lending transactions and investments made with that cash must be reported as assets on the financial statements. The non-cash collateral is not reported because the securities received as collateral are unable to be pledged or sold unless the borrower defaults. KRS classifies certain other investments, not related to the securities lending program, as short-term. Cash and short-term investments consist of the following:

<b>Cash, Short-Term Investments, &amp; Securities Lending Collateral</b>		
<b>As of June 30, 2025 (\$ in Thousands)</b>		
	<b>Pension</b>	<b>Insurance</b>
<b>KERS Nonhazardous</b>		
Cash	\$263	\$101
Short-Term Investments	221,007	71,358
Securities Lending Collateral Invested	129,611	39,153
<b>Total</b>	<b>\$350,881</b>	<b>\$110,612</b>
<b>KERS Hazardous</b>		
Cash	\$28	\$16
Short-Term Investments	59,712	28,082
Securities Lending Collateral Invested	29,538	15,518
<b>Total</b>	<b>\$89,278</b>	<b>\$43,616</b>
<b>SPRS</b>		
Cash	\$26	\$12
Short-Term Investments	38,383	8,904
Securities Lending Collateral Invested	19,073	6,208
<b>Total</b>	<b>\$57,482</b>	<b>\$15,124</b>

## Note D. Investments

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Kentucky Revised Statutes 61.650 specifically state that the KRS Board shall have the full and exclusive power to invest and reinvest the funds of the Plan(s) they govern. In addition, Kentucky Revised Statutes 61.645 require three (3) members of the KRS Board to have at least ten (10) years of investment experience as defined by the statutes. The KRS Board is required to establish an Investment Committee who is specifically charged with implementing the investment policies adopted by the KRS Board and to act on behalf of the KRS Board of Trustees on all investment-related matters. The KRS Board and the Investment Committee members are required to discharge their duty to invest the funds of the Plans in accordance with the "Prudent Person Standard" as set forth in Kentucky Revised Statutes 61.650 and to manage those funds consistent with the long-term nature of the trusts and solely in the interest of the members and beneficiaries. All internal Investment Staff, and investment consultants must adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute and all Board Trustees must adhere to the Code of Conduct for Members of a Pension Scheme Governing Body of the CFA Institute. The KRS Board is authorized to adopt policies. The KRS Board has adopted an Investment Policy Statement (IPS) which defines the framework for investing the assets of the Plans. The IPS is intended to provide general principles for establishing the investment goals of the Plans, the allocation of assets, employment of outside asset management, and monitoring the results of the respective Plans. A copy of the KRS Board's IPS can be found at [kyret.ky.gov](http://kyret.ky.gov). By statutes, the KRS Board, through adopted written policies, shall maintain ownership and control over its assets held in its unitized managed custodial account. Additionally, the Investment Committee establishes specific investment guidelines that are summarized below and are included in the Investment Management Agreement (IMA) for each investment management firm.

### Equity

#### *Public Equity*

Investments may be made in common stock; securities convertible into common stock; preferred stock of publicly traded companies on stock markets; asset class relevant Exchange Traded Funds (ETFs); or any other type of security contained in a manager's benchmark. Each individual equity account has a comprehensive set of investment guidelines, which contains a listing of permissible investments, portfolio restrictions, and standards of performance.

#### *Private Equity*

Subject to the specific approval of the Investment Committee, Private Equity investments may be made for the purpose of creating a diversified portfolio of alternative investments under the Equity umbrella. Private Equity investments are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional equity investments. Accordingly, total net rates of return from Private Equity investments are expected to be greater than those that might be obtained from conventional public equity or debt investments. Certain investments in this category are public market securities (ETFs) with the most similar risk/ return characteristics as a short-term proxy for private asset classes.

### Fixed Income

#### *Core Fixed Income*

The Core Fixed Income accounts may include, but are not limited to, the following securities: U.S. government and agency bonds; investment grade U.S. corporate credit; investment grade non-U.S. corporate credit; mortgages, including residential mortgage-backed securities; commercial mortgage-backed securities and whole loans; asset backed securities; and, asset class relevant ETFs. Each individual Core Fixed Income account has a comprehensive set of investment guidelines, which contains a listing of permissible investments, portfolio restrictions, and standards of performance.

#### *Specialty Credit*

Specialty Credit includes both publicly traded debt, and private credit. The Specialty Credit accounts may include, but are not limited to, the following types of securities and investments: non-investment grade U.S. corporate credit including both bonds and bank loans; non-investment grade non-U.S. corporate credit including bonds and bank loans; private debt; municipal bonds; non-U.S. sovereign debt; mortgages, including residential mortgage-backed securities; commercial mortgage backed securities and whole loans, asset backed securities and emerging market debt (EMD), including both sovereign EMD and corporate EMD; and asset class relevant ETFs. Each individual Specialty Credit account shall have a comprehensive set of investment guidelines for the account.

## **Short-Term Investments**

The following short-term investment vehicles are considered acceptable: Publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages, municipal bonds, and collective short-term investment funds (STIFs), money market funds or instruments (including, but not limited to certificates of deposit, bank notes, deposit notes, bankers' acceptance and commercial paper) and repurchase agreements relating to the above instruments. Instruments may be selected from among those having an investment grade rating at the time of purchase by at least one recognized bond rating service. In cases where the instrument has a split rating, the lower of the two ratings shall prevail. All instruments shall have a maturity at the time of purchase that does not exceed 397 days.

Fixed income managers, who utilize cash equivalent securities as an integral part of their investment strategy, are exempt from the permissible investments contained in the preceding paragraph. Permissible short-term investments for Fixed Income managers shall be included in the investment manager's investment guidelines.

## **Inflation Protected**

### *Real Estate and Real Return*

Investments may be made in real estate equity and debt for the purposes of achieving the highest total rate of return possible consistent with a prudent level of risk and provide returns that have a positive correlation to inflation. Allowable real estate investments include open-end and closed-end commingled real estate funds, joint venture investments, public and private real estate investment trusts (REITs), public real estate operating companies, and real estate related debt. Real Return investments are intended to provide both favorable stand alone risk-adjusted returns as well as the benefit of hedging inflation for the broader plans. Real Return investments may include real assets, such as infrastructure, real estate, commodities, and natural resources, as well as financial assets that have a positive correlation to inflation.

## **Investment Expenses**

In accordance with *GASB Statement No. 67 and No. 74, Financial Reporting for Pension Plans and Other Postemployment Benefit Plans other than Pension Plans*, management has exercised professional judgment to report investment expenses. It is not cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses. In fiscal year 2015, management changed Private Equity investment fees from a gross basis to a net basis. The KRS Board made the decision to enhance transparency reporting. Prior to 2015, the majority of the Plans' Private Equity investment fees were netted against investment activity which is the standard used within the Private Equity sector. The Plans' reported net investment income has always included these fees regardless of the reporting method used. During the 2017 Regular Session of the Kentucky General Assembly, legislators passed SB 2 which requires the reporting of all investment fees and expenses. Management continues to work with managers to enhance fee and expense reporting.

## **Derivatives**

Derivative instruments are financial contracts that have various effective dates and maturity dates and whose values depend on the values of one or more underlying assets, reference rates, or financial indices. External managers and Investment Staff are permitted to invest in derivative securities, or strategies which make use of derivative investments, for exposure, cost efficiency and risk management purposes, if such investments do not cause the portfolio to be leveraged beyond a 100% invested position. Any derivative security shall be sufficiently liquid that it can be expected to be sold at, or near, its most recently quoted market price. Examples of such derivatives include, but are not limited to the following securities: foreign currency forward contracts; futures; options; and swaps.

For accounting and financial reporting purposes, all derivative instruments are considered investment derivative instruments. The derivatives have been segregated on the Combining Statement of Fiduciary Net Position for all the Pension and Insurance Plans.

In accordance with *GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, KRS provides additional disclosure regarding its derivatives. The charts included represent the derivatives by types as of June 30, 2025. The chart shows the change in fair value of derivative types as well as the current fair value and notional value. The notional value is the reference amount of the underlying asset times its current spot price. The Plans hold investments in options, commitments, futures, and forward foreign exchange contracts.

## KERS Pension and Insurance Derivative Instruments

As of June 30, 2025 (\$ in Thousands)

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
<b>KERS Nonhazardous - Pension</b>				
FX Spots and Forwards	(\$13)	Investment	(\$13)	\$—
Futures	35	Investment	35	22,304
Commits and Options	(1)	Investment	(5)	—
Swaps	—	Investment	—	—
<b>KERS Nonhazardous - Insurance</b>				
FX Spots and Forwards	(\$9)	Investment	(\$9)	\$—
Futures	17	Investment	12	3,709
Commits and Options	(2)	Investment	(3)	—
Swaps	—	Investment	—	—
<b>KERS Hazardous - Pension</b>				
FX Spots and Forwards	(\$7)	Investment	(\$7)	\$—
Futures	7	Investment	7	1,813
Commits and Options	(1)	Investment	(2)	—
Swaps	—	Investment	—	—
<b>KERS Hazardous - Insurance</b>				
FX Spots and Forwards	\$—	Investment	\$—	\$—
Futures	11	Investment	11	1,739
Commits and Options	—	Investment	—	—
Swaps	—	Investment	—	—

## SPRS Pension and Insurance Derivative Instruments

As of June 30, 2025 (\$ in Thousands)

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
<b>SPRS Pension</b>				
FX Spots and Forwards	(\$3)	Investment	(\$3)	\$—
Futures	5	Investment	5	3,211
Commits and Options	—	Investment	(1)	—
Swaps	—	Investment	—	—
<b>SPRS Insurance</b>				
FX Spots and Forwards	(\$2)	Investment	(\$2)	\$—
Futures	2	Investment	1	475
Commits and Options	—	Investment	(1)	—
Swaps	—	Investment	—	—

## Derivative Instruments Subject to Counterparty Credit Risk

As of June 30, 2025

Counterparty	S & P Ratings	KERS Percentage of Net Exposure	KERS INS Percentage of Net Exposure	KERS Haz Percentage of Net Exposure	KERS Haz INS Percentage of Net Exposure	SPRS Percentage of Net Exposure	SPRS INS Percentage of Net Exposure
Bank of America	A-	0.08%	0.18%	0.03%	0.07%	0.01%	0.03%
Bank of New York Mellon	A	0.78%	1.27%	0.24%	0.47%	0.13%	0.20%
Barclays	BBB+	2.26%	4.37%	1.18%	0.06%	0.51%	1.02%
Brown Brothers Harriman	NR	0.07%	0.12%	0.02%	0.05%	0.01%	0.02%
Citigroup	BBB+	0.51%	0.99%	0.27%	—%	0.11%	0.23%
Goldman Sachs	BBB+	1.24%	2.32%	0.57%	0.24%	0.26%	0.50%
HSBC	A-	1.65%	3.22%	0.88%	0.01%	0.37%	0.76%
JPMorgan Chase	A	1.23%	2.42%	0.66%	0.01%	0.28%	0.57%
Morgan Stanley	A-	0.69%	1.34%	0.37%	—%	0.16%	0.32%
Royal Bank of Canada	AA-	1.16%	2.25%	0.61%	0.01%	0.26%	0.53%
Standard Chartered	BBB+	0.60%	1.17%	0.32%	—%	0.14%	0.28%
State Street	A	0.32%	0.63%	0.17%	—%	0.07%	0.15%
UBS	A-	1.11%	2.09%	0.54%	0.15%	0.24%	0.46%
<b>Total</b>		<b>11.70%</b>	<b>22.37%</b>	<b>5.86%</b>	<b>1.07%</b>	<b>2.55%</b>	<b>5.07%</b>

## Custodial Credit Risk For Deposits

Custodial credit risk for deposits is the risk that may occur as a result of a financial institution's failure, whereby KRS deposits may not be returned. All non-investment related bank balances are held by JP Morgan Chase and each individual account is insured by the Federal Deposit Insurance Corporation (FDIC). None of these balances were exposed to custodial credit risk as they were either insured or collateralized at required levels.

### Custodial Credit Risk for Deposits

As of June 30, 2025 (\$ in Thousands)

KERS Nonhazardous Pension	\$1,428
KERS Nonhazardous Insurance	104
KERS Hazardous Pension	28
KERS Hazardous Insurance	15
SPRS Pension	51
SPRS Insurance	19
Clearing	24
Excess Benefit	\$0

*Note: All the above balances are held at JPM Chase.*

## Custodial Credit Risk For Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, KRS will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. As of June 30, 2025, the currencies in the chart below were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in KERS's or SPRS's name. Below are total cash and securities held by Global Managers and consist of various currencies.

## Custodial Credit Risk for Investments

As of June 30, 2025 (\$ in Thousands)

### KERS

KERS Nonhazardous Pension Foreign Currency	\$433,707
KERS Nonhazardous Insurance Foreign Currency	231,953
KERS Hazardous Pension Foreign Currency	136,654
KERS Hazardous Insurance Foreign Currency	90,525

### SPRS

SPRS Pension Foreign Currency	69,774
SPRS Insurance Foreign Currency	\$38,675

## Investment Summary - GASB 40 As Of June 30, 2025 (\$ In Thousands)

Investment Summary As of June 30, 2025 (\$ in Thousands)	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
<b>Type</b>	<b>Fair Value</b>			<b>Fair Value</b>		
Core Fixed Income	\$1,321,111	\$108,938	\$192,126	\$185,737	\$71,714	\$26,046
Public Equities	1,634,223	488,519	239,772	778,997	308,751	124,098
Private Equities	204,983	64,641	28,351	110,299	44,588	19,915
Specialty Credit	1,007,415	279,612	141,502	450,538	173,745	72,263
Derivatives	17	(2)	1	—	11	(2)
Real Return	468,629	85,420	69,012	139,103	53,375	21,664
Real Estate	234,554	63,267	35,441	102,488	45,389	17,333
Short-Term Investments	221,007	59,712	38,383	71,358	28,082	8,904
Accounts Receivable (Payable), Net	(33,473)	(4,208)	(4,520)	(10,377)	(2,012)	(981)
<b>Total</b>	<b>\$5,058,466</b>	<b>\$1,145,899</b>	<b>\$740,068</b>	<b>\$1,828,143</b>	<b>\$723,643</b>	<b>\$289,240</b>

## Credit Risk Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The debt security portfolios are managed by the Investment Staff and by external investment management firms. Each portfolio is required to be in compliance with a comprehensive set of investment guidelines that are assigned to them based upon the portfolio's specific mandate. In total, the Plans' debt securities portfolios are managed using the following guidelines adopted by the KRS Board:

- Bonds, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities are permissible investments and may be held without restrictions.
- The duration of the core fixed income portfolios combined shall not vary from that of KRS' Fixed Income Index by more than +/- 25% duration as measured by effective duration, modified duration or dollar duration except when the system's Investment Committee has determined a target duration to be used for an interim basis.
- The amount invested in the debt of a single corporation shall not exceed 5% of the total market value of fixed income assets, with certain limited exceptions.
- 50% of the core fixed income assets must have stated liquidity that is trade date plus three days or better.

## Debt Securities - GASB 40

As of June 30, 2025 (\$ in Thousands)

Type	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
AAA	\$58,706	\$5,285	\$8,618	\$9,272	\$3,329	\$1,364
AA+	5,210	675	802	1,122	297	192
AA	5,788	680	878	1,050	279	179
AA-	8,762	758	1,281	1,350	500	194
A+	19,736	1,743	2,891	3,003	1,096	437
A	30,834	2,627	4,499	4,843	1,818	692
A-	53,944	4,530	7,855	7,966	3,033	1,123
BBB+	51,908	4,648	7,615	8,154	2,951	1,192

## Debt Securities - GASB 40

As of June 30, 2025 (\$ in Thousands)

Type	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
BBB	45,494	5,243	6,842	8,944	2,627	1,404
BBB-	43,969	9,204	7,093	13,464	2,485	2,238
BB+	40,680	11,049	6,874	18,012	3,958	2,251
BB	53,185	14,787	8,740	24,838	5,799	2,747
BB-	67,301	18,842	11,119	31,901	7,421	3,554
B+	47,812	13,719	7,630	23,242	5,351	2,491
B	76,360	21,757	11,928	38,085	8,988	3,883
B-	61,050	17,506	9,385	31,230	7,380	3,115
CCC+	21,533	5,797	3,496	10,100	2,489	1,045
CCC	9,087	2,405	1,486	4,265	1,068	440
CCC-	800	207	133	369	94	39
CC	252	76	37	139	32	13
D	1,942	516	316	874	218	90
NR	1,002,298	192,595	133,197	299,453	149,212	55,984
<b>Total Credit Risk Debt Securities</b>	<b>\$1,706,651</b>	<b>\$334,649</b>	<b>\$242,715</b>	<b>\$541,676</b>	<b>\$210,425</b>	<b>\$84,667</b>
Government Agencies	22,793	1,981	3,333	3,598	1,321	522
Government Mortgage-Backed Securities	238,101	20,048	34,702	35,505	13,478	5,037
Government Issued Commercial Mortgage Backed	8,452	697	1,229	1,262	487	177
Government Collateralized Mortgage Obligations	4,265	676	679	1,015	211	188
Government Bonds	348,264	30,499	50,970	53,219	19,537	7,718
<b>Total Credit Risk Debt Securities</b>	<b>\$2,328,526</b>	<b>\$388,550</b>	<b>\$333,628</b>	<b>\$636,275</b>	<b>\$245,459</b>	<b>\$98,309</b>

*Note: These ratings are based on Standard & Poor's (S&P) Global Ratings. Where S&P ratings are unavailable, equivalent Moody's Ratings are used as proxies.*

*Differences due to rounding.*

*Government Agencies, Government Mortgage-Backed Securities, Government Issued Commercial Mortgage Backed and Government Bonds are highly rated securities since they are backed by the US Government.*

*The NR reported indicates a rating has not been assigned.*

## Concentration Of Credit Risk Debt Securities

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's exposure in a single issuer. The total debt securities portfolio is managed using the following general guidelines adopted by the KRS Board: bonds, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities are permissible investments and may be held without restrictions. The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of the Plans' fixed income assets.

## Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration measures the sensitivity of the market prices of fixed income securities to changes in the yield curve and can be measured using two methodologies: effective or modified duration. Effective duration uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price, and makes adjustments for any bond features that would retire the bonds prior to maturity. The modified duration, similar to effective duration, measures the sensitivity of the market prices to changes in the yield curve, but does not assume the securities will be called prior to maturity.

### Interest Rate Risk - Modified Duration

As of June 30, 2025 (\$ in Thousands)

Type	Pension				Insurance			
	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
<b>KERS</b>	<b>Nonhazardous</b>		<b>Hazardous</b>		<b>Nonhazardous</b>		<b>Hazardous</b>	
Asset Backed Securities	\$56,446	2.54	\$6,262	2.00	\$10,525	2.04	\$3,488	2.26
Financial Institutions	165,728	3.53	31,568	2.63	54,297	2.60	13,832	2.92
Collateralized Mortgage Obligations	12,473	2.82	1,757	1.95	2,615	2.11	597	3.02
Commercial Mortgage Backed Securities	15,716	5.09	1,794	4.54	2,950	4.62	857	5.12
Corporate Bonds - Industrial	410,509	3.61	95,373	3.07	162,890	3.02	39,768	3.20
Corporate Bonds - Utilities	61,774	5.44	8,411	4.87	14,245	4.84	4,147	5.07
Agencies	22,793	6.36	1,981	6.26	3,599	6.22	1,322	6.32
Government Bonds - Sovereign Debt	5,241	9.57	536	8.89	895	9.43	278	9.97
Mortgage Back Securities Pass-through - Not CMO's	238,910	5.59	20,165	5.57	35,665	5.58	13,512	5.60
Local Authorities - Municipal Bonds	12,359	7.91	1,586	7.83	2,558	7.84	666	7.94
Supranational - Multi-National Bonds	191	2.53	101	2.53	111	2.64	—	2.64
Treasuries	348,264	7.01	30,498	6.88	53,219	6.96	19,537	7.07
Unclassified	978,122	0.01	188,518	0.03	292,706	0.06	147,455	0.02
<b>Total</b>	<b>\$2,328,526</b>	<b>2.90</b>	<b>\$388,550</b>	<b>2.06</b>	<b>\$636,275</b>	<b>2.17</b>	<b>\$245,459</b>	<b>1.78</b>

### Interest Rate Risk - Modified Duration

As of June 30, 2025 (\$ in Thousands)

Type	Pension			Insurance		
	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
Asset Backed Securities	\$8,234	2.55	\$1,364	2.27		
Financial Institutions	25,226	3.54	6,452	2.91		
Collateralized Mortgage Obligations	1,946	2.68	471	1.81		
Commercial Mortgage Backed Securities	2,376	5.02	485	4.39		
Corporate Bonds - Industrial	65,056	3.63	18,551	3.20		
Corporate Bonds - Utilities	9,418	5.39	1,943	4.99		
Agencies	3,333	6.35	522	6.16		
Government Bonds - Sovereign Debt	781	9.48	142	9.16		
Mortgage Back Securities Pass-through - Not CMO's	34,828	5.59	5,066	5.57		
Local Authorities - Municipal Bonds	1,900	7.90	440	7.80		
Supranational - Multi-National Bonds	43	2.53	26	2.64		
Treasuries	50,970	7.00	7,718	6.89		
Unclassified	129,517	0.01	55,129	0.04		
<b>Total</b>	<b>\$333,628</b>	<b>3.03</b>	<b>\$98,309</b>	<b>1.89</b>		

## Foreign Currency Risk

Foreign currency risk is the risk that occurs if exchange rates adversely affect the value of a non-U.S. dollar based investment or deposit within the portfolios. Currency risk exposure, or exchange rate risk, primarily resides with the portfolios Non-U.S. equity holdings, but also affects other asset classes. KRS doesn't have a formal policy to limit foreign currency risk; however, some individual managers are given the latitude to hedge some currency exposures. All foreign currency transactions are classified as Short-Term Investments. All gains and losses associated with these transactions are recorded in the Net Appreciation (Depreciation) in Fair Value of Investments on the combining financial statements.

## Foreign Currency Risk

As of June 30, 2025 (\$ in Thousands)

Type	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
Australian Dollar	\$10,776	\$3,494	\$1,788	\$6,032	\$2,026	\$974
Brazilian Real	8,535	2,769	1,417	4,918	1,664	791
Canadian Dollar	19,637	6,117	3,185	11,012	4,001	1,709
Czech Koruna	6	2	1	6	2	1
Danish Krone	9,798	3,020	1,580	5,270	1,942	812
Egyptian Pound	173	53	28	76	28	12
Euro	140,629	45,533	22,291	69,699	31,582	13,489
Hong Kong Dollar	29,697	9,154	4,788	16,668	6,143	2,568
Hungarian Forint	2,820	869	455	1,547	570	238
Indian Rupee	14,505	4,551	2,362	7,916	2,830	1,239
Indonesian Rupiah	5,800	2,003	998	3,321	987	565
Israeli Shekel	5,870	1,810	946	3,264	1,203	503
Japanese Yen	51,951	16,058	8,389	28,357	10,405	4,378
Malaysian Ringgit	1,330	410	214	740	273	114
Mexican Peso	531	80	61	238	178	16
New Taiwan Dollar	19,236	5,930	3,102	10,458	3,854	1,611
New Zealand Dollar	713	379	161	473	2	112
Norwegian Krone	506	233	104	319	34	68
Philippine Peso	847	392	175	565	59	121
Polish Zloty	1,538	474	248	859	317	132
Pound Sterling	43,573	13,515	7,050	24,324	8,867	3,769
Romanian Leu	159	49	26	85	31	13
Singapore Dollar	1,572	185	166	731	600	38
South African Rand	1,182	364	191	613	226	94
South Korean Won	17,258	5,320	2,783	9,962	3,671	1,534
Swedish Krona	6,792	2,093	1,095	3,684	1,358	568
Swiss Franc	32,377	9,980	5,220	17,528	6,460	2,700
Thai Baht	3,789	1,168	611	2,096	773	323
Turkish Lira	1,610	496	259	904	333	139
UAE Dirham	497	153	80	288	106	44
<b>Total Foreign Investment Securities</b>	<b>433,707</b>	<b>136,654</b>	<b>69,774</b>	<b>231,953</b>	<b>90,525</b>	<b>38,675</b>
U.S. Dollar	4,624,759	1,009,245	670,294	1,596,190	633,118	250,565
<b>Total Investment Securities</b>	<b>\$5,058,466</b>	<b>\$1,145,899</b>	<b>\$740,068</b>	<b>\$1,828,143</b>	<b>\$723,643</b>	<b>\$289,240</b>

## Fair Value Measurement And Applications (GASB 72)

In accordance with *GASB Statement No. 72, Fair Value Measurement and Application*, KRS provides this additional disclosure regarding the fair value of its Pension and Insurance investments. KRS categorizes its fair value measurements within the fair value hierarchy established by GAAP.

### KRS Defined The Fair Value Hierarchy And Levels As Follows:

#### Level 1

Quoted prices (unadjusted) in an active market for identical assets or liabilities that KRS has the ability to access at the measurement date (e.g., prices derived from NYSE, NASDAQ, Chicago Board of Trade, and Pink Sheets). Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices (unadjusted) in an active market for identical assets or liabilities that KRS has the ability to access at the measurement date.

#### Level 2

Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

## Level 3

Unobservable inputs for an asset or liability, which generally results in using the best information available for the valuation of the assets or liabilities being reported.

### Net Asset Value (NAV)

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

## Fair Value Measurements and Application - Pension

As of June 30, 2025 (\$ in Thousands)

Asset Type	KERS Nonhazardous			Total	KERS Hazardous			Total	SPRS			Total
	Level				Level				Level			
	1	2	3	Fair Value	1	2	3	Fair Value	1	2	3	Fair Value
<b>Public Equity</b>												
Emerging Markets	\$72,265	\$—	\$—	\$72,265	\$22,276	\$—	\$—	\$22,276	\$11,652	\$—	\$—	\$11,652
US Equity	1,016,613	—	—	<b>1,016,613</b>	303,904	—	—	<b>303,904</b>	149,311	—	—	<b>149,311</b>
Non-US Equity	399,926	—	—	<b>399,926</b>	123,280	—	—	<b>123,280</b>	64,485	—	—	<b>64,485</b>
<b>Total Public Equity</b>	<b>1,488,804</b>	—	—	<b>1,488,804</b>	<b>449,460</b>	—	—	<b>449,460</b>	<b>225,448</b>	—	—	<b>225,448</b>
<b>Fixed Income</b>												
Agencies	—	6,620	—	<b>6,620</b>	546	—	—	546	963	—	—	<b>963</b>
Asset-Backed	—	45,662	—	<b>45,662</b>	5,458	—	—	<b>5,458</b>	6,677	—	—	<b>6,677</b>
Bank & Finance	—	78,512	141,891	<b>220,403</b>	9,486	44,308	—	<b>53,794</b>	11,911	21,112	—	<b>33,023</b>
Cash & Cash Equivalent	(198)	—	(198)	(198)	(13)	—	—	(13)	(28)	—	—	(28)
Corporate	404,601	448,693	1,585	<b>854,879</b>	37,591	86,927	486	<b>125,004</b>	58,862	71,481	232	<b>130,575</b>
Healthcare	—	17,340	—	<b>17,340</b>	2,370	—	—	<b>2,370</b>	2,646	—	—	<b>2,646</b>
Insurance	4,675	—	4,675	—	435	—	—	<b>435</b>	689	—	—	<b>689</b>
Municipals	10,137	—	10,137	—	836	—	—	<b>836</b>	1,474	—	—	<b>1,474</b>
Sovereign Debt	14,721	—	14,721	—	3,653	—	—	<b>3,653</b>	2,582	—	—	<b>2,582</b>
US Government	348,549	251,843	—	<b>600,392</b>	28,893	21,183	—	<b>50,076</b>	50,716	36,700	—	<b>87,416</b>
<b>Total Fixed Income</b>	<b>753,150</b>	<b>878,005</b>	<b>143,476</b>	<b>1,774,631</b>	<b>66,484</b>	<b>130,881</b>	<b>44,794</b>	<b>242,159</b>	<b>109,578</b>	<b>135,095</b>	<b>21,344</b>	<b>266,017</b>
<b>Derivatives</b>												
Futures	(20)	—	—	<b>(20)</b>	(12)	—	—	<b>(12)</b>	(5)	—	—	(5)
Foreign Exchange	—	(5)	—	<b>(5)</b>	(2)	—	—	<b>(2)</b>	(1)	—	—	(1)
<b>Total Derivatives</b>	<b>(20)</b>	<b>(5)</b>	—	<b>(25)</b>	<b>(12)</b>	<b>(2)</b>	—	<b>(14)</b>	<b>(5)</b>	<b>(1)</b>	—	<b>(6)</b>
Private Equity ETFs	43,074	—	—	<b>43,074</b>	8,864	—	—	<b>8,864</b>	11,725	—	—	<b>11,725</b>
Real Estate ETFs	32,098	—	—	<b>32,098</b>	12,911	—	—	<b>12,911</b>	2,505	—	—	<b>2,505</b>
Real Return	280,520	—	—	<b>280,520</b>	49,067	—	—	<b>49,067</b>	36,705	—	—	<b>36,705</b>
<b>Total Investments at Fair Value</b>	<b>2,597,626</b>	<b>878,000</b>	<b>143,476</b>	<b>3,619,102</b>	<b>586,774</b>	<b>130,879</b>	<b>44,794</b>	<b>762,447</b>	<b>385,956</b>	<b>135,094</b>	<b>21,344</b>	<b>542,394</b>
<b>Investments Measured at NAV</b>												
Specialty Credit	—	—	—	<b>588,160</b>	—	—	—	<b>154,955</b>	—	—	—	<b>72,848</b>
Private Equity	—	—	—	<b>170,243</b>	—	—	—	<b>56,968</b>	—	—	—	<b>18,814</b>
Real Estate	—	—	—	<b>203,598</b>	—	—	—	<b>51,338</b>	—	—	—	<b>33,103</b>
Real Return	—	—	—	<b>198,869</b>	—	—	—	<b>38,284</b>	—	—	—	<b>33,775</b>
Fixed Income	—	—	—	<b>46,111</b>	—	—	—	<b>3,802</b>	—	—	—	<b>6,706</b>
Non US Equity	—	—	—	<b>154,056</b>	—	—	—	<b>41,722</b>	—	—	—	<b>15,712</b>
Emerging Markets	—	—	—	<b>1,097</b>	—	—	—	<b>338</b>	—	—	—	<b>177</b>
US Equity	—	—	—	<b>10,474</b>	—	—	—	<b>3,368</b>	—	—	—	<b>1,724</b>
<b>Total Investments Measured at NAV</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,372,608</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>350,775</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>182,859</b>
<b>Cash and Accruals</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>66,756</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>32,677</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>14,815</b>

## Fair Value Measurements and Application - Pension

As of June 30, 2025 (\$ in Thousands)

Asset Type	KERS Nonhazardous			Total	KERS Hazardous			Total	SPRS			Total
	Level				Level				Level			
	1	2	3	Fair Value	1	2	3	Fair Value	1	2	3	Fair Value
<b>Total Investments</b>	<b>\$2,597,626</b>	<b>\$878,000</b>	<b>\$143,476</b>	<b>\$5,058,466</b>	<b>\$586,774</b>	<b>\$130,879</b>	<b>\$44,794</b>	<b>\$1,145,899</b>	<b>\$385,956</b>	<b>\$135,094</b>	<b>\$21,344</b>	<b>\$740,068</b>

*Note: The fair value hierarchies do not reflect cash and accruals thus totals differ from the Investment Summaries.*  
*Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.*

The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application - Pension												
As of June 30, 2025 (\$ in Thousands)												
Asset Type	KERS Nonhazardous				KERS Hazardous				SPRS			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Specialty Credit <sup>(1)</sup>	\$588,160	\$112,782	Daily - Quarterly	90 Days	\$154,955	\$26,080	Daily - Quarterly	90 Days	\$72,848	\$14,061	Daily - Quarterly	90 Days
Real Estate <sup>(2)</sup>	203,598	26,676			51,338	7,607			33,103	3,190		
Real Return <sup>(3)</sup>	198,869	81,432	Daily	30 - 60 Days	38,284	13,520	Daily	30 - 60 Days	33,775	12,647	Daily	30 - 60 Days
Private Equity <sup>(4)</sup>	170,243	27,061			56,968	9,809			18,814	3,068		
Fixed Income <sup>(5)</sup>	46,111		Daily		3,802		Daily		6,706		Daily	
Non US Equity <sup>(5)</sup>	154,056		Daily		41,722		Daily		15,712		Daily	
Emerging Markets <sup>(5)</sup>	1,097		Daily		338		Daily		177		Daily	
US Equity <sup>(5)</sup>	10,474		Daily		3,368		Daily		1,724		Daily	
<b>Total Investments Measured at NA</b>	<b>\$1,372,608</b>	<b>\$247,951</b>			<b>\$350,775</b>	<b>\$57,016</b>			<b>\$182,859</b>	<b>\$32,966</b>		
<sup>(1)</sup>	This type includes 12 specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. noninvestment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt.											
<sup>(2)</sup>	This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated.											
<sup>(3)</sup>	This type includes 17 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts.											
<sup>(4)</sup>	This type includes 30 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are distributed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information											
<sup>(5)</sup>	This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.											

## Fair Value Measurements and Application - Insurance

As of June 30, 2025 (\$ in Thousands)

Asset Type	KERS Nonhazardous			Total	KERS Hazardous			Total	SPRS			Total
	1	2	3		Fair Value	1	2		Fair Value	1	2	3
<b>Public Equity</b>												
Emerging Markets	\$39,531	\$—	\$—	\$39,531	\$14,569	\$—	\$—	\$14,569	\$6,089	\$—	\$—	\$6,089
US Equity	476,910	—	—	476,910	189,925	—	—	189,925	75,807	—	—	75,807
Non-US Equity	221,037	—	—	221,037	81,465	—	—	81,465	34,046	—	—	34,046
<b>Total Public Equity</b>	<b>737,478</b>	<b>—</b>	<b>—</b>	<b>737,478</b>	<b>285,959</b>	<b>—</b>	<b>—</b>	<b>285,959</b>	<b>115,942</b>	<b>—</b>	<b>—</b>	<b>115,942</b>
<b>Fixed Income</b>												
Agencies	1,047			1,047		404		404		147		147
Asset-Backed	9,117			9,117		2,899		2,899		1,173		1,173
Bank & Finance	15,500	78,136		93,636		4,457	16,996	21,453		2,422	8,071	10,493
Cash & Cash Equivalent		15		15		(8)		(8)		6		6
Corporate	59,056	146,421	935	206,412	20,939	38,265	210	59,414	7,808	17,737	92	25,637
Healthcare	3,926			3,926		1,139		1,139		534		534
Insurance	775			775		271		271		116		116
Municipals	1,550			1,550		599		599		217		217
Sovereign Debt	4,982			4,982		529		529		1,050		1,050
US Government	51,376	37,561		88,937	19,755	14,271		34,026	7,225	5,326		12,551
<b>Total Fixed Income</b>	<b>110,432</b>	<b>220,894</b>	<b>79,071</b>	<b>410,397</b>	<b>40,694</b>	<b>62,826</b>	<b>17,206</b>	<b>120,726</b>	<b>15,033</b>	<b>28,728</b>	<b>8,163</b>	<b>51,924</b>
<b>Derivatives</b>												
Futures	(16)			(16)		—		—	(4)			
Foreign Exchange		(3)		(3)		—	—	—		(1)		
<b>Total Derivatives</b>	<b>(16)</b>	<b>(3)</b>	<b>—</b>	<b>(19)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(4)</b>	<b>(1)</b>	<b>—</b>	<b>(5)</b>
<b>Private Equity</b>												
ETFs	33,632			33,632				—				—
Real Estate ETFs	21,440			21,440				—				—
Real Return	57,618			57,618	24,811			24,811	9,869			9,869
<b>Total Investments at Fair Value</b>	<b>960,584</b>	<b>220,891</b>	<b>79,071</b>	<b>1,260,546</b>	<b>351,464</b>	<b>62,826</b>	<b>17,206</b>	<b>431,496</b>	<b>140,840</b>	<b>28,727</b>	<b>8,163</b>	<b>177,730</b>
<b>Investments Measured at NAV</b>												
Specialty Credit	—	—	—	252,164	—	—	—	129,051	—	—	—	48,522
Private Equity	—	—	—	83,161	—	—	—	44,225	—	—	—	19,691
Real Estate	—	—	—	81,808	—	—	—	45,752	—	—	—	17,557
Real Return	—	—	—	73,661	—	—	—	29,165	—	—	—	11,713
Fixed Income	—	—	—	6,056	—	—	—	2,338	—	—	—	849
Non US Equity	—	—	—	45,629	—	—	—	24,317	—	—	—	8,792
Emerging Markets	—	—	—	627	—	—	—	231	—	—	—	97
US Equity	—	—	—	4,992	—	—	—	1,998	—	—	—	806
<b>Total Investments Measured at NAV</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>548,098</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>277,077</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>108,027</b>
<b>Cash and Accruals</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>19,499</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15,070</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,483</b>
<b>Total Investments</b>	<b>\$960,584</b>	<b>\$220,891</b>	<b>\$79,071</b>	<b>\$1,828,143</b>	<b>\$351,464</b>	<b>\$62,826</b>	<b>\$17,206</b>	<b>\$723,643</b>	<b>\$140,840</b>	<b>\$28,727</b>	<b>\$8,163</b>	<b>\$289,240</b>

Note: The fair value hierarchies do not reflect cash and accruals thus totals differ from the Investment Summaries.

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application - Insurance												
As of June 30, 2025 (\$ in Thousands)												
Asset Type	KERS Nonhazardous				KERS Hazardous				SPRS			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Specialty Credit <sup>(1)</sup>	\$252,164	\$50,043	Daily - Quarterly	90 Days	\$129,051	\$12,855	Daily - Quarterly	90 Days	\$48,522	\$6,423	Daily - Quarterly	90 Days
Real Estate <sup>(2)</sup>	81,808	8,861			45,752	6,624			17,557	2,531		
Real Return <sup>(3)</sup>	73,661	27,963	Daily	30 - 60 Days	29,165	11,599	Daily	30 - 60 Days	11,713	4,545	Daily	30 - 60 Days
Private Equity <sup>(4)</sup>	83,161	9,877			44,225	7,650			19,691	3,690		
Fixed Income <sup>(5)</sup>	6,056		Daily		2,338		Daily		849		Daily	
Non US Equity <sup>(5)</sup>	45,629		Daily		24,317		Daily		8,792		Daily	
Emerging Markets <sup>(5)</sup>	627		Daily		231		Daily		97		Daily	
US Equity <sup>(5)</sup>	4,992		Daily		1,998		Daily		806		Daily	
<b>Total Investments Measured at NA</b>	<b>\$548,098</b>	<b>\$96,744</b>			<b>\$277,077</b>	<b>\$38,728</b>			<b>\$108,027</b>	<b>\$17,189</b>		
<sup>(1)</sup>	This type includes 12 specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. noninvestment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt.											
<sup>(2)</sup>	This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated.											
<sup>(3)</sup>	This type includes 17 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts.											
<sup>(4)</sup>	This type includes 30 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are distributed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information											
<sup>(5)</sup>	This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.											

## Money-weighted Rates Of Return

In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, KRS provides this additional disclosure regarding its money-weighted rate of return for the period of June 30, 2025. The money-weighted rate of return is a method of calculating period-by-period returns on the Pension and Insurance Plans' investments that adjusts for the changing amounts actually invested. For the purposes of this statement, money-weighted rate of return is calculated as the internal rate of return on investments, net of investment expenses, then adjusted for the changing amounts actually invested. Please note this rate is different than the time-weighted returns reported in other sections.

Money-Weighted Rates of Return As of June 30, 2025						
	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
2025	11.24%	11.88%	10.97%	11.74%	11.17%	11.23%

## Note E. Securities Lending Transactions

Kentucky Revised Statutes 61.650 and 386.020(2) permit the Systems to lend their securities to broker-dealers and other entities. KRS utilizes a securities lending program to temporarily lend securities to qualified agents in exchange for either cash collateral or other securities with an initial fair value of 102% or 105% of the value of the borrowed securities. The borrowers of the securities simultaneously agree to return the borrowed securities in exchange for the collateral. The types of securities lent include U.S. Treasuries, U.S. Agencies, U.S. Corporate Bonds, U.S. Equities, Global Fixed Income Securities, and Global Equities Securities. Securities Lending transactions are accounted for in accordance with GASB Statement No. 28. The net earnings for KERS (Pension and Insurance combined) and SPRS (Pension and Insurance combined) was \$1.2 million and \$0.1 million, respectively.

The IPS does not address any restrictions on the amount of loans that can be made. As of June 30, 2025, KRS had no credit risk exposure to borrowers because the collateral amounts received exceeded the amounts out on loan. The contracts with the custodial bank require them to indemnify KRS if the borrowers fail to return the securities and one or both of the custodial banks have failed to live up to their contractual responsibilities relating to the lending of securities.

All securities loans can be terminated on demand by either party to the transaction. BNY Mellon invests cash collateral as permitted by state statute and KRS Board policy. The agent, BNY Mellon, of the Funds cannot pledge or sell collateral securities received unless the borrower defaults. KRS maintains a conservative approach to investing the cash collateral with BNY Mellon, emphasizing capital preservation, liquidity, and credit quality.

Cash collateral is invested in guaranteed, short-term obligations of the U.S. government, select government agencies and repurchase agreements with qualified agents. KRS cannot pledge or sell collateral securities received unless the borrower defaults. BNY Mellon as the lending agent also indemnifies KRS from any financial loss associated with a borrower's default and collateral inadequacy.

As of June 30, 2025, the average days to maturity for loans was one day, and the weighted average investment maturity of cash collateral investments was one day. The trusts had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts the borrowers owed the trust, and no losses resulted during the period.

Security lending programs can entail interest rate risk and credit risk. KRS minimizes interest rate risk by limiting the term of cash collateral investments to several days. The credit risk is controlled by investing cash collateral in securities with qualities similar to the credit worthiness of lent securities.

As of June 30, 2025, the cash collateral received for the securities on loan totaled \$239.1 million and \$360.6 in non-cash collateral. See the below chart for individual plan totals.

## Securities Lending Collateral

As of June 30, 2025 (\$ in Thousands)

	KERS Nonhazardous Pension	KERS Nonhazardous Insurance	KERS Hazardous Pension	KERS Hazardous Insurance	SPRS Pension	SPRS Insurance	KRS Total
Cash Collateral	\$129,611	\$39,153	\$29,538	\$15,518	\$19,073	\$6,208	\$239,101
Non-Cash Collateral	\$195,366	\$59,156	\$44,523	\$23,447	\$28,749	\$9,379	\$360,620

## Note F. Risk of Loss

KRS and KPPA are exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the provisions of the Kentucky Revised Statutes, the Office of Claims and Appeals is vested with full power and authority to investigate, hear proof, and compensate persons for damages sustained to either person or property as a result of negligence of the agency or any of its employees. Awards are limited to \$250,000 for a single claim and \$400,000 in aggregate per occurrence. Awards and a pro rata share of the operating cost of the Office of Claims and Appeals are paid from the fund of the agency having a claim or claims before the Office of Claims and Appeals.

Claims against the KRS Board and the KPPA Board, or any of its staff as a result of an actual or alleged breach of fiduciary duty, are self-insured effective May 26, 2019.

Claims for job-related illnesses or injuries to employees are insured by the state's self-insured workers' compensation program. Payments approved by the program are not subject to maximum limitations. All medical expenses related to a work injury or illness are paid based upon appropriate statutory and regulatory reductions, and up to 66.67% of wages for temporary disability. Each agency pays premiums based on fund reserves and payroll. Settlements did not exceed insurance coverage in any of the past three fiscal years. Thus, no secondary insurance had to be utilized. There were no claims which were appealed to the Kentucky Workers' Compensation Board.

## Note G. Contingencies

In the normal course of business, KRS is involved in litigation concerning the right of participants, or their beneficiaries, to receive benefits. KRS does not anticipate any material losses for the Systems as a result of the contingent liabilities. KRS is involved in other litigation; therefore, please see Note K. Litigation, for further information.

## Note H. Income Tax Status

The Internal Revenue Service (IRS) has ruled that KERS and SPRS qualify under Section 401(a) of the Internal Revenue Code as tax exempt. KERS and SPRS are subject to income tax on any unrelated business income (UBI).

## Note I. Financial Reporting for (GASB 67) Pension Plans and (GASB 74) Postemployment Benefit Plans

The following details actuarial information and assumptions utilized in determining the unfunded (overfunded) actuarial accrued liabilities for KRS. Please note that calculations for Total Pension Liability (TPL), net fiduciary position, Net Pension Liability (NPL), total OPEB liability, net OPEB fiduciary position, and Net OPEB Liability (NOL) are reported in the Plans' Required Supplementary Information (RSI) beginning on page 51 are based on June 30, 2024, actuarial valuations, rolled forward to June 30, 2025. The prior year valuations are used as the basis for the roll forward method and are applied to complete the current year pension and OPEB valuations as of the measurement date, June 30, 2025, in accordance with GASB Statement No.67, paragraph 37, and GASB Statement No. 74, paragraph 41.

# Financial Reporting For Pension Plan (GASB 67)

## Basis of Calculations

The Systems' actuary Gabriel, Roeder, Smith & Co.(GRS) completed reports by plan in compliance with *GASB Statement No. 67 Financial Reporting for Pension Plans*. The TPL, NPL, and sensitivity information are based on an actuarial valuation date of June 30, 2024. The TPL was rolled forward from the valuation date to the Plans' fiscal year ended June 30, 2025, using generally accepted actuarial principles. Information disclosed for years prior to June 30, 2017, were prepared by the prior actuary. GRS will provide separate reports at a later date with additional accounting information determined in accordance with *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

## Assumptions

Below is a summary of the principal assumptions used for the June 30, 2024, actuarial valuation:

- Investment Return - 6.25% for KERS Hazardous, 5.25% for KERS Nonhazardous and SPRS.
- Inflation - 2.50% for all plans.
- Salary Increases - 3.30% to 15.30% for KERS Nonhazardous, 3.55% to 20.05% for KERS Hazardous, and 3.55% to 16.05% for SPRS, varies by service.
- Payroll Growth - 0% for all plans.
- Mortality - System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

## Plan Provisions

There have been no assumption, method or plan provision changes that would materially impact the total pension liability since June 30, 2024.

## Discount Rate

Single discount rates of 5.25% for the nonhazardous and SPRS plans and 6.25% for the hazardous plan were used to measure the total pension liability for the fiscal year ending June 30, 2025. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

## Additional Health Care Contributions (IRC 401(h) Subaccount)

Based on guidance issued by GASB in connection with *GASB Statement No. 74*, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017, and later are net of the 401(h) asset balance.

## Additional Disclosures

This disclosure is based upon information, furnished to GRS by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. GRS did not audit this data and information, but they did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2025.

## Financial Reporting For Postemployment Benefit Plans (GASB 74)

GRS completed reports by plan in compliance with *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* for the fiscal year ended June 30, 2025. GRS will provide separate reports at a later date with additional accounting information determined in accordance with *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

### Basis of Calculations

The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2024. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2025, using generally accepted actuarial principles.

### Assumptions

The discount rates used to calculate the total OPEB liability increased for each plan since the prior year (see further discussion on the calculation of the single discount rates later in this section). The assumed increase in future health care cost, or trend assumption, was reviewed during the June 30, 2024, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

The Total OPEB Liability as of June 30, 2025, is determined using these updated assumptions.

Below is a summary of the principal assumptions used for the June 30, 2024, actuarial valuation:

- Investment Return - 6.50% for all plans.
- Inflation - 2.50% for all plans.
- Salary Increases - 3.30% to 15.30% for KERS Nonhazardous, 3.55% to 20.05% for KERS Hazardous, 3.55% to 16.05% for SPRS, varies by service.
- Payroll Growth - 0.00% for all plans.
- Mortality - System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
- Health Care Trend Rates:
  - Pre-65 - Initial trend starting at 6.80% on January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
  - Post-65 - Initial trend starting at 8.50% on January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

### Plan Provisions

There have been no plan provision changes that would materially impact the total OPEB liability since June 30, 2024.

### Implicit Employer Subsidy for Non-Medicare Retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. *GASB Statement No. 74* requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

### Discount Rates

The following single discount rates were used to measure the total OPEB liability for the fiscal year ended June 30, 2025.

Plan	Fiscal Year 2025	Fiscal Year 2024	Change in Rate
KERS Nonhazardous	6.25%	6.00%	0.25%
KERS Hazardous	6.20%	5.99%	0.21%
SPRS	6.24%	6.08%	0.16%

Single discount rates of 6.25% for the KERS Nonhazardous plan, 6.20% for the KERS Hazardous plan, and 6.24% for SPRS were used to measure the total OPEB liability for the fiscal year ending June 30, 2025. They are based on the expected rate of return on OPEB plan investments of 6.50% and municipal bond rate of 5.20% as reported in Bond Buyer's "20-Bond Go index" as of June 30, 2025.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

#### **Additional Health Care Contributions (IRC 401(h) Subaccount)**

Based on guidance issued by GASB in connection with *GASB Statement No. 74*, the 1% of pay Tier 2 and Tier 3 members contribute to a 401(h) subaccount and is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017, and later are net of the 401(h) asset balance in the respective pension plans and are included in the OPEB fiduciary net position amounts in the below tables. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.

#### **Additional Disclosures<sup>1</sup>**

This disclosure is based upon information furnished to GRS by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. GRS did not audit this data and information, but they did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024," for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ended June 30, 2025.

## **Target Asset Allocation**

The long-term (10-year) expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables on the following page.

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<sup>1</sup> Note: Data and information regarding GASB 67 and GASB 74 reporting was provided by GRS Retirement Consulting.

## Target Asset Allocation

As of June 30, 2025

Asset Class	KERS Nonhazardous and SPRS Pension Plans Target Allocation	Long-Term Expected Real Rate of Return	KERS Hazardous and all KRS Insurance Plans Target Allocation	Long-Term Expected Real Rate of Return
<b>Equity</b>				
Public Equity	30.00%	4.15%	40.00%	4.15%
Private Equity	6.00%	7.90%	8.00%	7.90%
<b>Fixed Income</b>				
Core Fixed Income	27.00%	2.70%	10.00%	2.70%
Specialty Credit	20.00%	3.83%	25.00%	3.83%
Cash	2.00%	1.25%	2.00%	1.25%
<b>Inflation Protected</b>				
Real Estate	5.00%	4.75%	7.00%	4.75%
Real Return	10.00%	5.20%	8.00%	5.20%
<b>Total</b>	<b>100.00%</b>	<b>4.00%</b>	<b>100.00%</b>	<b>4.29%</b>
<i>Note: Minor deviations are expected between the actuarial assumed rate of return and the expected rate of return reported in the above charts. The actuarial assumed rates of return are based on a review of economic assumptions completed periodically as warranted but not longer than every 2 years; whereas, the expected rate of return is calculated annually for GASB purposes by taking the current asset allocation and applying the most relevant long term market expectations (March 2025) for each asset class.</i>				

## Sensitivity of the NPL to Changes in the Discount Rate Fiscal Year 2025

As of June 30, 2025 (\$ in Thousands)

	KERS Nonhazardous	KERS Hazardous	SPRS
	Current 5.25%	Current 6.25%	Current 5.25%
1% Decrease	\$13,551,721	\$524,105	\$524,049
Current Discount Rate	11,587,422	338,589	382,207
1% Increase	\$9,959,279	\$192,169	\$265,456

## Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Healthcare Trend Rate

As of June 30, 2025 (\$ in Thousands)

	KERS Nonhazardous	KERS Hazardous	SPRS
	Single 6.25%	Single 6.20%	Single 6.24%
<b>Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate</b>			
1% Decrease	\$1,166,773	(\$193,458)	\$41,599
Single Discount Rate	855,601	(253,231)	7,804
1% Increase	\$593,261	(\$302,658)	(\$20,470)
<b>Sensitivity of the Net OPEB Liability (Asset) to Changes in the Current Healthcare Cost Trend Rate</b>			
1% Decrease	\$618,941	(\$294,209)	(\$19,405)
Current Healthcare Cost Trend Rate	855,601	(253,231)	7,804
1% Increase	\$1,131,596	(\$204,647)	\$39,901

## Development of Single Discount Rate for OPEB

As of June 30, 2025

	KERS Nonhazardous	KERS Hazardous	SPRS
Single Discount Rate	6.25%	6.20%	6.24%
Long-Term Expected Rate of Return	6.50%	6.50%	6.50%
Long-Term Municipal Bond Rate <sup>(1)</sup>	5.20%	5.20%	5.20%

*Note: 1. Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Bond Buyer's "20-Bond GO Index" as of as of June 30, 2025.*

## Schedule of Employers' NPL - KERS Nonhazardous

As of June 30, 2025 (\$ in Thousands)

Total Pension Liability (TPL)	\$16,648,847
Plan Fiduciary Net Position	\$5,061,425
Net Pension Liability	\$11,587,422
Ratio of Plan Fiduciary Net Position to TPL	30.40%
Covered Payroll <sup>(1)</sup>	\$2,081,792
Net Pension Liability as a Percentage of Covered Payroll	556.61%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

## Schedule of Employers' NPL - KERS Hazardous

As of June 30, 2025 (\$ in Thousands)

Total Pension Liability (TPL)	\$1,476,069
Plan Fiduciary Net Position	\$1,137,480
Net Pension Liability	\$338,589
Ratio of Plan Fiduciary Net Position to TPL	77.06%
Covered Payroll <sup>(1)</sup>	\$288,682
Net Pension Liability as a Percentage of Covered Payroll	117.29%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

## Schedule of Employers' NPL - SPRS

As of June 30, 2025 (\$ in Thousands)

Total Pension Liability (TPL)	\$1,123,489
Plan Fiduciary Net Position	\$741,282
Net Pension Liability	\$382,207
Ratio of Plan Fiduciary Net Position to TPL	65.98%
Covered Payroll <sup>(1)</sup>	\$75,855
Net Pension Liability as a Percentage of Covered Payroll	503.87%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

## Schedule of the Employers' Net OPEB Liability

As of June 30, 2025 (\$ in Thousands)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll
<b>KERS Nonhazardous<sup>(1)</sup></b>	\$2,771,333	\$1,915,732	\$855,601	69.13%	\$2,087,763	40.98%
<b>KERS Hazardous<sup>(2)</sup></b>	\$482,062	\$735,293	(\$253,231)	152.53%	\$288,682	(87.72%)
<b>SPRS<sup>(1)</sup></b>	\$298,847	\$291,043	\$7,804	97.39%	\$80,447	9.70%

<sup>(1)</sup> Covered Payroll is based on derived compensation using the provided employer contribution information.

<sup>(2)</sup> Covered Payroll is based on derived compensation using the provided employer contribution information. For 2021-2025, derived compensation based on pension contribution information, as there were no required employer contributions for the Insurance Plans for FYE 2021-2025.

## Note J. Legislation

### 2025 Regular Session

The 2025 Regular Session of the Kentucky General Assembly adjourned on Friday, March 28, 2025. Highlights from the Session include the following:

#### BILLS OF DIRECT INTEREST TO KRS MEMBERS AND RETIREES

##### House Bill 30: Public Employee Benefits/Pension Spiking

**House Bill 30** amends the definition of bona fide promotion or career advancement to include increases in the rate of pay given to all employees of a specified class, commonly referred to as across-the-board raises, which will be exempt from pension spiking per Kentucky Revised Statute 61.598(4)(a). This applies to Tier 1 and Tier 2 members with retirement

dates on or after July 1, 2024, per 105 Kentucky Administrative Regulation 1:142. Current law dictates how KPPA administers pension spiking, which is defined as salary increases above a set threshold, for salary that is used to calculate a member's retirement benefit.

### **Senate Bill 176: Statutory Committee Membership Appointments**

**Senate Bill 176** modifies the process for appointments to statutory committees, such as the Public Pension Oversight Board (PPOB). Senate Bill 176 provides that legislator appointments will be made in January of each odd-numbered year for a two-year term, vacancies will be filled within 30 days, and requires the Senate President and Speaker of the House to appoint co-chairs. These changes were effective June 27, 2025. The PPOB assists the General Assembly with its review, analysis, and oversight of the administration, benefits, investments, funding, laws and administrative regulations, and legislation pertaining to KPPA.

### **Senate Bill 183: Fiduciary Duties and Proxy Advisors**

**House Bill 183** requires state-administered retirement systems to take certain steps when utilizing proxy advisors related to shareholder-sponsored proposals and economic analysis. Most requirements in this legislation are currently in existing proxy voting policies. These will be reviewed to ensure compliance with Senate Bill 183. These changes were effective June 27, 2025.

## **Note K. Litigation**

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### **Seven Counties**

Seven Counties Services, Inc. (Seven Counties) filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Western District of Kentucky (the Bankruptcy Court) in April 2013. Seven Counties provides mental health services for the Cabinet for Health and Family Services for the greater Louisville, Kentucky area and surrounding counties. Seven Counties participated in KERS for approximately twenty-five years. Seven Counties identified KERS as a creditor with a primary objective of discharging its continuing obligation to remit retirement contributions for approximately 1,300 employees and to terminate its participation in KERS. If Seven Counties is successful in discharging its obligations to KERS, the estimated member pension and insurance actuarial accrued liability is in the range of \$145 to \$150 million. KERS opposed Seven Counties' attempt to discharge its obligations and terminate its participation. KERS asserted that Seven Counties is a Governmental Unit properly participating in KERS by Executive Order issued in 1978 and thus ineligible for Chapter 11 relief. Consequently, Seven Counties would remain statutorily obligated to continue participation and remit contributions. On May 30, 2014, the Bankruptcy Court held that Seven Counties was not a Governmental Unit and could move forward with its Chapter 11 bankruptcy case. The Bankruptcy Court further held that Seven Counties' statutory obligation to participate in and remit contributions to KERS was a "contract" eligible for rejection. KRS appealed this decision.

On August 24, 2018, the U.S. Court of Appeals for the Sixth Circuit (the Sixth Circuit) issued a two to one Opinion affirming the decision that Seven Counties is eligible to file for bankruptcy under Chapter 11. However, the Sixth Circuit went on to state, "lacking state court precedent characterizing the nature of the relationship between Seven Counties and KERS, we certify that question to the Kentucky Supreme Court." KERS filed a petition to have the Opinion Reheard En Banc by the entire Sixth Circuit. On October 5, 2018, the Sixth Circuit issued an order holding the petition in abeyance pending a response from the Kentucky Supreme Court on the certified question of law. On November 1, 2018, the Supreme Court of Kentucky issued an Order granting certification of the question. The certified question of law was briefed by the parties and oral arguments were held before the Supreme Court of Kentucky on March 6, 2019. On August 29, 2019, the Supreme Court of Kentucky ruled that Seven Counties' participation in and its contributions to KERS are based on a statutory obligation. The Supreme Court of Kentucky's ruling was forwarded to the Sixth Circuit for further consideration.

On July 20, 2020, the Sixth Circuit Court of Appeals issued an Opinion stating that they affirmed their previous determination that Seven Counties was eligible to file a Chapter 11 bankruptcy case. The Sixth Circuit also reversed the conclusion that Seven Counties can reject its obligation to participate as an executory contract and that Seven Counties need not maintain its statutory contribution obligation during the pendency of the bankruptcy. The Sixth Circuit dismissed Seven Counties' cross appeal and remanded the case for further proceedings consistent with the opinion. KERS again filed a petition to have the Opinion regarding Seven Counties' ability to file a Chapter 11 bankruptcy Reheard En Banc by the entire Sixth Circuit. This petition was denied in an Order dated September 11, 2020. The case was remanded back to the Bankruptcy Court.

The parties were able to stipulate to the principal amount of Seven Counties unpaid employer contributions for the post-petition time-frame of April 6, 2014 through February 5, 2015. A limited hearing occurred in February 2022 regarding whether interest is applicable to the stipulated amount. The Bankruptcy Court entered an order that set the amount of the contributions, but did not order Seven Counties to pay that amount. The order was silent regarding the application of

interest. Both Seven Counties and KERS appealed the Bankruptcy Court's order to the United States District Court where it will be joined with the pending appeal of the confirmation of Seven Counties' reorganization plan.

The United States District Court refused to hear the appeals stating that the Bankruptcy Court's order was not final and appealable. That left KERS in a position where no relief was possible; the Bankruptcy Court would not enter an order requiring payment, and the District Court would not hear an appeal. This forced KERS to once again appeal the United States Court of Appeals for the Sixth Circuit. The matter is now fully briefed before that court and parties are awaiting oral arguments.

The Sixth Circuit Court of Appeals agreed with the District Court, ruling that the Bankruptcy Court order was not final and appealable. The Sixth Circuit did however instruct the Bankruptcy Court that it had construed the 2020 ruling too narrowly and returned the case to the Bankruptcy Court for "expeditious resolution of the remaining issues." KRS has moved the Bankruptcy Court to resolve the issue of ordering Seven Counties to pay the stipulated amount and to allow KRS to pursue collecting contributions from February 2015 forward outside of the Bankruptcy Court. These motions are pending.

## **Mayberry**

In December 2017, certain members and beneficiaries of the Kentucky Retirement Systems filed litigation (Mayberry et al v. KKR et al) against certain Hedge Fund Sellers, Investment, Actuarial and Fiduciary Advisors, Annual Report Certifiers, and certain (past and present) Kentucky Retirement Systems' Trustees and Officers in Franklin Circuit Court. The litigation alleges (in summary) that actuarial assumptions, fees, statements and disclosures harmed the financial status of the Retirement Systems. While Kentucky Retirement Systems is designated a "Defendant," that designation is a technical formality in so much as Kentucky Retirement Systems is a "nominal defendant."

On April 20, 2018, the Kentucky Retirement Systems and the plaintiffs filed a joint notice with the Court advising that Kentucky Retirement Systems does not intend to challenge its status as a "nominal defendant." Since then, the Franklin Circuit Court ruled on various Defendants' Motions to Dismiss, denying nearly all of them.

On January 10, 2019, KKR, Henry Kravis and George Roberts (collectively, "KKR Parties") amended their Answer to assert cross claims against Kentucky Retirement Systems. Certain Officer and Trustee Defendants appealed the denial of their Motion to Dismiss on immunity grounds to the Court of Appeals, and that appeal was transferred to the Kentucky Supreme Court. The hedge fund defendants filed a Petition for Writ of Prohibition in the Court of Appeals, arguing the Plaintiffs lacked standing to bring the action. That Petition was granted on April 23, 2019. Plaintiffs promptly appealed the Court of Appeals' decision to the Supreme Court of Kentucky.

On July 9, 2020, the Supreme Court of Kentucky issued an Opinion stating that the plaintiffs, as beneficiaries of a defined-benefit plan who have received all of their vested benefits so far and are legally entitled to receive their benefits for the rest of their lives, do not have a concrete stake in this case and therefore lack standing to bring this claim. The case was remanded to the circuit court with directions to dismiss the complaint. Thereafter, plaintiffs filed a motion seeking to amend their complaint to add parties (Tier 3 members of the Retirement Systems) and claims that would purportedly correct the standing defect identified by the Supreme Court of Kentucky. Furthermore, the Attorney General of the Commonwealth of Kentucky sought leave to intervene in this action through a motion filed July 20, 2020, and an Intervening Complaint on July 22, 2020. The Defendants filed motions seeking to have the case dismissed.

On December 28, 2020, Franklin Circuit Court issued an Order dismissing the Complaint filed by the Plaintiffs, denied Plaintiffs' Motion to file a Second Amended Complaint, and granted the Office of the Attorney General's Motion to Intervene. A variety of additional motions and pleadings were filed, including an original action by the Tier 3 Group. This original action is still in the initial stages and is pending with Franklin Circuit Court. (Tia Taylor, et al. v KKR & Co. L.P., et al.)

On January 12, 2021, Franklin Circuit Court issued a scheduling Order granting the Attorney General until February 1, 2021 to file an Amended Intervening Complaint, granting the Tier 3 Group until February 11, 2021 to file a Motion to Intervene in this action. Additional extension orders were granted for the Attorney General intervention. The Attorney General filed an Amended Complaint on May 24, 2021. On June 14, 2021, the Tier 3 Group's Motion to Intervene in the Attorney General action was denied. In the spring of 2022, Franklin Circuit Judge Phillip Shepherd recused and this matter was assigned to Judge Thomas Wingate.

Following the Attorney General's intervention, the Defendant's challenged the intervention as beyond the scope of the remand from the Supreme Court in July of 2020. Franklin Circuit Court denied that motion and the matter was on appeal when this case was assigned to Judge Thomas Wingate. Judge Wingate placed the matter in abeyance pending a decision on whether the Attorney General's intervention was proper. The Court of Appeals held that the Attorney General

should not have been allowed to intervene and the Attorney General is currently seeking Discretionary Review by the Supreme Court.

Simultaneously with his intervention, the Attorney General filed a separate, stand-alone case with an identical complaint to protect against the possibility that his intervention would be deemed improper. The Defendants filed motions to dismiss the Attorney General's stand-alone case based on various legal theories. Franklin Circuit Court denied the majority of these motions but granted the motions to dismiss on behalf of R.V. Kuhns and Cavanaugh Macdonald, KRS' actuary and investment consultant during the relevant timeframe. This case is still proceeding.

A number of related cases have also developed based on issues raised in the above referenced Mayberry action. There has been an action filed by a number of the Trustees and Officers named in Mayberry seeking reimbursement by Kentucky Retirement Systems of legal fees. Kentucky Retirement Systems has also filed an action against Hallmark Specialty Insurance seeking a declaratory judgment that Hallmark has a duty to defend and indemnify Kentucky Retirement Systems in the Mayberry action. Two of the hedge fund Defendants in the Mayberry action have also filed an action in the United States District Court for the Eastern District of Kentucky naming individual members of the former KRS Board of Trustees as Defendants. This action is seeking a judgment declaring that the Trustees violated Plaintiffs' right to due process as well as an award of costs and attorneys' fees.

Three actions have also been filed in Delaware regarding the Mayberry action. One filed by Prisma Capital Partners and one filed by Blackstone Alternative Asset Management allege breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. The third was filed by Prisma Capital Partners against the Daniel Boone Fund, LLC. Additionally, an action has been filed by PAAMCO against Kentucky Retirement Systems in California also alleging breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems.

Finally, on August 2, 2021, Blackstone Alternative Asset Management, L.P. (BAAM) filed an action against the Kentucky Public Pensions Authority, the Board of Trustees of the Kentucky Retirement Systems, the Board of Trustees of the County Employees Retirement System, the Kentucky Retirement Systems Insurance Fund, and the Kentucky Retirement Systems Pension Fund (collectively "Defendants") for breach of contract. The Defendants filed a Motion to Dismiss on September 8, 2021. The last of these additional actions, the suit filed by BAAM, was dismissed by Franklin Circuit Court. The Court of Appeals upheld the dismissal, and BAAM is seeking Discretionary Review by the Supreme Court. The rest of these cases remain active in various stages of litigation.

On January 8, 2025, the Attorney General and the Hedge Funds, with the approval of the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employee Retirement System, filed a motion to approve a settlement agreement with the Franklin Circuit Court that, if approved, would result in the dismissal of nearly all claims arising from these events. The Franklin Circuit Court heard arguments regarding the settlement agreement on February 26, 2025.

The Franklin Circuit Court ultimately refused to approve the settlement agreement. Though appellate matters are moving forward, the parties remain committed to continue pursuing a negotiated settlement.

### **Mountain Comprehensive Care Center & Adanta**

In 2022, Mountain Comprehensive Care Center and Adanta filed separate suits challenging the actuarially accrued liability assigned these two entities via the process outlined in KRS 61.565, known as House Bill 8 from the 2021 Regular Session of the Kentucky General Assembly. The suits challenge not only the liability assigned to them, but they challenge the constitutionality of the statutory scheme.

Both parties filed cross motions for summary judgment and oral arguments occurred on August 6, 2025. The court indicated it may take several months for a ruling to be issued due to the length of the pleadings.

### **James Redwine, David Campbell, & Michael Steward**

Three complaints were filed against the Kentucky Retirement Systems (KRS) on behalf of specific named plaintiffs and others similarly situated based on the same facts that gave rise to the former River City Fraternal Order of Police (FOP) complaint. KPPA was aware that the River City FOP case impacted more individuals than the named plaintiffs and had been working on legislative and regulatory solutions. Legislation passed by the 2022 General Assembly allows individuals negatively impacted by the Medicare Secondary Payer Act to receive their health insurance through the Kentucky Employees Health Plan, and KPPA has promulgated a regulation to reimburse those individuals who had to pay for health insurance consistent with the Sixth Circuit Opinion. In addition to the MSPA issue, these three complaints allege that requiring Medicare eligible members to pay for Medicare Part B violates their right to "free" health insurance under their inviolable contract.

These suits are identical to two suits filed against the County Employees Retirement System (CERS). The cases against KRS are being held in abeyance pending the outcome of the class certification issue in the CERS cases.

## Note L. Reciprocity Agreement

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In accordance with Kentucky Revised Statutes 61.702, KRS has reciprocity agreements with County Employees Retirement System (CERS), Teachers' Retirement System of Kentucky (TRS) and Judicial Form Retirement System (JFRS) for the payment of insurance benefits for those members who have creditable service in KERS, SPRS and CERS, TRS and/or JFRS systems.

## Note M. Reimbursement of Retired Reemployed Health Insurance, Active Member Health Insurance Contributions, and Retired Reemployed Employer Contributions

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### Reimbursement Of Retired Reemployed Health Insurance

If a retiree is reemployed in a regular full-time position and has chosen health insurance coverage through KRS, the employer is required to reimburse KRS for the health insurance premium paid on the retiree's behalf, not to exceed the cost of the single premium rate. Exceptions for retired members who reemploy as a police officer, sheriff or school resource officer exist which may exempt employers from paying employer contributions and health insurance reimbursements if certain requirements are met. For the fiscal year ended June 30, 2025, the reimbursement totaled \$10.8 million.

Retired Reemployed Healthcare Contributions As of June 30, 2025 (\$ in Thousands)	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
Amount	\$8,590	\$2,156	\$30	\$10,776

### Active Member Health Insurance Contributions

For new plan participants after August 31, 2008, an active member contribution of 1% in addition to the member pension contribution is required. This 1% is applicable to all Nonhazardous and Hazardous Plans, and reported in the Insurance Plans. For the fiscal year ended June 30, 2025, members paid into the Insurance Plans \$14.9 million.

Member Health Insurance Contributions As of June 30, 2025 (\$ in Thousands)	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
Amount	\$12,262	\$2,229	\$449	\$14,940

### Retired Reemployed Employer Contributions

Employers are required to report employer contributions on retired members who are employed in a regular full-time position. These members are referred to as retired reemployed members. These are reported within the employer contributions on the financial statements. Exceptions for retired members who reemploy as a police officer, sheriff or school resource officer exist which may exempt employers from paying employer contributions and health insurance reimbursements if certain requirements are met.

## Note N. General Fund Appropriations

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During the 2024 Regular Session of the Kentucky General Assembly, HB6 allocated an additional \$250 million in general fund dollars to the KERS Nonhazardous Plan for fiscal years 2024-2025 and 2025-2026. Also, HB1 allocated an additional \$50 million in general fund dollars to the KERS Nonhazardous Plan, and \$25 million to the SPRS Plan for fiscal years 2024-2025 and 2025-2026.

General Fund Appropriations (\$ in Thousands)			
Fiscal Year	KERS Nonhazardous	SPRS	KRS Total
2024-2025	\$300,000	\$25,000	\$325,000

## Note O. Prisma Daniel Boone Fund

The funds invested with Prisma Daniel Boone Fund continue to be held in a contingency reserve to cover potential obligations arising from the Mayberry Action (see Note K for details of Mayberry Case). The total reported in reserve as of June 30, 2025, is \$26.9 million for the Pension Plans and \$13.5 million for the Insurance Plan. This is based on the May 31, 2025, report because Absolute Return managers are reported on a one month lag.

## Note P. Subsequent Events

Management has evaluated the period June 30, 2025, to December 4, 2025, (the date the combining financial statements were available to be issued) for items requiring recognition or disclosure in the combining financial statements.

## Note Q. Related Party

KPPA is the special-purpose government responsible for the day-to-day administration of KRS and the County Employees Retirement System (CERS).

Kentucky Revised Statute 61.505 (11)(a) requires all expenses incurred by or on behalf of KPPA to be prorated, assigned, or allocated to the Systems that KPPA administers. KPPA works closely with the KRS and CERS Boards of Trustees to develop an allocation method that takes into consideration membership, assets under management, system specific costs, and statutory requirements.

The expenses incurred by KPPA on behalf of the Systems are administrative costs which include salaries and benefits of professional employees providing investment management, benefits counseling, legal services, information technology services, accounting, and payroll functions. In addition, administrative costs include operational payments for hardware, software, utilities, rent, as well as contract and consulting costs with legal, audit and actuarial service providers. The administrative budget of KPPA is funded with restricted funds of KRS and CERS and is subject to approval by the Kentucky General Assembly through the biennial budget process.

Total Administrative costs incurred by KPPA for the fiscal year ended June 30, 2025, were \$46.5 million, of which \$17.0 million was allocated to KRS based on the hybrid allocation developed by the KPPA Board, the KRS Board, and the CERS Board.

# REQUIRED SUPPLEMENTARY INFORMATION

## INCLUDING GASB 67 AND 74

### Schedule of Employers' NPL - KERS Nonhazardous Pension

As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Position Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll <sup>(1)</sup>	Net Pension Liability as a Percentage of Covered Payroll
2025	\$16,648,847	\$5,061,425	\$11,587,422	30.40%	\$2,081,792	556.61%
2024	16,273,602	4,223,936	12,049,666	25.96%	1,912,421	630.07%
2023	15,858,669	3,539,943	12,318,726	22.32%	1,648,318	747.35%
2022	16,281,188	3,013,845	13,267,343	18.51%	1,432,960	925.87%
2021	16,335,657	3,018,660	13,316,997	18.48%	1,441,337	923.93%
2020	16,472,733	2,308,080	14,164,653	14.01%	1,476,156	959.56%
2019	16,356,674	2,233,672	14,123,002	13.66%	1,485,854	950.50%
2018	15,608,221	2,004,446	13,603,775	12.84%	1,509,955	900.94%
2017	15,445,206	2,056,870	13,388,336	13.32%	1,602,396	835.52%
2016	\$13,379,781	\$1,980,292	\$11,399,489	14.80%	\$1,631,025	698.92%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

### Schedule of Employers' NPL - KERS Hazardous Pension

As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Position Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll <sup>(1)</sup>	Net Pension Liability as a Percentage of Covered Payroll
2025	\$1,476,069	\$1,137,480	\$338,589	77.06%	\$288,682	117.29%
2024	1,393,651	1,019,890	373,761	73.18%	279,218	133.86%
2023	1,316,521	893,533	422,988	67.87%	223,922	188.90%
2022	1,318,494	810,978	507,516	61.51%	188,648	269.03%
2021	1,311,767	866,140	445,627	66.03%	172,725	258.00%
2020	1,251,027	690,350	560,677	55.18%	171,840	326.28%
2019	1,227,226	680,932	546,294	55.49%	160,600	340.16%
2018	1,150,610	645,485	505,125	56.10%	152,936	330.29%
2017	1,098,630	601,529	497,101	54.75%	178,511	278.47%
2016	\$919,517	\$527,879	\$391,638	57.41%	\$158,828	246.58%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

### Schedule of Employer's NPL - SPRS Pension

As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Position Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll <sup>(1)</sup>	Net Pension Liability as a Percentage of Covered Payroll
2025	\$1,123,489	\$741,282	\$382,207	65.98%	\$75,855	503.87%
2024	1,101,632	651,790	449,842	59.17%	71,964	625.09%
2023	1,039,813	591,514	448,299	56.89%	65,693	682.42%
2022	1,057,752	551,699	506,053	52.16%	48,061	1,052.94%
2021	1,055,824	356,346	699,478	33.75%	47,873	1,461.11%
2020	1,049,237	293,949	755,288	28.02%	49,019	1,540.81%
2019	1,035,000	286,165	748,835	27.65%	49,515	1,512.34%
2018	969,622	267,572	702,050	27.60%	50,346	1,394.45%
2017	943,271	255,737	687,534	27.11%	54,065	1,271.68%
2016	\$795,421	\$218,012	\$577,409	27.41%	\$46,685	1,236.82%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

## Schedule of Changes in Employers' TPL - KERS Nonhazardous

As of June 30 (\$ in Thousands)

Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$211,862	\$184,567	\$163,563	\$165,616	\$171,472	\$179,702	\$184,988	\$195,681	\$143,858	\$139,631
Interest	826,613	805,180	827,579	830,440	838,084	832,178	793,163	785,123	870,725	891,897
Benefit Changes	—	—	2,024	—	2,091	—	—	9,624	—	—
Difference between Expected and Actual Experience	393,941	469,003	310,954	(15,034)	(130,268)	115,515	70,529	153,565	(134,379)	—
Changes of Assumptions	—	—	691,008	—	—	—	700,464	—	2,145,530	923,999
Benefits Payments	(1,057,171)	(1,043,817)	(1,035,551)	(1,035,491)	(1,018,455)	(1,011,336)	(1,000,691)	(980,978)	960,309	(935,419)
<b>Net Change in TPL</b>	<b>375,245</b>	<b>414,933</b>	<b>422,519</b>	<b>(54,469)</b>	<b>(137,076)</b>	<b>116,059</b>	<b>748,453</b>	<b>163,015</b>	<b>2,065,425</b>	<b>1,020,108</b>
<b>TPL – Beginning</b>	<b>16,273,602</b>	<b>15,858,669</b>	<b>16,281,188</b>	<b>16,335,657</b>	<b>16,472,733</b>	<b>16,356,674</b>	<b>15,608,221</b>	<b>15,455,206</b>	<b>13,379,781</b>	<b>12,359,673</b>
<b>TPL – Ending (a)</b>	<b>\$16,648,847</b>	<b>\$16,273,602</b>	<b>\$15,858,669</b>	<b>\$16,281,188</b>	<b>\$16,335,657</b>	<b>\$16,472,733</b>	<b>\$16,356,674</b>	<b>\$15,608,221</b>	<b>\$15,445,206</b>	<b>\$13,379,781</b>
<b>Plan Fiduciary Net Position <sup>(1)</sup></b>										
Contributions – Employer										
Other	\$1,318,931	\$1,295,695	\$1,275,007	\$1,116,869	\$1,134,232	\$948,592	\$1,035,462	\$689,143	\$757,121	\$513,084
Contributions – Member <sup>(2)</sup>	104,867	96,615	84,579	89,607	90,202	96,594	93,759	104,972	100,543	106,494
Refunds of Contributions	(11,153)	(11,693)	(11,847)	(12,116)	(8,953)	(11,523)	(12,342)	(13,603)	(11,819)	(12,130)
Retirement Benefit	(1,046,018)	(1,032,124)	(1,023,704)	(1,023,375)	(1,009,502)	999,813	(988,349)	(967,375)	(948,490)	(923,288)
Net Investment Income <sup>(2)</sup>	485,025	349,628	215,880	(162,461)	516,223	52,499	112,371	144,881	220,985	(20,663)
Administrative Expense	(14,163)	(14,128)	(13,817)	13,339	(11,622)	(11,941)	(11,712)	(10,692)	(10,957)	(10,989)
Other	—	—	—	—	—	—	37 <sup>(5)</sup>	301 <sup>(5)</sup>	(30,805) <sup>(4)</sup>	—
<b>Net Change in Fiduciary Net Position</b>	<b>837,489</b>	<b>683,993</b>	<b>526,098</b>	<b>4,815</b>	<b>710,580</b>	<b>74,408</b>	<b>229,226</b>	<b>(52,373)</b>	<b>76,578</b>	<b>(347,491)</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>4,223,936</b>	<b>3,539,943</b>	<b>3,013,845</b>	<b>3,018,660</b>	<b>2,308,080</b>	<b>2,233,672</b>	<b>2,004,446</b>	<b>2,056,870</b>	<b>1,980,292</b>	<b>2,327,783</b>
<b>Prior Year Adjustment</b>	<b>—</b>	<b>(51)</b>	<b>—</b>	<b>—</b>						
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>5,061,425</b>	<b>4,223,936</b>	<b>3,539,943</b>	<b>3,013,845</b>	<b>3,018,660</b>	<b>2,308,080</b>	<b>2,233,672</b>	<b>2,004,446</b>	<b>2,056,870</b>	<b>1,980,292</b>
<b>Net Pension Liability – Ending (a) – (b)</b>	<b>11,587,422</b>	<b>12,049,666</b>	<b>12,318,726</b>	<b>13,267,343</b>	<b>13,316,997</b>	<b>14,164,653</b>	<b>14,123,002</b>	<b>13,603,775</b>	<b>13,388,336</b>	<b>11,399,489</b>
Plan Fiduciary Net Position as a Percentage	30.40%	25.96%	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.32%	14.80%
Covered Payroll <sup>(3)</sup>	\$2,081,792	\$1,912,421	\$1,648,318	\$1,432,960	\$1,441,337	\$1,476,156	\$1,485,854	\$1,509,955	\$1,602,396	\$1,631,025
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>556.61%</b>	<b>630.07%</b>	<b>747.35%</b>	<b>925.87%</b>	<b>923.93%</b>	<b>959.56%</b>	<b>950.50%</b>	<b>900.94%</b>	<b>835.52%</b>	<b>698.92%</b>

<sup>(1)</sup> Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$81,860,000 as of June 30, 2025.

<sup>(2)</sup> Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2025 401(h) contributions equaled \$(37,000); and associated investment return equaled \$8,262,000.

<sup>(3)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

<sup>(4)</sup> Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

<sup>(5)</sup> Northern Trust Settlement.

## Schedule of Changes in Employers' TPL - KERS Hazardous

As of June 30 (\$ in Thousands)

Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$40,051	\$32,732	\$26,852	\$26,885	\$28,450	\$25,568	\$27,117	\$28,641	\$21,081	\$20,751
Interest	84,171	79,637	79,822	79,422	75,743	74,357	69,657	66,536	66,589	64,851
Benefit Changes	—	—	—	—	26	—	—	705	—	—
Difference between Expected and Actual Experience	52,028	49,423	(1,773)	(17,557)	34,789	(1,095)	1,395	24,215	26,902	—
Changes of Assumptions	—	—	(24,197)	—	—	—	50,658	—	127,878	—
Benefits Payments	(93,832)	(84,662)	(82,667)	(82,023)	(78,268)	(75,029)	(72,211)	(68,117)	(63,338)	(61,518)
<b>Net Change in TPL</b>	<b>82,418</b>	<b>77,130</b>	<b>(1,973)</b>	<b>6,727</b>	<b>60,740</b>	<b>23,801</b>	<b>76,616</b>	<b>51,980</b>	<b>179,112</b>	<b>24,084</b>
<b>TPL – Beginning</b>	<b>1,393,651</b>	<b>1,316,521</b>	<b>1,318,494</b>	<b>1,311,767</b>	<b>1,251,027</b>	<b>1,227,226</b>	<b>1,150,610</b>	<b>1,098,630</b>	<b>919,517</b>	<b>895,433</b>
<b>TPL – Ending (a)</b>	<b>\$1,476,069</b>	<b>\$1,393,651</b>	<b>\$1,316,521</b>	<b>\$1,318,494</b>	<b>\$1,311,767</b>	<b>\$1,251,027</b>	<b>\$1,227,226</b>	<b>\$1,150,610</b>	<b>\$1,098,630</b>	<b>\$919,517</b>
<b>Plan Fiduciary Net Position <sup>(1)</sup></b>										
Contributions – Employer Other	\$70,768	\$89,899	\$72,807	\$59,055	\$62,200	\$59,115	\$55,259	\$43,661	\$52,974	\$23,759
Contributions – Member <sup>(2)</sup>	22,127	21,568	17,459	20,588	19,961	19,769	17,118	17,891	17,524	15,739
Refunds of Contributions	(6,212)	(4,133)	(4,041)	(4,976)	(4,380)	(3,168)	(2,684)	(2,501)	(2,106)	(2,211)
Retirement Benefit	(87,620)	(80,529)	(78,636)	(77,047)	(73,888)	(71,861)	(69,527)	(65,616)	(61,231)	(59,306)
Net Investment Income <sup>(2)</sup>	120,154	101,135	76,479	(51,317)	173,152	6,739	36,380	51,467	70,994	(1,653)
Administrative Expense	(1,627)	(1,583)	(1,513)	(1,465)	(1,255)	(1,176)	(1,103)	(975)	(919)	(916)
Other	—	—	—	—	—	—	4 <sup>(5)</sup>	33 <sup>(5)</sup>	(3,586) <sup>(4)</sup>	—
<b>Net Change in Fiduciary Net Position</b>	<b>117,590</b>	<b>126,357</b>	<b>82,555</b>	<b>(55,162)</b>	<b>175,790</b>	<b>9,418</b>	<b>35,447</b>	<b>43,960</b>	<b>73,650</b>	<b>(24,588)</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>1,019,890</b>	<b>893,533</b>	<b>810,978</b>	<b>866,140</b>	<b>690,350</b>	<b>680,932</b>	<b>645,485</b>	<b>601,529</b>	<b>527,879</b>	<b>552,468</b>
<b>Prior Year Adjustment</b>	<b>—</b>	<b>(4)</b>	<b>—</b>	<b>—</b>						
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>1,137,480</b>	<b>1,019,890</b>	<b>893,533</b>	<b>810,978</b>	<b>866,140</b>	<b>690,350</b>	<b>680,932</b>	<b>645,485</b>	<b>601,529</b>	<b>527,879</b>
<b>Net Pension Liability – Ending (a) – (b)</b>	<b>338,589</b>	<b>373,761</b>	<b>\$422,988</b>	<b>\$507,516</b>	<b>\$445,627</b>	<b>\$560,677</b>	<b>\$546,294</b>	<b>\$505,125</b>	<b>\$497,101</b>	<b>\$391,638</b>
Plan Fiduciary Net Position as a Percentage	77.06%	73.18%	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.75%	57.41%
Covered Payroll <sup>(3)</sup>	\$288,682	\$279,218	\$223,922	\$188,648	\$172,725	\$171,840	\$160,600	\$152,936	\$178,511	\$158,828
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>117.29%</b>	<b>133.86%</b>	<b>188.90%</b>	<b>269.03%</b>	<b>258.00%</b>	<b>326.28%</b>	<b>340.16%</b>	<b>330.29%</b>	<b>278.47%</b>	<b>246.58%</b>

<sup>(1)</sup> Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$11,190,000 as of June 30, 2025.

<sup>(2)</sup> Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2025 401(h) contributions equaled \$(32,000); and associated investment return equaled \$1,191,000.

<sup>(3)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

<sup>(4)</sup> Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

<sup>(5)</sup> Northern Trust Settlement.

## Schedule of Changes in Employer's TPL - SPRS

As of June 30 (\$ in Thousands)

Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$20,557	\$18,243	\$13,229	\$12,158	\$12,530	\$13,192	\$11,726	\$11,890	\$8,297	\$8,402
Interest	56,102	52,909	53,853	53,740	53,417	52,697	49,301	47,978	51,769	52,951
Benefit Changes	—	—	—	3,130	35	—	—	184	—	—
Difference between Expected and Actual Experience	11,240	54,711	10,204	(2,700)	4,127	10,859	20,952	25,126	8,143	—
Changes of Assumptions	—	—	(31,255)	—	—	—	44,510	—	136,602	56,191
Benefits Payments	(66,042)	(64,044)	(63,970)	(64,400)	(63,522)	(62,511)	(61,111)	(58,827)	(56,960)	(56,279)
<b>Net Change in TPL</b>	<b>21,857</b>	<b>61,819</b>	<b>(17,939)</b>	<b>1,928</b>	<b>6,587</b>	<b>14,237</b>	<b>65,378</b>	<b>26,351</b>	<b>147,850</b>	<b>61,265</b>
<b>TPL – Beginning</b>	<b>1,101,632</b>	<b>1,039,813</b>	<b>1,057,752</b>	<b>1,055,824</b>	<b>1,049,237</b>	<b>1,035,000</b>	<b>969,622</b>	<b>943,271</b>	<b>795,421</b>	<b>734,156</b>
<b>TPL – Ending (a)</b>	<b>\$1,123,489</b>	<b>\$1,101,632</b>	<b>\$1,039,813</b>	<b>\$1,057,752</b>	<b>\$1,055,824</b>	<b>\$1,049,237</b>	<b>\$1,035,000</b>	<b>\$969,622</b>	<b>\$943,271</b>	<b>\$795,421</b>
<b>Plan Fiduciary Net Position <sup>(1)</sup></b>										
Contributions – Employer										
Other	\$77,975	\$61,998	\$58,120	\$277,341	\$59,650	\$59,453	\$60,048	\$46,877	\$63,239	\$25,822
Contributions – Member <sup>(2)</sup>	6,017	5,703	5,250	4,773	4,752	4,767	5,062	5,522	5,348	5,263
Refunds of Contributions	(346)	(221)	(166)	(280)	(273)	(88)	(162)	(22)	(26)	(11)
Retirement Benefit	(65,696)	(63,823)	(63,804)	(64,120)	(63,249)	(62,423)	(60,949)	(58,805)	(56,934)	(56,268)
Net Investment Income <sup>(2)</sup>	71,850	56,933	40,708	(22,088)	61,729	6,341	14,816	18,437	26,795	(3,843)
Administrative Expense	(308)	(314)	(293)	(273)	(212)	(266)	(225)	(194)	(181)	(178)
Other	—	—	—	—	—	—	3 <sup>(5)</sup>	21 <sup>(5)</sup>	(517) <sup>(4)</sup>	—
<b>Net Change in Fiduciary Net Position</b>	<b>89,492</b>	<b>60,276</b>	<b>39,815</b>	<b>195,353</b>	<b>62,397</b>	<b>7,784</b>	<b>18,593</b>	<b>11,836</b>	<b>37,724</b>	<b>(29,215)</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>651,790</b>	<b>591,514</b>	<b>551,699</b>	<b>356,346</b>	<b>293,949</b>	<b>286,165</b>	<b>267,572</b>	<b>255,737</b>	<b>218,012</b>	<b>247,228</b>
<b>Prior Year Adjustment</b>	<b>—</b>	<b>(1)</b>	<b>—</b>	<b>—</b>						
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>741,282</b>	<b>651,790</b>	<b>591,514</b>	<b>551,699</b>	<b>356,346</b>	<b>293,949</b>	<b>286,165</b>	<b>267,572</b>	<b>255,737</b>	<b>218,012</b>
<b>Net Pension Liability – Ending (a) – (b)</b>	<b>382,207</b>	<b>449,842</b>	<b>\$448,299</b>	<b>\$506,053</b>	<b>\$699,478</b>	<b>\$755,288</b>	<b>\$748,835</b>	<b>\$702,050</b>	<b>\$687,534</b>	<b>\$577,409</b>
Plan Fiduciary Net Position as a Percentage	65.98%	59.17%	56.89%	52.16%	33.75%	28.02%	27.65%	27.60%	27.11%	27.41%
Covered Payroll <sup>(3)</sup>	\$75,855	\$71,964	\$65,693	\$48,061	\$47,873	\$49,019	\$49,515	\$50,346	\$54,065	\$46,685
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>503.87%</b>	<b>625.09%</b>	<b>682.42%</b>	<b>1052.94%</b>	<b>1461.11%</b>	<b>1540.81%</b>	<b>1512.34%</b>	<b>1394.45%</b>	<b>1271.68%</b>	<b>1236.82%</b>

<sup>(1)</sup> Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$1,571,000 as of June 30, 2025.

<sup>(2)</sup> Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2025 401(h) contributions equaled \$(11,000); and associated investment return equaled \$156,000.

<sup>(3)</sup> Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

<sup>(4)</sup> Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

<sup>(5)</sup> Northern Trust Settlement.

# Notes to Schedule of Employers' Contributions

The actuarially determined contributions effective for fiscal year ended June 30, 2025 that are documented in the schedules on the following pages, were calculated as of June 30, 2023. Based on the June 30, 2023, actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Notes to Schedule of Employers' Contributions			
Item	KERS Nonhazardous	KERS Hazardous	SPRS
<b>Determined by the Actuarial Valuation as of:</b>	June 30, 2023	June 30, 2023	June 30, 2023
<b>Actuarial Cost Method:</b>	Entry Age Normal	Entry Age Normal	Entry Age Normal
<b>Asset Valuation Method:</b>	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
<b>Amortization Method:</b>	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
<b>Amortization Period:</b>	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
<b>Payroll Growth</b>	0.00%	0.00%	0.00%
<b>Investment Return:</b>	5.25%	6.25%	5.25%
<b>Inflation:</b>	2.50%	2.50%	2.50%
<b>Salary Increase:</b>	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service	3.55% to 16.05%, varies by service
<b>Mortality:</b>	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023

## Schedule of Employers' Contributions Pension

### Schedule of Employers' Contributions Pension - KERS Nonhazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution <sup>(1)</sup>	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll <sup>(2)</sup>	Actual Contributions as a Percentage of Covered Payroll
2025	\$1,000,105	\$1,318,931	(\$318,826)	\$2,081,792	63.36%
2024	1,055,571	1,295,695	(240,124)	1,912,421	67.75%
2023	1,034,918	1,275,007	(240,089)	1,648,318	77.35%
2022	1,048,861	1,116,869	(68,008)	1,432,960	77.94%
2021	1,056,211	1,134,232	(78,021)	1,441,337	78.69%
2020	1,048,513	948,592	99,921	1,476,156	64.26%
2019	1,055,402	1,035,462	19,940	1,485,854	69.69%
2018	633,879	689,143	(55,264)	1,509,955	45.64%
2017	623,813	757,121	(133,308)	1,602,396	47.25%
2016	\$512,670	\$513,084	(\$414)	\$1,631,025	31.46%

<sup>(1)</sup> Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

<sup>(2)</sup> Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

## Schedule of Employers' Contributions Pension - KERS Hazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution <sup>(1)</sup>	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll <sup>(2)</sup>	Actual Contributions as a Percentage of Covered Payroll
2025	\$70,768	\$70,768	\$—	\$288,682	24.51%
2024	89,897	89,899	(2)	279,218	32.20%
2023	72,778	72,807	(29)	223,922	32.51%
2022	59,052	59,055	(3)	188,648	31.30%
2021	62,181	62,200	(19)	172,725	36.01%
2020	59,096	59,115	(19)	171,840	34.40%
2019	55,230	55,259	(29)	160,600	34.41%
2018	31,321	43,661	(12,340)	152,936	28.55%
2017	37,630	52,974	(15,344)	178,511	29.68%
2016	\$23,690	\$23,759	(\$69)	\$158,828	14.96%

(1) Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

(2) Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

## Schedule of Employer's Contributions Pension - SPRS

As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution <sup>(1)</sup>	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll <sup>(2)</sup>	Actual Contributions as a Percentage of Covered Payroll
2025	\$52,975	\$77,975	(\$25,000)	\$75,855	102.79%
2024	61,998	61,998	—	71,964	86.15%
2023	58,120	58,120	—	65,693	88.47%
2022	62,341	277,341	(215,000)	48,061	577.06%
2021	59,263	59,650	(387)	47,873	124.60%
2020	58,358	59,453	(1,095)	49,019	121.29%
2019	58,948	60,048	(1,100)	49,515	121.27%
2018	36,033	46,877	(10,844)	50,346	93.11%
2017	35,937	63,240	(27,303)	54,065	116.97%
2016	\$25,723	\$25,822	(\$99)	\$46,685	55.31%

(1) Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

(2) Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

# Schedule of Employers' Net OPEB Liability

## Schedule of the Employers' Net OPEB Liability - KERS Nonhazardous

As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll <sup>(1)</sup>	Net OPEB Liability as a Percentage of Covered Payroll
2025	\$2,771,333	\$1,915,732	\$855,601	69.13%	\$2,087,763	40.98%
2024	2,488,778	1,765,729	723,049	70.95%	1,923,825	37.58%
2023	2,317,344	1,532,752	784,592	66.14%	1,653,492	47.45%
2022	3,576,530	1,364,419	2,212,111	38.15%	1,437,132	153.93%
2021	3,698,804	1,419,477	2,279,327	38.38%	1,452,345	156.94%
2020	3,599,557	1,060,649	2,538,908	29.47%	1,482,431	171.27%
2019	3,217,985	995,089	2,222,896	30.92%	1,515,953	146.63%
2018	3,262,117	891,205	2,370,912	27.32%	1,573,898	150.64%
2017	\$3,353,332	\$817,370	2,535,962	24.37%	\$1,593,097	159.18%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

## Schedule of the Employers' Net OPEB Liability - KERS Hazardous

As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll <sup>(1)</sup>	Net OPEB Liability as a Percentage of Covered Payroll
2025	\$482,062	\$735,293	(\$253,231)	152.53%	\$288,682	(87.72%)
2024	442,817	677,948	(235,131)	153.10%	279,218	(84.21%)
2023	417,361	625,356	(207,995)	149.84%	223,922	(92.89%)
2022	595,789	588,162	7,627	98.72%	188,648	4.04%
2021	622,152	633,677	(11,525)	101.85%	172,725	(6.67%)
2020	564,524	521,755	42,769	92.42%	182,209	23.47%
2019	507,204	534,053	(26,849)	105.29%	151,448	(17.73%)
2018	485,904	519,072	(\$33,168)	106.83%	190,317	(17.43%)
2017	\$494,869	\$488,838	\$6,031	98.78%	\$171,087	3.53%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information. For 2021-2025 derived compensation based on pension contribution information, as there were no required employer contributions for the Insurance Plan for FYE 2021-FYE 2025. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

## Schedule of Employer's Net OPEB Liability - SPRS

As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll <sup>(1)</sup>	Net OPEB Liability as a Percentage of Covered Payroll
2025	\$298,847	\$291,043	\$7,804	97.39%	\$80,447	9.70%
2024	277,159	273,517	3,642	98.69%	71,992	5.06%
2023	263,450	248,109	15,341	94.18%	65,830	23.30%
2022	351,453	231,242	120,211	65.80%	48,600	247.35%
2021	364,899	247,318	117,581	67.78%	47,155	249.35%
2020	339,942	201,340	138,602	59.23%	48,231	287.37%
2019	312,553	201,206	111,347	64.38%	48,780	228.26%
2018	301,012	190,847	110,165	63.40%	50,064	220.05%
2017	\$313,234	\$178,838	\$134,396	57.09%	\$48,873	274.99%

<sup>(1)</sup> Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

# Schedule of Changes in Employers' Net OPEB Liability

Schedule of Changes in Employers' Net OPEB Liability - KERS Nonhazardous									
As of June 30 (\$ in Thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>									
Service Cost	\$45,357	\$44,779	\$43,199	\$62,548	\$58,831	\$59,600	\$61,345	\$66,360	\$46,992
Interest on Total OPEB liability	145,355	134,251	200,910	190,531	191,624	179,811	186,820	191,178	192,911
Benefit Changes	—	—	3,209	21,884	1,382	—	—	1,865	—
Difference between Expected and Actual Experience	199,764	80,456	(1,440,201)	(37,249)	(231,631)	288,235	(302,189)	(191,147)	(3,921)
Assumption Changes	24,457	26,413	61,925	(206,907)	220,184	13,767	158,004	(11,235)	414,835
Benefit Payments <sup>(1)(2)</sup>	(132,378)	(114,465)	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
<b>Net Change in Total OPEB Liability</b>	<b>282,555</b>	<b>171,434</b>	<b>(1,259,186)</b>	<b>(122,274)</b>	<b>99,247</b>	<b>381,572</b>	<b>(44,132)</b>	<b>(91,215)</b>	<b>511,216</b>
<b>Total OPEB Liability - Beginning</b>	<b>2,488,778</b>	<b>2,317,344</b>	<b>3,576,530</b>	<b>3,698,804</b>	<b>3,599,557</b>	<b>3,217,985</b>	<b>3,262,117</b>	<b>3,353,332</b>	<b>2,842,116</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$2,771,333</b>	<b>\$2,488,778</b>	<b>\$2,317,344</b>	<b>\$3,576,530</b>	<b>\$3,698,804</b>	<b>\$3,599,557</b>	<b>\$3,217,985</b>	<b>\$3,262,117</b>	<b>\$3,353,332</b>
<b>Plan Fiduciary Net Position</b>									
Contributions – Employer <sup>(2)(5)</sup>	\$67,507	\$164,480	\$156,543	\$181,294	\$223,661	\$208,300	\$201,155	\$152,985	\$162,636
Contributions – Member	12,225	10,585	8,358	6,547	6,318	6,128	5,963	5,786	5,156
Benefit Payments <sup>(1)(2)</sup>	(132,378)	(114,465)	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
OPEB Plan Net Investment Income	203,332	173,104	132,431	(88,998)	270,811	11,820	45,749	64,028	94,239
OPEB Plan Administrative Expense	(683)	(727)	(771)	(820)	(819)	(847)	(875)	(760)	(861)
Other <sup>(4)</sup>	—	—	—	—	—	—	4	32	—
<b>Net Change in Plan Fiduciary Net Position</b>	<b>150,003</b>	<b>232,977</b>	<b>168,333</b>	<b>(55,058)</b>	<b>358,828</b>	<b>65,560</b>	<b>103,884</b>	<b>73,835</b>	<b>121,569</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>1,765,729</b>	<b>1,532,752</b>	<b>1,364,419</b>	<b>1,419,477</b>	<b>1,060,649</b>	<b>995,089</b>	<b>891,205</b>	<b>817,370</b>	<b>695,801</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>1,915,732</b>	<b>1,765,729</b>	<b>1,532,752</b>	<b>1,364,419</b>	<b>1,419,477</b>	<b>1,060,649</b>	<b>995,089</b>	<b>891,205</b>	<b>817,370</b>
<b>Net OPEB Liability – Ending (a) – (b)</b>	<b>855,601</b>	<b>723,049</b>	<b>784,592</b>	<b>2,212,111</b>	<b>2,279,327</b>	<b>2,538,908</b>	<b>2,222,896</b>	<b>2,370,912</b>	<b>2,535,962</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.13%	70.95%	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.37%
Covered Payroll <sup>(3)</sup>	\$2,087,763	\$1,923,825	\$1,653,492	\$1,437,132	\$1,452,345	\$1,482,431	\$1,515,953	\$1,573,898	\$1,593,097

## Schedule of Changes in Employers' Net OPEB Liability - KERS Nonhazardous

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>									
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>									
	40.98%	37.58%	47.45%	153.93%	156.94%	171.27%	146.63%	150.64%	159.18%
(1)	Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).								
(2)	Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$26,784,765 for fiscal year 2025.								
(3)	Based on derived compensation using the provided employer contribution information.								
(4)	Northern Trust Settlement.								
(5)	This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.								

## Schedule of Changes in Employers' Net OPEB Liability - KERS Hazardous

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>									
Service Cost	\$8,926	\$8,128	\$9,435	\$14,474	\$13,633	\$11,548	\$12,337	\$12,893	\$8,002
Interest on Total OPEB liability	25,848	24,181	32,737	30,599	29,254	28,101	27,990	28,500	27,591
Benefit Changes	—	—	—	10,289	48	—	—	167	—
Difference between Expected and Actual Experience	19,215	7,970	(198,459)	(12,515)	(6,402)	27,668	(30,947)	(31,240)	(1,029)
Assumption Changes	7,837	5,719	(1,820)	(46,406)	42,022	11,428	31,687	(581)	89,401
Benefit Payments <sup>(1)(2)</sup>	(22,581)	(20,542)	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
<b>Net Change in Total OPEB Liability</b>	<b>39,245</b>	<b>25,456</b>	<b>(178,428)</b>	<b>(26,363)</b>	<b>57,628</b>	<b>57,320</b>	<b>21,300</b>	<b>(8,965)</b>	<b>107,347</b>
<b>Total OPEB Liability - Beginning</b>	<b>442,817</b>	<b>417,361</b>	<b>595,789</b>	<b>622,152</b>	<b>564,524</b>	<b>507,204</b>	<b>485,904</b>	<b>494,869</b>	<b>387,522</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$482,062</b>	<b>\$442,817</b>	<b>\$417,361</b>	<b>\$595,789</b>	<b>\$622,152</b>	<b>\$564,524</b>	<b>\$507,204</b>	<b>\$485,904</b>	<b>\$494,869</b>
<b>Plan Fiduciary Net Position</b>									
Contributions – Employer <sup>(2)(5)</sup>	\$3,041	\$2,725	\$2,282	\$4,116	\$3,556	\$7,441	\$5,556	\$5,165	\$4,579
Contributions – Member	2,197	2,086	1,584	1,227	1,167	1,105	934	909	811
Benefit Payments <sup>(1)(2)</sup>	(22,581)	(20,542)	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
OPEB Plan Net Investment Income	74,804	68,440	53,772	(27,929)	128,244	704	28,373	42,950	59,614
OPEB Plan Administrative Expense	(116)	(117)	(123)	(125)	(118)	(123)	(117)	(104)	(105)
Other <sup>(4)</sup>	—	—	—	—	—	—	2	18	—

### Schedule of Changes in Employers' Net OPEB Liability - KERS Hazardous

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Net Change in Plan Fiduciary Net Position</b>	<b>57,345</b>	<b>52,592</b>	<b>37,194</b>	<b>(45,515)</b>	<b>111,922</b>	<b>(12,298)</b>	<b>14,981</b>	<b>30,234</b>	<b>48,281</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>677,948</b>	<b>625,356</b>	<b>588,162</b>	<b>633,677</b>	<b>521,755</b>	<b>534,053</b>	<b>519,072</b>	<b>488,838</b>	<b>440,557</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>735,293</b>	<b>677,948</b>	<b>625,356</b>	<b>588,162</b>	<b>633,677</b>	<b>521,755</b>	<b>534,053</b>	<b>519,072</b>	<b>488,838</b>
<b>Net OPEB Liability/ (Asset) – Ending (a) – (b)</b>	<b>(\$253,231)</b>	<b>(\$235,131)</b>	<b>(\$207,995)</b>	<b>\$7,627</b>	<b>(\$11,525)</b>	<b>\$42,769</b>	<b>(\$26,849)</b>	<b>(\$33,168)</b>	<b>\$6,031</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	152.53%	153.10%	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.78%
Covered Payroll <sup>(3)</sup>	\$288,682	\$279,218	\$223,922	\$188,648	\$172,725	\$182,209	\$151,448	\$190,317	\$171,087
<b>Net OPEB Liability/ (Asset) as a Percentage of Covered Payroll</b>	<b>(87.72%)</b>	<b>(84.21%)</b>	<b>(92.89%)</b>	<b>4.04%</b>	<b>(6.67%)</b>	<b>23.47%</b>	<b>(17.73%)</b>	<b>(17.43%)</b>	<b>3.53%</b>
(1)	Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).								
(2)	Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$882,449 for fiscal year 2025.								
(3)	Based on derived compensation using the provided employer contribution information. For 2021-2025, derived compensation based on pension contribution information, as there were no required employer contributions for the Insurance Plan for FYE2021-FYE2025.								
(4)	Northern Trust Settlement.								
(5)	This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.								

### Schedule of Changes in Employer's Net OPEB Liability - SPRS

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>									
Service Cost	\$4,479	\$4,115	\$4,092	\$5,605	\$5,218	\$5,389	\$4,816	\$6,087	\$4,147
Interest on Total OPEB liability	16,408	15,508	19,608	18,592	17,984	17,600	17,724	18,432	17,993
Benefit Changes	—	—	—	4,975	101	—	—	34	—
Difference between Expected and Actual Experience	7,013	1,360	(98,425)	(5,952)	(6,318)	13,810	(14,295)	(23,320)	(573)
Assumption Changes	8,383	4,394	404	(21,937)	21,784	4,578	16,483	(358)	57,312

## Schedule of Changes in Employer's Net OPEB Liability - SPRS

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Benefit Payments <sup>(1)(2)</sup>	(14,595)	(11,668)	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
<b>Net Change in Total OPEB Liability</b>	<b>21,688</b>	<b>13,709</b>	<b>(88,003)</b>	<b>(13,446)</b>	<b>24,957</b>	<b>27,389</b>	<b>11,541</b>	<b>(12,222)</b>	<b>66,756</b>
<b>Total OPEB Liability - Beginning</b>	<b>277,159</b>	<b>263,450</b>	<b>351,453</b>	<b>364,899</b>	<b>339,942</b>	<b>312,553</b>	<b>301,012</b>	<b>313,234</b>	<b>246,478</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$298,847</b>	<b>\$277,159</b>	<b>\$263,450</b>	<b>\$351,453</b>	<b>\$364,899</b>	<b>\$339,942</b>	<b>\$312,553</b>	<b>\$301,012</b>	<b>\$313,234</b>
<b>Plan Fiduciary Net Position</b>									
Contributions – Employer <sup>(2)(5)</sup>	\$1,819	\$9,788	\$8,755	\$9,343	\$9,381	\$12,873	\$12,623	\$8,535	\$7,862
Contributions – Member	438	396	348	230	209	196	176	155	131
Benefit Payments <sup>(1)(2)</sup>	(14,595)	(11,668)	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
OPEB Plan Net Investment Income	29,935	26,963	21,520	(10,847)	50,289	1,124	10,815	16,470	21,627
OPEB Plan Administrative Expense	(71)	(71)	(74)	(73)	(89)	(71)	(69)	(62)	(66)
Other <sup>(4)</sup>	—	—	—	—	—	—	1	8	—
<b>Net Change in Plan Fiduciary Net Position</b>	<b>17,526</b>	<b>25,408</b>	<b>16,867</b>	<b>(16,076)</b>	<b>45,978</b>	<b>134</b>	<b>10,359</b>	<b>12,009</b>	<b>17,431</b>
<b>Plan Fiduciary Net Position – Beginning</b>	<b>273,517</b>	<b>248,109</b>	<b>231,242</b>	<b>247,318</b>	<b>201,340</b>	<b>201,206</b>	<b>190,847</b>	<b>178,838</b>	<b>161,407</b>
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>291,043</b>	<b>273,517</b>	<b>248,109</b>	<b>231,242</b>	<b>247,318</b>	<b>201,340</b>	<b>201,206</b>	<b>190,847</b>	<b>178,838</b>
<b>Net OPEB Liability – Ending (a) – (b)</b>	<b>\$7,804</b>	<b>\$3,642</b>	<b>\$15,341</b>	<b>\$120,211</b>	<b>\$117,581</b>	<b>\$138,602</b>	<b>\$111,347</b>	<b>\$110,165</b>	<b>\$134,396</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	97.39%	98.69%	94.18%	65.80%	67.78%	59.23%	64.38%	63.40%	57.09%
Covered Payroll <sup>(3)</sup>	\$80,447	\$71,992	\$65,830	\$48,600	\$47,155	\$48,231	\$48,780	\$50,064	\$48,873

## Schedule of Changes in Employer's Net OPEB Liability - SPRS

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>									
	9.70%	5.06%	23.30%	247.35%	249.35%	287.37%	228.26%	220.05%	274.99%
(1) Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).									
(2) Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to (\$69,334) for fiscal year 2025.									
(3) Based on derived compensation using the provided employer contribution information.									
(4) Northern Trust Settlement.									
(5) This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.									

# Notes to Schedule of Employers' OPEB Contributions

The actuarially determined contributions effective for fiscal year ended June 30, 2025, that are documented in the following schedule were calculated as of June 30, 2023. Based on the June 30, 2023, actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions follow.

Notes to Schedule of Employers' OPEB Contributions			
Item	KERS Nonhazardous	KERS Hazardous	SPRS
<b>Determined by the Actuarial Valuation as of:</b>	June 30, 2023	June 30, 2023	June 30, 2023
<b>Actuarial Cost Method:</b>	Entry Age Normal	Entry Age Normal	Entry Age Normal
<b>Asset Valuation Method:</b>	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
<b>Amortization Method:</b>	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
<b>Amortization Period:</b>	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
<b>Payroll Growth</b>	0.00%	0.00%	0.00%
<b>Investment Return:</b>	6.50%	6.50%	6.50%
<b>Inflation:</b>	2.50%	2.50%	2.50%
<b>Salary Increase:</b>	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service	3.55% to 16.05%, varies by service
<b>Mortality:</b>	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
<b>Healthcare Trend Rates:</b>			
<b>Pre-65</b>	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement
<b>Post-65</b>	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

# Schedule of Employers' OPEB Contributions

## Schedule of Employers' OPEB Contributions - KERS Nonhazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending <sup>(1)</sup>	Actuarially Determined Contribution <sup>(2)</sup>	Total Employer Contribution <sup>(3)</sup>	Contribution Deficiency (Excess)	Covered Payroll <sup>(4)</sup>	Actual Contributions as a Percentage of Covered Payroll
2025	\$32,246	\$40,722	(\$8,476)	\$2,087,763	1.95%
2024	129,764	136,628	(6,864)	1,923,825	7.10%
2023	123,952	129,108	(5,156)	1,653,492	7.81%
2022	135,809	140,694	(4,885)	1,437,132	9.79%
2021	161,936	186,676	(24,740)	1,452,345	12.85%
2020	183,821	175,007	8,814	1,482,431	11.81%
2019	187,978	178,964	9,014	1,515,953	11.81%
2018	132,365	136,419	(4,054)	1,573,898	8.67%
2017	133,024	152,356	(19,332)	1,593,097	9.56%
2016	\$121,899	\$135,816	(\$13,917)	\$1,529,249	8.88%

(1) Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.  
 (2) Actuarially determined contribution for fiscal year ended 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.  
 (3) Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - KERS Nonhazardous.  
 (4) Based on derived compensation using the provided employer contribution information.

## Schedule of Employers' OPEB Contributions - KERS Hazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending <sup>(1)</sup>	Actuarially Determined Contribution <sup>(2)</sup>	Total Employer Contribution <sup>(3)</sup>	Contribution Deficiency (Excess)	Covered Payroll <sup>(4)</sup>	Actual Contributions as a Percentage of Covered Payroll
2025	\$—	\$2,159	(\$2,159)	\$288,682	0.75%
2024	—	1,910	(1,910)	279,218	0.68%
2023	—	1,489	(1,489)	223,922	0.66%
2022	—	1,281	(1,281)	188,648	0.68%
2021	—	1,300	(1,300)	172,725	0.75%
2020	4,482	5,776	(1,294)	182,209	3.17%
2019	3,726	4,970	(1,244)	151,448	3.28%
2018	2,550	5,288	(2,738)	190,317	2.78%
2017	4,688	5,620	(932)	171,087	3.28%
2016	\$9,186	\$16,766	(\$7,580)	\$147,563	11.36%

(1) Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.  
 (2) Actuarially determined contribution for fiscal year ended 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.  
 (3) Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - KERS Hazardous.  
 (4) Based on derived compensation using the provided employer contribution information. For 2021-2025, derived compensation based on pension contribution information as there were no required employer contributions for the Insurance Plan for FYE2021-FYE2025.

## Schedule of Employer's OPEB Contributions - SPRS

As of June 30 (\$ in Thousands)

Fiscal Year Ending <sup>(1)</sup>	Actuarially Determined Contribution <sup>(2)</sup>	Total Employer Contribution <sup>(3)</sup>	Contribution Deficiency (Excess)	Covered Payroll <sup>(4)</sup>	Actual Contributions as a Percentage of Covered Payroll
2025	\$1,858	\$1,888	(\$30)	\$80,447	2.35%
2024	10,158	10,163	(5)	71,992	14.12%
2023	9,289	9,289	—	65,830	14.11%
2022	8,782	8,782	—	48,600	18.07%
2021	9,285	9,285	—	47,155	19.69%
2020	13,133	13,133	—	48,231	27.23%
2019	13,283	13,288	(5)	48,780	27.24%
2018	9,062	9,397	(335)	50,064	18.77%
2017	9,222	9,222	—	48,873	18.87%
2016	\$8,553	\$10,237	(\$1,684)	\$45,551	22.47%

<sup>(1)</sup> Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.  
<sup>(2)</sup> Actuarially determined contribution for fiscal year ended 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.  
<sup>(3)</sup> Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - SPRS.  
<sup>(4)</sup> Based on derived compensation using the provided employer contribution information

## Money-Weighted Rates of Return

In accordance with GASB, KRS provides this additional disclosure regarding the money-weighted rate of return for the Pension and Insurance Plans. The money-weighted rate of return is a method of calculating period-by-period returns on investments that adjusts for the changing amounts actually invested. For purposes of this statement, money-weighted rate of return is calculated as the internal rate of return, net of investment expenses, adjusted for the changing amounts actually invested.

See below for the money-weighted rates of return for multiple periods including fiscal year June 30, 2025, as calculated by the custodian bank, BNY Mellon:

### Money - Weighted Rates of Return As of June 30

	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
<b>Pension</b>						
2025	11.24%	11.88%	10.97%	11.74%	11.17%	11.23%
2024	9.58%	11.17%	9.64%	11.14%	11.12%	11.01%
2023	7.07%	9.46%	7.53%	9.89%	9.26%	9.44%
2022	(5.29%)	(5.94%)	(5.80%)	(6.22%)	(4.43%)	(4.43%)
2021	22.53%	25.21%	21.70%	25.16%	24.99%	25.36%
2020	2.35%	0.96%	2.21%	0.98%	0.21%	0.64%
2019	5.77%	5.68%	5.67%	5.04%	5.56%	5.73%
2018	7.63%	8.69%	7.68%	7.95%	8.93%	9.39%
2017	12.08%	13.45%	12.50%	13.77%	13.75%	13.69%
2016	(0.97%)	(0.33%)	(1.76%)	N/A	N/A	N/A

Note: This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

## Schedule of Administrative Expenses

KPPA provides administrative support for KRS and CERS. Kentucky Revised Statute 61.505 (11)(a) requires all expenses incurred by KPPA on behalf of the Systems be prorated, assigned, or allocated to the Systems. KPPA works closely with the KRS and CERS Boards of Trustees to develop an allocation method that takes into consideration membership, assets under management, system specific costs, and statutory requirements. Total administrative costs incurred by KPPA for the fiscal year ended June 30, 2025, were \$46.5 million, of which \$17.0 million was allocated to KRS based on the hybrid allocation developed by the KPPA Board, the KRS Board, and the CERS Board.

Schedule of Administrative Expenses		2025	2024
As of June 30, 2025 (\$ in Thousands)			
Salaries		\$7,356	\$6,533
Benefits		5,198	6,167
Professional Services		1,426	1,345
Information Technology		1,287	1,181
Communications		224	282
Office & Equipment Rent		385	367
Travel/Conferences		46	43
Other Operating Expenses		176	107
Insurance Plans' Administration		874	922
<b>Total Administrative Expenses</b>		<b>\$16,972</b>	<b>\$16,947</b>

## Schedule of Direct Investment Expenses

Schedule of Direct Investment Expenses									
As of June 30, 2025 (\$ in Thousands)		Pension			Insurance			2025	2024
		KERS		SPRS	KERS		SPRS		
<b>Security Lending Fees</b>									
Securities Lending Borrower Rebates	\$5,972	\$1,467	\$988	\$2,250	\$677	\$306	\$11,660	\$7,486	
Securities Lending Agent Fee	121	28	20	43	13	6	231	155	
<b>Total Security Lending</b>	<b>6,093</b>	<b>1,495</b>	<b>1,008</b>	<b>2,293</b>	<b>690</b>	<b>312</b>	<b>11,891</b>	<b>7,641</b>	
<b>Contractual Services</b>									
Investment Management	23,164	6,382	3,248	9,940	4,556	1,828	49,118	42,082	
Security Custody	405	94	60	232	91	37	918	922	
Investment Consultant	253	65	33	108	34	13	506	487	
Performance Fees	9,022	2,232	1,076	3,575	1,810	695	18,410	13,592	
<b>Total Contractual Services</b>	<b>\$32,844</b>	<b>\$8,773</b>	<b>\$4,417</b>	<b>\$13,855</b>	<b>\$6,491</b>	<b>\$2,573</b>	<b>\$68,953</b>	<b>\$57,083</b>	

# Schedule of Professional Consultant Fees

## Schedule of Professional Consultant Fees

As of June 30, 2025 (\$ in Thousands)

	2025	2024
Actuarial Services	\$113	\$146
Medical Review Services	406	500
Audit Services	72	83
Legal Counsel	740	509
Miscellaneous	95	107
<b>Total</b>	<b>\$1,426</b>	<b>\$1,345</b>



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Members  
Kentucky Retirement Systems  
Frankfort, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Kentucky Employee Retirement Systems (KRS), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise KRS's basic financial statements and have issued our report thereon dated December 4, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered KRS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KRS's internal control. Accordingly, we do not express an opinion on the effectiveness of KRS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of KRS's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the KRS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of KRS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KRS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Boise, Idaho  
December 4, 2025

# Investment Overview

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*This section of the report was compiled by Investment Staff using information provided by Wilshire Associates and the Bank of New York Mellon. Except when otherwise noted, investment returns are based on investment asset fair value and calculated using time-weighted return calculation methodologies.*

Investment returns play an important role in terms of funding status of the Plans and continued funding of operations. The Investment Committee and the Board of Trustees are committed to maximizing the long-term total rate of return on investments, given the appropriate level of risk, for the exclusive benefit of the members in the Plans. The overall investment performance goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefits and administrative funding requirements (see Investment Objectives later in this section).

Investments are managed by professional investment management firms and the Investment Staff based upon statutory investment authority and the investment policies adopted by the KRS Investment Committee and ratified by the KRS Board of Trustees. The Investment Staff is responsible for the administration of the investment assets of KRS and assists the Investment Committee in the formulation and implementation of investment policies and long-term investment strategy.

## Asset Allocation And Diversification

The Trustees recognize that asset allocation is the primary driver of long-term investment performance and therefore review asset allocation on a regular basis. Asset allocation is a process designed to construct an optimal long-term asset mix that achieves a specific set of investment objectives. The Investment Policy Statement (IPS) establishes the Plans' asset allocation policies which are designed to meet those objectives.

The asset allocation policies are adopted to provide for diversification of assets in an effort to maximize the long-term returns on investments consistent with prudent levels of market and economic risks. Of all the components of investment strategy formulation, the determination of asset allocation policies is the most important decision.

Risk is further diversified through active and passive management using multiple investment management firms and Investment Staff with a variety of investment styles. The total investment performance is not dependent upon the outcome of just one particular investment style or manager.

Investment Staff develops specific contractual investment guidelines for each external manager and each internally managed account that control the risk of high concentrations in a particular sector, industry, or security.

Diversification of the assets among various asset classes, investment management styles, and individual securities mitigates risks and enhances the potential of the investment portfolios to achieve their respective long-term objectives.

The following tables show each Plans' asset allocation targets as specified in the Investment Policy Statement and the actual asset allocation of the Plans as of June 30, 2025.

## IPS Target Allocation vs. Actual Asset Allocation

As of June 30, 2025

Pension	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return	Total Plan
<b>KERS Nonhazardous Policy Target Asset Allocation</b>	30.00%	6.00%	27.00%	20.00%	2.00%	5.00%	10.00%	100.00%
<b>KERS Nonhazardous Actual Asset Allocation</b>	<b>32.77%</b>	<b>4.22%</b>	<b>26.36%</b>	<b>20.05%</b>	<b>2.23%</b>	<b>4.66%</b>	<b>9.71%</b>	<b>100.00%</b>
<b>KERS Hazardous Policy Target Asset Allocation</b>	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
<b>KERS Hazardous Actual Asset Allocation</b>	<b>43.28%</b>	<b>5.79%</b>	<b>9.60%</b>	<b>24.57%</b>	<b>3.41%</b>	<b>5.56%</b>	<b>7.79%</b>	<b>100.00%</b>
<b>SPRS Policy Target Asset Allocation</b>	30.00%	6.00%	27.00%	20.00%	2.00%	5.00%	10.00%	100.00%
<b>SPRS Actual Asset Allocation</b>	<b>32.92%</b>	<b>4.14%</b>	<b>26.21%</b>	<b>19.28%</b>	<b>2.87%</b>	<b>4.80%</b>	<b>9.78%</b>	<b>100.00%</b>

Insurance	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return	Total Plan
<b>KERS Nonhazardous Policy Target Asset Allocation</b>	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
<b>KERS Nonhazardous Actual Asset Allocation</b>	<b>43.23%</b>	<b>6.39%</b>	<b>10.25%</b>	<b>24.79%</b>	<b>1.83%</b>	<b>5.65%</b>	<b>7.86%</b>	<b>100.00%</b>
<b>KERS Hazardous Policy Target Asset Allocation</b>	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
<b>KERS Hazardous Actual Asset Allocation</b>	<b>43.27%</b>	<b>6.16%</b>	<b>10.00%</b>	<b>24.08%</b>	<b>2.52%</b>	<b>6.27%</b>	<b>7.70%</b>	<b>100.00%</b>
<b>SPRS Policy Target Asset Allocation</b>	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
<b>SPRS Actual Asset Allocation</b>	<b>43.52%</b>	<b>6.89%</b>	<b>9.09%</b>	<b>25.10%</b>	<b>1.70%</b>	<b>5.99%</b>	<b>7.71%</b>	<b>100.00%</b>

*NOTE: The actual asset allocations are calculated by taking the fair value of each asset class as a percentage of total portfolio for the plans combined.*

# Investment Strategies

## Diversification

The Pension and Insurance portfolios are diversified on several levels, including by asset class. Asset allocations are evaluated on a periodic basis and represent an efficient allocation to maximize returns and minimize risks at a level appropriate for each Plan. The individual asset classes are diversified through the use of multiple portfolios that are managed by the Investment Staff and external Investment Managers. Each Investment Manager is afforded discretion to diversify its portfolio(s) within the parameters established by their contractual guidelines and in accordance with the KRS IPS.

## Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with the IPS target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among asset classes and individual investment portfolios. Should the actual portfolio weight fall outside of the IPS indicated range for a particular asset class, Investment Staff will direct rebalancing transactions to reallocate assets from the over-allocated asset class to the under-allocated asset class.

## Performance Review

At least quarterly, the Investment Committee reviews the performance of the portfolios to determine compliance with the IPS. The Investment Committee also reviews a report created and presented by the Compliance Officer. The Compliance Officer performs tests daily, monthly, and quarterly to ensure compliance with the restrictions imposed by the IPS.

## Investment Consulting

The Board employs qualified independent industry leading external consultants to assist in asset allocation studies, asset allocation recommendations, manager searches and other investment related consulting functions. Consultants also provide performance reports covering both the internally and externally managed assets.

## Investment Objectives

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The Trustees recognize that as long-term investors, the primary aim is that the portfolios meet their performance objectives in the long-term while understanding that this may not necessarily occur in the short-term. The overall investment performance goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefits and administrative funding requirements. The following descriptions represent general standards of measurement that will be used as guidelines for the various classes of investments and managers of the Plans.

### Public Asset Class Allocations

**Short-term:** For periods less than five years or a full market cycle, the Asset Class composite performance should exceed the returns of the appropriate Index.

**Intermediate & Long-term:** For periods greater than five years or a full market cycle, the Asset Class composite performance should exceed the appropriate Index, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the Index.

### Individual Public Security Portfolios

**Short-term:** For periods less than five years or a full market cycle, individual portfolios should exceed the returns of their market goal or benchmark.

**Intermediate & Long-term:** For periods greater than five years or a full market cycle, individual portfolios should exceed the return of their market goal or benchmark, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the benchmark.

## Alternative Assets

### Private Equity

The Private Equity portfolio seeks long-term annualized net returns that exceed public equity investments (as represented by the Russell 3000 Index lagged 1 calendar quarter + 300 basis points).

### Real Estate

The Real Estate portfolio seeks long-term annualized net returns that exceed the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index lagged 1 calendar quarter.

### Real Return

The Real Return portfolio seeks long term annualized net returns that exceed CPI + 300 basis points.

# Investment Results

For this report, total return information has been reported net of fees and expenses with audited data. All rates of return are calculated using time-weighted rates of return.

## Fiscal Year 2025 Results

Please see the tables below for the net returns reported for the fiscal year ended June 30, 2025.

Net Returns As of June 30, 2025 (\$ in Thousands)											
Pension	Fair Value	% of Total	1 Year		3 Years		5 Years		10 Years		
			Plan	Index	Plan	Index	Plan	Index	Plan	Index	
KERS Nonhazardous	5,058,466	72.84%	11.22%	9.63%	9.21%	8.91%	8.64%	8.20%	6.96%	6.73%	
KERS Hazardous	1,145,899	16.50%	11.87%	10.79%	10.81%	10.62%	9.89%	10.04%	7.71%	7.58%	
SPRS	740,068	10.66%	10.96%	9.63%	9.38%	8.91%	8.72%	8.20%	6.95%	6.69%	
<b>Total</b>	<b>\$6,944,433</b>	<b>100.00%</b>	<b>11.30%</b>	<b>9.82%</b>	<b>9.52%</b>	<b>9.21%</b>	<b>8.90%</b>	<b>8.32%</b>	<b>7.11%</b>	<b>6.79%</b>	

Net Returns As of June 30, 2025 (\$ in Thousands)											
Insurance	Fair Value	% of Total	1 Year		3 Years		5 Years		10 Years		
			Plan	Index	Plan	Index	Plan	Index	Plan	Index	
KERS Nonhazardous	1,828,143	64.13%	11.75%	10.79%	10.89%	10.62%	9.88%	9.88%	7.57%	7.57%	
KERS Hazardous	723,643	25.51%	11.18%	10.79%	10.54%	10.62%	10.01%	9.95%	7.74%	7.54%	
SPRS	289,240	10.36%	11.25%	10.79%	10.57%	10.62%	10.11%	9.95%	7.91%	7.55%	
<b>Total</b>	<b>\$2,841,026</b>	<b>100.00%</b>	<b>11.55%</b>	<b>10.79%</b>	<b>10.76%</b>	<b>10.62%</b>	<b>9.95%</b>	<b>9.88%</b>	<b>7.67%</b>	<b>7.57%</b>	

## Benchmarks

KRS overall performance is measured relative to asset class benchmarks. The benchmark is calculated using a weighted average methodology that is consistent with the CFA Institute Global Investment Performance Standards (GIPS®). It is the product of the various component weights (i.e., asset classes' percentages) by their respective performance (returns). The various asset class benchmarks are shown below:

Benchmarks and Allocation Guidelines			
As of June 30, 2025			
Index	Asset Class	KERS Nonhazardous/SPRS Pension	KERS Hazardous Pension/All Insurance
<b>Equity</b>			
MSCI ACWI	Public Equity	30%	40%
Russell 3000 + 300 bps (lagged one quarter)	Private Equity	6%	8%
<b>Fixed Income</b>			
Bloomberg US Aggregate	Core Fixed Income	27%	10%
50% Bloomberg US Corporate High Yield/50% Morningstar LSTA Leveraged Loan	Specialty Credit	20%	25%
FTSE for 3-month Treasury Bill	Cash	2%	2%
<b>Inflation Protected</b>			
NCREIF ODCE (one quarter lagged)	Real Estate	5%	7%
US CPI +3%	Real Return	10%	8%
<i>Note: These benchmarks are intended to be objective, measurable, investable/replicable, and representative of the investment mandates. The benchmarks are developed from publicly available information and accepted by the investment advisor and Investment Staff as the neutral position consistent with the investment mandate and status. Investment Staff and our Consultant recommend the indices and benchmarks, which are reviewed and approved by the Investment Committee and ratified by the KRS Board.</i>			

# Long-Term Results

The chart below displays the growth of \$1,000 over the course of 10 years given the performance of the portfolios compared to the benchmark and the actuarial assumed rate of return. As of June 30, 2025, the actuarial assumed rate of return for KERS Nonhazardous and SPRS Pension Plans was 5.25% and 6.25% for all other Plans.

Since June 30, 2016, fiscal year returns have ranged from minimum returns of (5.19%), (5.95%), and (4.63%) in KERS Nonhazardous, KERS Hazardous, and SPRS, respectively in fiscal year 2022 to maximum returns of 22.56%, 25.21%, and 21.70%, respectively, in fiscal year 2021. For fiscal year 2025, the total net return of each Plan exceeded both its benchmark and actuarially assumed rate of return. Translating these returns into dollars, a beginning balance of \$1,000 would have a balance of \$1,960 for the KERS Nonhazardous Pension Plan. The KERS Nonhazardous benchmark returns would have grown to a balance of \$1,918.

Pension Plan Growth										
As of June 30 (in Whole \$)										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>KERS Nonhazardous Plan</b>	(0.68%)	12.09%	7.50%	5.73%	2.36%	22.56%	(5.19%)	6.96%	9.50%	11.22%
Performance Benchmark	0.71%	11.92%	6.84%	6.13%	1.18%	20.60%	(4.79%)	7.02%	10.11%	9.63%
Actuarial Assumed ROR	7.50%	6.75%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Actual Performance	\$1,000	\$993	\$1,113	\$1,197	\$1,265	\$1,295	\$1,587	\$1,505	\$1,610	\$1,763
Performance Benchmark	1,000	1,007	1,127	1,204	1,278	1,293	1,560	1,485	1,589	1,750
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
Actual Performance	\$1,000	\$998	\$1,132	\$1,230	\$1,300	\$1,312	\$1,643	\$1,545	\$1,691	\$1,879
Performance Benchmark	1,000	994	1,129	1,208	1,285	1,287	1,619	1,534	1,668	1,875
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,767
<b>KERS Hazardous Plan</b>	(0.24%)	13.44%	8.68%	5.68%	0.95%	25.21%	(5.95%)	9.46%	11.12%	11.87%
Performance Benchmark	(0.61%)	13.58%	7.04%	6.37%	0.16%	25.74%	(5.22%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Actual Performance	\$1,000	\$998	\$1,132	\$1,230	\$1,300	\$1,312	\$1,643	\$1,545	\$1,691	\$1,879
Performance Benchmark	1,000	994	1,129	1,208	1,285	1,287	1,619	1,534	1,668	1,875
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,767
<b>SPRS Plan</b>	(1.49%)	12.50%	7.65%	5.71%	2.21%	21.70%	(4.63%)	7.58%	9.62%	10.96%
Performance Benchmark	(0.31%)	12.61%	6.84%	6.13%	1.18%	20.60%	(4.79%)	7.02%	10.11%	9.63%
Actuarial Assumed ROR	7.50%	6.75%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Actual Performance	\$1,000	\$985	\$1,108	\$1,193	\$1,261	\$1,289	\$1,569	\$1,496	\$1,609	\$1,764
Performance Benchmark	1,000	997	1,123	1,199	1,273	1,288	1,553	1,479	1,583	1,743
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
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Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
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Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
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Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
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Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
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Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
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Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,6

## Insurance Plan Growth

As of June 30 (in Whole \$)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>KERS Hazardous Plan</b>	(0.25%)	13.76%	8.88%	5.61%	0.20%	24.97%	(4.53%)	9.29%	11.15%	11.18%
Performance Benchmark	(0.38%)	13.73%	7.04%	6.25%	(0.40%)	24.76%	(4.85%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.35%	6.50%
Actual Performance	\$1,000	\$998	\$1,135	\$1,236	\$1,305	\$1,307	\$1,634	\$1,560	\$1,705	\$1,895
Performance Benchmark	1,000	996	1,133	1,213	1,289	1,283	1,601	1,523	1,656	1,861
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768
<b>SPRS Plan</b>	0.01%	13.70%	9.34%	5.74%	0.65%	25.34%	(4.50%)	9.46%	11.02%	11.25%
Performance Benchmark	(0.22%)	13.61%	7.04%	6.25%	(0.40%)	24.76%	(3.44%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.35%	6.50%
Actual Performance	\$1,000	\$1,000	\$1,137	\$1,243	\$1,315	\$1,323	\$1,659	\$1,584	\$1,734	\$1,925
Performance Benchmark	1,000	998	1,134	1,213	1,289	1,284	1,602	1,547	1,681	1,890
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768

## Public Equity

For the fiscal year, the KERS Pension Nonhazardous, Hazardous, and SPRS Pension Public Equity portfolios returned 16.04%, 15.99%, and 16.19%, respectively. The KERS Nonhazardous and Hazardous, and SPRS Insurance Public Equity portfolios also outperformed the benchmark, returning 16.04%, 16.20%, and 16.02%, respectively. The portfolios outperformed their benchmark's (MSCI All Country World Index) return of 15.89%. Relative outperformance was driven in part by regional positioning. The portfolio's tilt toward non-U.S. equities, was beneficial as international markets collectively outpaced the U.S. by approximately 2.5%. Further, while stock selection amongst individual strategies was mixed, it skewed positively and was most pronounced in the non-U.S. portion of the portfolio.

## Public Equity Performance

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
		Plan	Index	Plan	Index	Plan	Index	Plan	Index
<b>Pension</b>	4/1/1984								
<b>KERS Nonhazardous</b>		16.04%	15.89%	17.01%	16.80%	13.22%	13.19%	9.71%	9.53%
<b>KERS Hazardous</b>		15.99%	15.89%	16.95%	16.80%	13.19%	13.19%	9.62%	9.53%
<b>SPRS</b>		16.19%	15.89%	16.99%	16.80%	13.24%	13.19%	9.49%	9.53%
<b>Insurance</b>	7/1/1992								
<b>KERS Nonhazardous</b>		16.04%	15.89%	17.01%	16.80%	13.24%	13.17%	9.75%	9.52%
<b>KERS Hazardous</b>		16.20%	15.89%	17.00%	16.80%	13.21%	13.17%	9.69%	9.52%
<b>SPRS</b>		16.02%	15.89%	16.93%	16.80%	13.11%	13.17%	9.67%	9.52%

*Note: Current Pension and Insurance benchmarks are MSCI ACWI. Plan returns are reported gross of fees.*

During the 12 months ended June 30, 2025, KPPA managed U.S. Equity portfolios collectively returned 15.09% versus the Russell 3000 Index return of 15.30%. Individual strategy relative performance was mixed; however, it skewed positive in aggregate. Notable standouts include the all-cap value effort which returned 20.06% versus its benchmark return of 13.30%, and the absolute performance of the micro-cap strategy of 18.54%. However, allocation positioning offset stock selection strength, as the portfolios' value (R300V: 13.30% vs R300G 17.95%) and smaller (R500/SP500 Blend: 15.40% vs Russell Midcap: 7.53% vs Russell 2000: 7.68%) tilts provided headwinds.

For the fiscal year, KPPA managed non-U.S. Equity portfolios collectively returned 17.95% versus the MSCI ACWI Ex-US IMI return of 17.83%. Individual strategy relative performance was mixed, with stock selection driving outperformance. Right tails were significantly larger than those to the left. Notable standouts include those efforts in the deep value (24.34% versus 17.72%) and small cap (28.30% versus 18.34%) spaces.

## Top 10 Public Equity Holdings

As of June 30, 2025

### KERS Nonhazardous Pension

Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND A	4,235,847	\$147,076
MICROSOFT CORP	89,495	44,516
NVIDIA CORP	281,616	44,492
ISHARES CORE S&P MIDCAP ETF	614,062	38,084
APPLE INC	177,310	36,379
LAZARD EMERG MKT EQY-INST	1,168,156	25,185
AMAZON.COM INC	112,952	24,781
META PLATFORMS INC	26,367	19,461
BROADCOM INC	55,347	15,256
ALPHABET INC	70,734	12,465
<b>Total</b>	<b>6,831,886</b>	<b>\$407,695</b>

### KERS Nonhazardous Insurance

Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND B	1,116,792	\$42,459
MICROSOFT CORP	41,718	20,751
NVIDIA CORP	131,273	20,740
ISHARES CORE S&P MIDCAP ETF	285,524	17,708
APPLE INC	82,652	16,958
LAZARD EMERG MKT EQY-INST	649,854	14,011
AMAZON.COM INC	52,652	11,551
META PLATFORMS INC	12,291	9,072
BROADCOM INC	25,799	7,112
ALPHABET INC	32,972	5,811
<b>Total</b>	<b>2,431,527</b>	<b>\$166,173</b>

### KERS Hazardous Pension

Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND A	1,139,861	\$39,578
ISHARES CORE S&P MIDCAP ETF	209,632	13,001
MICROSOFT CORP	25,408	12,638
NVIDIA CORP	79,950	12,631
APPLE INC	50,338	10,328
LAZARD EMERG MKT EQY-INST	360,093	7,764
AMAZON.COM INC	32,067	7,035
META PLATFORMS INC	7,486	5,525
BROADCOM INC	15,713	4,331
ALPHABET INC	20,081	3,539
<b>Total</b>	<b>1,940,629</b>	<b>\$116,370</b>

### KERS Hazardous Insurance

Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND B	608,635	\$23,140
MICROSOFT CORP	16,559	8,237
NVIDIA CORP	52,106	8,232
ISHARES CORE S&P MIDCAP ETF	114,744	7,116
APPLE INC	32,807	6,731
LAZARD EMERG MKT EQY-INST	239,508	5,164
AMAZON.COM INC	20,899	4,585
META PLATFORMS INC	4,879	3,601
BROADCOM INC	10,240	2,823
ALPHABET INC	13,088	2,306
<b>Total</b>	<b>1,113,465</b>	<b>\$71,935</b>

### SPRS Pension

Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND A	420,445	\$14,599
ISHARES CORE S&P MIDCAP ETF	110,623	6,861
MICROSOFT CORP	12,089	6,013
NVIDIA CORP	38,041	6,010
APPLE INC	23,951	4,914
LAZARD EMERG MKT EQY-INST	188,356	4,061
AMAZON.COM INC	15,258	3,347
META PLATFORMS INC	3,562	2,629
BROADCOM INC	7,476	2,061
NVIDIA CORP	10,805	1,707
<b>Total</b>	<b>830,606</b>	<b>\$52,202</b>

### SPRS Insurance

Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND B	218,356	\$8,302
MICROSOFT CORP	6,563	3,264
NVIDIA CORP	20,652	3,263
ISHARES CORE S&P MIDCAP ETF	46,673	2,895
APPLE INC	13,003	2,668
LAZARD EMERG MKT EQY-INST	100,097	2,158
AMAZON.COM INC	8,283	1,817
META PLATFORMS INC	1,934	1,427
BROADCOM INC	4,059	1,119
ALPHABET INC	5,187	914
<b>Total</b>	<b>424,807</b>	<b>\$27,827</b>

A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>

## Core Fixed Income

For the fiscal year, the Pension Core Fixed Income KERS Nonhazardous, Hazardous and SPRS portfolios returned 6.19%, 6.06% and 6.17%, respectively, compared to the Bloomberg U.S. Aggregate benchmark returning 6.08%. For the Insurance Core Fixed Income, KERS Nonhazardous, Hazardous and SPRS portfolios returned 6.05%, 6.03% and 6.02%, respectively. Performance was driven by closing the duration gap as the Federal Reserve stopped raising rates and credit spreads continuing to tighten during the fiscal year.

## Core Fixed Income Performance

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
	7/1/2013	Plan	Index	Plan	Index	Plan	Index	Plan	Index
Pension									
KERS Nonhazardous		6.19%	6.08%	4.18%	2.55%	2.06%	(0.73%)	2.91%	1.76%
KERS Hazardous		6.06%	6.08%	4.10%	2.55%	2.01%	(0.73%)	2.91%	1.76%
SPRS		6.17%	6.08%	4.17%	2.55%	2.09%	(0.73%)	2.91%	1.76%
Insurance	7/1/2013								
KERS Nonhazardous		6.05%	6.08%	3.99%	2.55%	1.90%	(0.73%)	2.80%	1.76%
KERS Hazardous		6.03%	6.08%	4.04%	2.55%	1.92%	(0.73%)	2.80%	1.76%
SPRS		6.02%	6.08%	4.03%	2.55%	1.92%	(0.73%)	2.80%	1.76%

Note: Current Pension and Insurance benchmark is Bloomberg US Aggregate.

## Top 10 Core Fixed Income Holdings

As of June 30, 2025

KERS Nonhazardous Pension			KERS Nonhazardous Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	3,889,455	\$385,834	ISHARES CORE U.S. AGGREGATE	479,581	\$47,574
U S TREASURY NOTE	11,251,665	\$11,395	U S TREASURY NOTE	1,496,397	\$1,504
U S TREASURY NOTE	10,286,572	\$10,530	U S TREASURY NOTE	1,431,645	\$1,450
U S TREASURY NOTE	10,269,131	\$10,414	U S TREASURY NOTE	1,391,410	\$1,393
U S TREASURY NOTE	9,888,908	\$9,940	U S TREASURY NOTE	1,197,716	\$1,226
U S TREASURY NOTE	9,166,445	\$9,208	U S TREASURY NOTE	1,176,195	\$1,170
U S TREASURY NOTE	7,577,336	\$7,630	U S TREASURY NOTE	1,130,345	\$1,135
U S TREASURY NOTE	7,174,245	\$7,190	U S TREASURY NOTE	1,123,795	\$1,126
U S TREASURY BOND	6,924,251	\$6,895	U S TREASURY NOTE	1,048,938	\$1,056
U S TREASURY NOTE	6,726,194	\$6,751	U S TREASURY NOTE	1,015,252	\$1,025
<b>Total</b>	<b>83,154,202</b>	<b>\$465,787</b>	<b>Total</b>	<b>11,491,274</b>	<b>\$58,659</b>

## KERS Hazardous Pension

Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	320,723	\$31,816
U S TREASURY NOTE	927,809	\$940
U S TREASURY NOTE	848,227	\$868
U S TREASURY NOTE	846,789	\$859
U S TREASURY NOTE	815,436	\$820
U S TREASURY NOTE	755,862	\$759
U S TREASURY NOTE	624,825	\$629
U S TREASURY NOTE	591,586	\$593
U S TREASURY BOND	570,971	\$569
U S TREASURY NOTE	554,640	\$557
<b>Total</b>	<b>6,856,868</b>	<b>\$38,410</b>

## KERS Hazardous Insurance

Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	185,170	\$18,369
U S TREASURY NOTE	577,770	\$581
U S TREASURY NOTE	552,769	\$560
U S TREASURY NOTE	537,233	\$538
U S TREASURY NOTE	462,447	\$473
U S TREASURY NOTE	454,137	\$452
U S TREASURY NOTE	436,434	\$438
U S TREASURY NOTE	433,905	\$435
U S TREASURY NOTE	405,002	\$408
U S TREASURY NOTE	391,996	\$396
<b>Total</b>	<b>4,436,863</b>	<b>\$22,650</b>

## Top 10 Core Fixed Income Holdings

As of June 30, 2025

### SPRS Pension

Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	565,635	\$56,111
U S TREASURY NOTE	1,636,306	\$1,657
U S TREASURY NOTE	1,495,955	\$1,531
U S TREASURY NOTE	1,493,418	\$1,515
U S TREASURY NOTE	1,438,123	\$1,446
U S TREASURY NOTE	1,333,057	\$1,339
U S TREASURY NOTE	1,101,956	\$1,110
U S TREASURY NOTE	1,043,335	\$1,046
U S TREASURY BOND	1,006,979	\$1,003
U S TREASURY NOTE	978,176	\$982
<b>Total</b>	<b>12,092,940</b>	<b>\$67,740</b>

### SPRS Insurance

Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	67,253	\$6,671
U S TREASURY NOTE	209,842	\$211
U S TREASURY NOTE	200,762	\$203
U S TREASURY NOTE	195,120	\$195
U S TREASURY NOTE	167,958	\$172
U S TREASURY NOTE	164,940	\$164
U S TREASURY NOTE	158,510	\$159
U S TREASURY NOTE	157,592	\$158
U S TREASURY NOTE	147,094	\$148
U S TREASURY NOTE	142,371	\$144
<b>Total</b>	<b>1,611,442</b>	<b>\$8,225</b>

A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>

## Specialty Credit

For the fiscal year, the Pension Specialty Credit KERS Nonhazardous, Hazardous and SPRS portfolios returned 10.83%, 10.65% and 10.46%, respectively, outperforming the custom benchmark which returned 8.79%. For the Insurance Specialty Credit, KERS Nonhazardous, Hazardous and SPRS portfolios returned 10.59%, 11.31% and 11.12%, respectively, also outperforming the benchmark. Much like investment grade credit, outperformance was a result of credit spreads continuing to tighten with CCC rated companies performing the best as well as interest rates remaining stable during the year as the majority of holdings in the private sector is floating rate with the portfolios clipping higher coupons from prior rate increases.

### Specialty Credit Performance

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
		Plan	Index	Plan	Index	Plan	Index	Plan	Index
Pension	7/1/2013								
KERS Nonhazardous		10.83%	8.79%	10.42%	9.84%	10.05%	6.75%	7.19%	N/A
KERS Hazardous		10.65%	8.79%	10.80%	9.84%	9.93%	6.75%	7.08%	N/A
SPRS		10.46%	8.79%	10.40%	9.84%	9.63%	6.75%	6.92%	N/A
Insurance	7/1/2013								
KERS Nonhazardous		10.59%	8.79%	10.72%	9.84%	9.97%	6.75%	6.97%	N/A
KERS Hazardous		11.31%	8.79%	11.40%	9.84%	10.95%	6.75%	7.44%	N/A
SPRS		11.12%	8.79%	11.10%	9.84%	10.51%	6.75%	7.25%	N/A

Note: Current Pension and Insurance benchmark is 50% Bloomberg US Corp High Yield and 50% Morningstar LSTA Leveraged Loan.

## Top 10 Specialty Credit Holdings

As of June 30, 2025

### KERS Nonhazardous Pension

Holding	Fair Value
CLOUD SOFTWARE GROUP INC 144A	\$1,712
MCAFEE CORP 144A	1,483
STAR PARENT INC 144A	1,409
MEDLINE BORROWER LP 144A	1,326
DELEK LOGISTICS PARTNERS 144A	1,326
ATHENAHEALTH GROUP INC 144A	1,248
HUB INTERNATIONAL LTD 144A	1,241
NCR ATLEOS CORP 144A	1,208
WR GRACE HOLDINGS LLC 144A	1,198
1261229 BC LTD 144A	1,177
<b>Total</b>	<b>\$13,328</b>

### KERS Nonhazardous Insurance

Holding	Fair Value
CLOUD SOFTWARE GROUP INC 144A	\$742
DELIVERY HERO 3/24 TLB	674
MCAFEE CORP 144A	658
AIR MEDICAL 4/24 PIK TL	652
SOLERA 6/21 (USD) COV-LITE TL	640
STAR PARENT INC 144A	625
MEDLINE BORROWER LP 144A	622
PROOFPOINT 5/24 TL	598
HUB INTERNATIONAL LTD 144A	590
SABRE 11/24 TLB1	588
<b>Total</b>	<b>\$6,389</b>

## Top 10 Specialty Credit Holdings

As of June 30, 2025

### KERS Hazardous Pension

Holding	Fair Value
TAIWAN SEMICONDUCTOR MANUFACTU	\$728
TENCENT HOLDINGS LTD	470
CLOUD SOFTWARE GROUP INC 144A	440
RECEIVABLE FOR INVESTMENTS SOLD	414
MCAFEE CORP 144A	382
STAR PARENT INC 144A	362
SOLERA 6/21 (USD) COV-LITE TL	351
MEDLINE BORROWER LP 144A	341
DELEK LOGISTICS PARTNERS 144A	341
DELIVERY HERO 3/24 TLB	332
<b>Total</b>	<b>\$4,161</b>

### KERS Hazardous Insurance

Holding	Fair Value
CLOUD SOFTWARE GROUP INC 144A	\$190
MCAFEE CORP 144A	168
STAR PARENT INC 144A	160
MEDLINE BORROWER LP 144A	159
DELIVERY HERO 3/24 TLB	154
HUB INTERNATIONAL LTD 144A	151
AIR MEDICAL 4/24 PIK TL	149
DELEK LOGISTICS PARTNERS 144A	148
SOLERA 6/21 (USD) COV-LITE TL	147
WR GRACE HOLDINGS LLC 144A	144
<b>Total</b>	<b>\$1,570</b>

### SPRS Pension

Holding	Fair Value
CLOUD SOFTWARE GROUP INC 144A	\$286
MCAFEE CORP 144A	248
STAR PARENT INC 144A	235
MEDLINE BORROWER LP 144A	222
DELEK LOGISTICS PARTNERS 144A	221
ATHENAHEALTH GROUP INC 144A	209
HUB INTERNATIONAL LTD 144A	207
NCR ATLEOS CORP 144A	202
WR GRACE HOLDINGS LLC 144A	200
1261229 BC LTD 144A	197
<b>Total</b>	<b>\$2,227</b>

### SPRS Insurance

Holding	Fair Value
HILEX POLY/NOVOLEX 3/25 COV-LI	\$98
BRAZIL NOTAS DO TESOURO NACION	91
CLOUD SOFTWARE GROUP INC 144A	78
MCAFEE CORP 144A	69
STAR PARENT INC 144A	66
MEDLINE BORROWER LP 144A	65
DELIVERY HERO 3/24 TLB	65
AIR MEDICAL 4/24 PIK TL	62
HUB INTERNATIONAL LTD 144A	62
SOLERA 6/21 (USD) COV-LITE TL	61
<b>Total</b>	<b>\$717</b>

A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>

## Private Equity

For the fiscal year, the Pension Private Equity portfolio posted gross returns ranging from 8.30% for KERS Hazardous to 14.59% for KERS Nonhazardous, while the Insurance Private Equity portfolio gross returns ranged from 1.16% for KERS Hazardous to 6.24% for KERS Nonhazardous. The comparative benchmark for all plans was 10.22% for the fiscal year. The Investment Committee acknowledges the difficulty in assessing short-term performance for Private Equity. Performance is typically based on quarterly estimates of each underlying business's value and managers are often slow to mark valuations up or down. This can distort relative performance against a public market benchmark during periods when the index moves dramatically. A better indication of program performance would be the mid- to longer-term time periods because more underlying company holdings have likely transacted at a specific (rather than estimated) valuation. The below chart provides the gross returns for the longer term time periods.

### Private Equity Performance

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
		Plan	Index	Plan	Index	Plan	Index	Plan	Index
Pension	7/1/2002								
KERS Nonhazardous		14.59%	10.22%	1.90%	11.25%	12.85%	21.24%	10.82%	14.84%
KERS Hazardous		8.30%	10.22%	4.82%	11.25%	16.86%	21.24%	12.84%	14.84%
SPRS		12.40%	10.22%	5.59%	11.25%	15.98%	21.24%	12.74%	14.84%
Insurance	7/1/2002								
KERS Nonhazardous		6.24%	10.22%	7.10%	11.25%	20.10%	21.24%	13.31%	14.84%
KERS Hazardous		1.16%	10.22%	3.50%	11.25%	16.30%	21.24%	12.53%	14.84%
SPRS		2.36%	10.22%	4.06%	11.25%	16.91%	21.24%	12.96%	14.84%

Note: Current Pension and Insurance benchmark is Russell 3000 + 3%, lagged 1 quarter. Plan returns are reported gross of fees.

## Real Estate

For the fiscal year, the Pension and Insurance Real Estate portfolios saw gross returns ranging from 5.18% in the KERS Hazardous insurance plan to 6.59% in the KERS Nonhazardous pension plan, exceeding the benchmark return of 1.17% for all plans.

### Real Estate Performance

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
		Plan	Index	Plan	Index	Plan	Index	Plan	Index
Pension	7/1/1984								
KERS Nonhazardous		6.37%	1.17%	(1.21%)	(5.07%)	7.05%	2.01%	7.52%	4.71%
KERS Hazardous		6.59%	1.17%	(1.78%)	(5.07%)	6.09%	2.01%	7.63%	4.71%
SPRS		5.59%	1.17%	(1.94%)	(5.07%)	6.08%	2.01%	7.52%	4.71%
Insurance	5/1/2009								
KERS Nonhazardous		6.30%	1.17%	(1.66%)	(5.07%)	5.92%	2.01%	7.56%	4.71%
KERS Hazardous		5.18%	1.17%	(2.44%)	(5.07%)	5.37%	2.01%	7.28%	4.71%
SPRS		5.18%	1.17%	(2.43%)	(5.07%)	5.39%	2.01%	7.29%	4.71%

Note: Current Pension and Insurance benchmark is the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity (NCREIF ODCE) Index, lagged 1 quarter. Plan returns are reported gross of fees.

## Real Return

For the fiscal year, the Pension and Insurance Real Return portfolio returns ranged from 15.25% (gross) in the KERS Hazardous insurance plan to 18.56% (gross) in the KERS Nonhazardous pension plan. All plan returns exceeded the benchmark return of 5.35%.

### Real Return Performance

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
		Plan	Index	Plan	Index	Plan	Index	Plan	Index
Pension	7/1/2011								
KERS Nonhazardous		18.56%	5.35%	18.21%	6.22%	16.84%	9.93%	8.46%	5.01%
KERS Hazardous		17.47%	5.35%	15.41%	6.22%	14.69%	9.93%	7.72%	5.01%
SPRS		17.64%	5.35%	15.82%	6.22%	14.95%	9.93%	7.73%	5.01%
Insurance	7/1/2011								
KERS Nonhazardous		17.38%	5.35%	15.64%	6.22%	14.69%	9.45%	7.90%	5.05%
KERS Hazardous		15.25%	5.35%	13.17%	6.22%	13.03%	9.45%	7.05%	5.05%
SPRS		15.80%	5.35%	13.44%	6.22%	13.14%	9.45%	7.09%	5.05%

Note: Current Pension and Insurance benchmark is CPI + 3%. Plan returns are reported gross of fees.

# Cash

For the fiscal year, the Pension Cash KERS Nonhazardous, Hazardous and SPRS portfolios each returned 4.81% slightly underperforming the FTSE 3-Month US Treasury Bill benchmark which returned 4.88%. For the Insurance Cash, KERS Nonhazardous, Hazardous and SPRS portfolios each returned 4.80% also underperforming the benchmark by 0.08%.

Liquidity Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
	1/1/1988	Plan	Index	Plan	Index	Plan	Index	Plan	Index
<b>Pension</b>									
<b>KERS Nonhazardous</b>		4.81%	4.88%	4.50%	4.75%	2.75%	2.88%	2.12%	2.01%
<b>KERS Hazardous</b>		4.81%	4.88%	4.50%	4.75%	2.75%	2.88%	2.13%	2.01%
<b>SPRS</b>		4.81%	4.88%	4.50%	4.75%	2.75%	2.88%	2.12%	2.01%
<b>Insurance</b>	7/1/1992								
<b>KERS Nonhazardous</b>		4.80%	4.88%	4.50%	4.75%	2.74%	2.88%	1.99%	2.01%
<b>KERS Hazardous</b>		4.80%	4.88%	4.50%	4.75%	2.74%	2.88%	1.99%	2.01%
<b>SPRS</b>		4.80%	4.88%	4.50%	4.75%	2.74%	2.88%	1.99%	2.01%

*Note: Current Pension and Insurance benchmark is FTSE 3-month Treasury Bill.*

## Additional Schedules

The following schedules contain information on the assets under management for each firm KRS employs and assets managed by Investment Staff, external investment-related expenses, commissions paid, and portfolio summaries for each of the Pension and Insurance Plans for the fiscal year ended June 30, 2025.

Investment Managers & Assets Under Management by Plan and Asset Class							
As of June 30, 2025 (\$ in Thousands)							
Advisor/Asset Class	Pension			Insurance			
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
<b>Core Fixed Income</b>	\$1,446,576	\$149,010	\$215,206	\$220,994	\$90,614	\$31,219	\$2,153,619
Loomis, Sayles & Company Core	461,356	38,043	67,094	65,088	25,131	9,128	665,840
NISA Investment Advisors	486,509	40,117	70,752	74,785	28,875	10,487	711,525
Internally Managed by KPPA	498,711	70,850	77,360	81,121	36,608	11,604	776,254
<b>Private Equity</b>	\$198,798	\$62,804	\$29,317	\$111,261	\$40,598	\$18,411	\$461,189
Ares	—	989	312	—	633	394	2,328
Bay Hills	59,310	10,360	4,804	4,108	4,926	2,718	86,226
Black Diamond	—	3,298	1,040	—	2,747	1,710	8,795
Blackstone	12	745	1	2	759	361	1,880
Crestview	7,763	2,243	908	538	1,080	627	13,159
CVC	—	1,256	396	—	806	501	2,959
DAG	13,503	1,708	889	935	446	198	17,679
Harvest	—	1,655	18	4,571	2,855	1,122	10,221
H.I.G.	409	711	119	28	677	350	2,294
Horsley Bridge	28,624	3,620	1,884	1,982	944	420	37,474
Keyhaven	2,784	1,192	448	193	791	476	5,884
Leonard Green	54	2,270	4	2,982	3,509	1,510	10,329
Levine Leichtman	—	2,471	37	7,027	4,359	1,706	15,600
Middle Ground	18,694	8,934	2,151	30,647	5,931	2,336	68,693
Strategic Value Partners	15,418	6,654	1,774	13,920	5,181	1,704	44,651
Triton	—	1,544	487	—	988	615	3,634
Vista	849	2,580	56	4,205	3,966	1,663	13,319
Internally Managed by KPPA	51,378	10,574	13,989	40,123	—	—	116,064
<b>Public Equity</b>	\$1,657,667	\$495,919	\$243,625	\$790,338	\$313,069	\$125,880	\$3,626,498
American Century	89,893	27,710	14,495	49,421	18,214	7,612	207,345
Axiom	27,697	8,538	4,466	15,723	5,795	2,422	64,641
BlackRock	147,249	39,624	14,616	42,507	23,166	8,311	275,473

**Investment Managers & Assets Under Management by Plan and Asset Class**

As of June 30, 2025 (\$ in Thousands)

Advisor/Asset Class	Pension			Insurance			KRS Total
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	
Franklin Templeton	75,238	23,193	12,132	40,079	14,771	6,173	171,586
JP Morgan	86,006	25,214	12,473	42,587	16,407	6,643	189,330
Lazard	106,159	32,724	17,117	59,084	21,776	9,101	245,961
LSV	112,970	34,824	18,215	62,381	22,991	9,609	260,990
Next Century	25,737	8,786	4,637	12,916	5,191	2,111	59,378
Northern Trust	58,901	20,108	10,611	29,188	11,730	4,771	135,309
Pzena	40,613	12,519	6,548	22,648	8,347	3,488	94,163
River Road	68,882	23,515	12,409	32,709	13,145	5,347	156,007
KRS TRP US Structured Eq	56,128	15,935	7,582	26,033	10,333	4,095	120,106
Westfield	80,825	27,593	14,561	37,477	15,061	6,126	181,643
Internally Managed by KPPA	681,369	195,636	93,763	317,585	126,142	50,071	1,464,566
<b>Real Estate</b>	<b>\$229,143</b>	<b>\$61,686</b>	<b>\$34,764</b>	<b>\$101,615</b>	<b>\$44,214</b>	<b>\$16,879</b>	<b>\$488,301</b>
Barings	24,764	6,774	2,863	8,068	6,034	2,306	50,809
Fundamental	8,353	2,285	966	2,721	2,035	778	17,138
Harrison Street	69,403	12,344	17,357	36,541	11,919	4,565	152,129
Lubert-Adler	1,328	1,004	385	1,100	824	312	4,953
Mesa West	8,088	3,848	1,241	6,073	5,112	1,921	26,283
Prologis	56,102	15,347	6,487	16,867	12,614	4,822	112,239
Stockbridge	25,986	5,173	2,506	8,046	5,676	2,175	49,562
Internally Managed by KPPA	35,119	14,911	2,959	22,199	—	—	75,188
<b>Real Return</b>	<b>\$490,448</b>	<b>\$89,013</b>	<b>\$72,318</b>	<b>\$143,346</b>	<b>\$55,517</b>	<b>\$22,207</b>	<b>\$872,849</b>
AMERRA	—	2,570	1,301	2,724	2,209	830	9,634
Arctos	26,906	689	6,899	15,867	689	690	51,740
BTG Pactual	—	1,070	495	1,244	843	320	3,972
Ceres Farms	37,521	8,859	5,732	16,676	6,644	2,736	78,168
IFM	12,818	3,948	1,530	5,608	3,155	1,063	28,122
ITE	33,421	5,025	4,207	8,363	3,355	1,402	55,773
Kayne Anderson	12,950	1,782	1,901	4,455	1,960	713	23,761
Maritime Partners	29,656	3,223	5,802	12,820	2,468	1,289	55,258
Prisma	19,671	5,132	2,129	7,048	4,680	1,755	40,415
Saba	54,615	9,103	9,103	10,923	6,068	1,214	91,026
Strategic Value Partners	15,072	3,872	2,277	6,474	2,430	944	31,069
Tortoise	71,982	18,030	7,200	21,279	9,730	3,798	132,019
Internally Managed by KPPA	175,836	25,710	23,742	29,865	11,286	5,453	271,892
<b>Specialty Credit</b>	<b>\$1,014,249</b>	<b>\$281,593</b>	<b>\$142,693</b>	<b>\$453,125</b>	<b>\$174,273</b>	<b>\$72,608</b>	<b>\$2,138,541</b>
Adams Street	68,947	19,101	7,985	28,368	11,800	5,019	141,220
Arrowmark	116,557	36,136	14,397	57,543	35,772	13,209	273,614
Benefit Street	18,276	6,565	1,697	10,199	6,159	2,217	45,113
Blue Torch	30,600	9,194	3,793	12,944	6,804	2,636	65,971
CapitalSpring	18,010	6,469	1,672	8,839	5,338	1,922	42,250
Cerberus	31,047	11,152	2,882	15,239	9,202	3,313	72,835
Columbia Threadneedle	238,788	61,433	39,898	104,442	26,698	10,966	482,225
Manulife	36,162	19,217	8,198	24,014	80	5,683	93,354
Marathon	152,790	25,814	13,794	40,747	24,382	8,418	265,945
Shenkman	173,395	52,534	25,122	95,297	21,820	9,131	377,299
Waterfall	104,533	24,947	20,921	41,941	18,035	7,148	217,525
White Oak	25,144	9,031	2,334	13,552	8,183	2,946	61,190
<b>Other</b>	<b>21,585</b>	<b>5,874</b>	<b>2,145</b>	<b>7,464</b>	<b>5,358</b>	<b>2,036</b>	<b>44,462</b>
<b>Total Assets Under Management</b>	<b>\$5,058,466</b>	<b>\$1,145,899</b>	<b>\$740,068</b>	<b>\$1,828,143</b>	<b>\$723,643</b>	<b>\$289,240</b>	<b>\$9,785,459</b>

## External Investment Expenses - Pension Asset Class/Type Breakdown

For the fiscal year ended June 30, 2025 (\$ in Thousands)

KERS Nonhazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$2,547	\$340	\$812	\$5,003	\$—	\$2,354	\$1,580	\$12,636
Performance/Incentive Fees	148	1,726	121	5,946	—	1,034	47	9,022
Securities Lending Fees	32	—	42	43	—	4	—	121
Securities Lending Fee Rebate	1,601	—	1,843	2,351	—	177	—	5,972
Miscellaneous Fees & Expenses	46	411	9	7,422	—	364	1,168	9,420
Administration	—	—	—	—	1,108	—	—	1,108
Consultant Fees	—	—	—	—	253	—	—	253
Custodial Fees	—	—	—	—	405	—	—	405
<b>Total</b>	<b>\$4,374</b>	<b>\$2,477</b>	<b>\$2,827</b>	<b>\$20,765</b>	<b>\$1,766</b>	<b>\$3,933</b>	<b>\$2,795</b>	<b>\$38,937</b>

KERS Hazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$829	\$239	\$74	\$1,409	\$—	\$456	\$397	\$3,404
Performance/Incentive Fees	46	456	11	1,540	—	168	11	2,232
Securities Lending Fees	10	—	4	13	—	1	—	28
Securities Lending Fee Rebate	541	—	169	712	—	45	—	1,467
Miscellaneous Fees & Expenses	14	174	1	2,113	—	88	332	2,722
Administration	—	—	—	—	256	—	—	256
Consultant Fees	—	—	—	—	65	—	—	65
Custodial Fees	—	—	—	—	94	—	—	94
<b>Total</b>	<b>\$1,440</b>	<b>\$869</b>	<b>\$259</b>	<b>\$5,787</b>	<b>\$415</b>	<b>\$758</b>	<b>\$740</b>	<b>\$10,268</b>

SPRS	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$427	\$56	\$121	\$666	\$—	\$442	\$255	\$1,967
Performance/Incentive Fees	24	156	18	686	—	187	5	1,076
Securities Lending Fees	6	—	6	8	—	—	—	20
Securities Lending Fee Rebate	278	—	275	417	—	18	—	988
Miscellaneous Fees & Expenses	7	60	1	825	—	76	139	1,108
Administration	—	—	—	—	173	—	—	173
Consultant Fees	—	—	—	—	33	—	—	33
Custodial Fees	—	—	—	—	60	—	—	60
<b>Total</b>	<b>\$742</b>	<b>\$272</b>	<b>\$421</b>	<b>\$2,602</b>	<b>\$266</b>	<b>\$723</b>	<b>\$399</b>	<b>\$5,425</b>

NOTE: Miscellaneous expenses include Partnership Expenses, Commissions on Future Contracts, Fee for Long balance, and etc.

The Governmental Accounting Standards Board recognizes that it may not be possible or cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses of the Plan. KRS has displayed all investment related fees and expenses identifiable and captured by our custodial bank, BNY Mellon and Investment staff.

## External Investment Expenses - Insurance Asset Class/Type Breakdown

For the fiscal year ended June 30, 2025 (\$ in Thousands)

KERS Nonhazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$1,408	\$348	\$130	\$2,206	\$—	\$859	\$645	\$5,596
Performance/Incentive Fees	86	593	20	2,376	—	486	14	3,575
Securities Lending Fees	14	—	6	22	—	1	—	43
Securities Lending Fee Rebate	654	—	255	1,287	—	54	—	2,250
Miscellaneous Fees & Expenses	23	132	2	3,209	—	179	384	3,929
Administration	—	—	—	—	415	—	—	415
Consultant Fees	—	—	—	—	108	—	—	108
Custodial Fees	—	—	—	—	232	—	—	232
<b>Total</b>	<b>\$2,185</b>	<b>\$1,073</b>	<b>\$413</b>	<b>\$9,100</b>	<b>\$755</b>	<b>\$1,579</b>	<b>\$1,043</b>	<b>\$16,148</b>

KERS Hazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$536	\$254	\$50	\$991	\$—	\$325	\$371	\$2,527
Performance/Incentive Fees	32	252	8	1,390	—	118	10	1,810
Securities Lending Fees	5	—	2	5	—	1	—	13
Securities Lending Fee Rebate	257	—	100	295	—	25	—	677
Miscellaneous Fees & Expenses	9	121	1	1,371	—	67	287	1,856
Administration	—	—	—	—	173	—	—	173
Consultant Fees	—	—	—	—	34	—	—	34
Custodial Fees	—	—	—	—	91	—	—	91
<b>Total</b>	<b>\$839</b>	<b>\$627</b>	<b>\$161</b>	<b>\$4,052</b>	<b>\$298</b>	<b>\$536</b>	<b>\$668</b>	<b>\$7,181</b>

SPRS	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$222	\$108	\$20	\$379	\$—	\$112	\$142	\$983
Performance/Incentive Fees	13	118	3	505	—	52	4	695
Securities Lending Fees	2	—	1	3	—	—	—	6
Securities Lending Fee Rebate	105	—	39	152	—	10	—	306
Miscellaneous Fees & Expenses	3	63	—	573	—	26	110	775
Administration	—	—	—	—	70	—	—	70
Consultant Fees	—	—	—	—	13	—	—	13
Custodial Fees	—	—	—	—	37	—	—	37
<b>Total</b>	<b>\$345</b>	<b>\$289</b>	<b>\$63</b>	<b>\$1,612</b>	<b>\$120</b>	<b>\$200</b>	<b>\$256</b>	<b>\$2,885</b>

NOTE: Miscellaneous expenses include Partnership Expenses, Commissions on Future Contracts, Fee for Long balance, and etc.

The Governmental Accounting Standards Board recognizes that it may not be possible or cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses of the Plan. KRS has displayed all investment related fees and expenses identifiable and captured by our custodial bank, BNY Mellon and Investment staff.

## External Expenses

For the fiscal year ended June 30, 2025 (\$ in Thousands)		KERS Nonhazardous		KERS Hazardous		SPRS	
Expenses	Fees Paid	Share of Total	Fee Paid	Share of Total	Fee Paid	Share of Total	
<b>Portfolio Management</b>							
Pension Plans	\$32,186	58.43%	8,614	49.37%	4,324	52.03%	
Insurance Plans	13,515	24.53%	6,366	36.48%	2,523	30.36%	
<b>Securities Lending</b>							
Pension Plans	6,093	11.06%	1,495	8.57%	1,008	12.13%	
Insurance Plans	2,293	4.16%	690	3.95%	312	3.75%	
<b>Custody</b>							
Pension Plans	405	0.74%	94	0.54%	60	0.72%	
Insurance Plans	232	0.42%	91	0.52%	37	0.45%	
<b>Consultant</b>							
Pension Plans	253	0.46%	65	0.37%	33	0.40%	
Insurance Plans	108	0.20%	34	0.20%	13	0.16%	
<b>Total Pension Plans</b>	<b>38,937</b>	<b>70.69%</b>	<b>10,268</b>	<b>58.85%</b>	<b>5,425</b>	<b>65.28%</b>	
<b>Total Insurance Plans</b>	<b>16,148</b>	<b>29.31%</b>	<b>7,181</b>	<b>41.15%</b>	<b>2,885</b>	<b>34.72%</b>	
<b>Total Expenses</b>	<b>\$55,085</b>	<b>100.00%</b>	<b>\$17,449</b>	<b>100.00%</b>	<b>\$8,310</b>	<b>100.00%</b>	

## Schedule of Commissions Paid (in whole \$)

For the fiscal year ended June 30, 2025

### KERS Nonhazardous

Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	12,186,171	\$219,587	0.0180
Non U.S. Equities	69,255,024	\$349,082	0.0050
<b>Total</b>	<b>81,441,195</b>	<b>\$568,669</b>	<b>0.0070</b>

### KERS Hazardous

Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	4,335,079	\$77,369	0.0178
Non U.S. Equities	22,655,056	\$115,417	0.0051
<b>Total</b>	<b>26,990,135</b>	<b>\$192,786</b>	<b>0.0071</b>

### SPRS

Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	2,025,718	\$37,550	0.0185
Non U.S. Equities	11,171,693	\$54,739	0.0049
<b>Total</b>	<b>13,197,411</b>	<b>\$92,289</b>	<b>0.0070</b>

## Fair Values (FV)

For the fiscal year ended June 30, 2025 (\$ in Thousands)

Pension Plans	KERS Nonhazardous		KERS Hazardous		SPRS		Total	
	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV
<b>Equity</b>								
Public Equity	\$1,657,689	32.77%	\$495,927	43.28%	\$243,628	32.92%	\$2,397,244	34.52%
Private Equity	213,317	4.22%	66,355	5.79%	30,617	4.14%	310,289	4.47%
<b>Fixed Income</b>								
Core Fixed Income	1,333,701	26.36%	109,976	9.60%	193,957	26.21%	1,637,634	23.58%
Specialty Credit	1,014,248	20.05%	281,591	24.57%	142,693	19.28%	1,438,532	20.72%
Cash	112,776	2.23%	39,011	3.41%	21,234	2.87%	173,021	2.49%
<b>Inflation Protected</b>								
Real Estate	235,696	4.66%	63,726	5.56%	35,530	4.80%	334,952	4.82%
<b>Real Return</b>	<b>491,039</b>	<b>9.71%</b>	<b>89,313</b>	<b>7.79%</b>	<b>72,409</b>	<b>9.78%</b>	<b>652,761</b>	<b>9.40%</b>
<b>Total Portfolio</b>	<b>\$5,058,466</b>		<b>\$1,145,899</b>		<b>\$740,068</b>		<b>\$6,944,433</b>	

Insurance Plans	KERS Nonhazardous		KERS Hazardous		SPRS		Total	
	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV
<b>Equity</b>								
Public Equity	\$790,339	43.23%	\$313,069	43.27%	\$125,880	43.52%	\$1,229,288	43.27%
Private Equity	116,793	6.39%	44,588	6.16%	19,915	6.89%	181,296	6.38%
<b>Fixed Income</b>								
Core Fixed Income	187,448	10.25%	72,375	10.00%	26,286	9.09%	286,109	10.07%
Specialty Credit	453,125	24.79%	174,270	24.08%	72,609	25.10%	700,004	24.64%
Cash	33,491	1.83%	18,218	2.52%	4,925	1.70%	56,634	1.99%
<b>Inflation Protected</b>								
Real Estate	103,247	5.65%	45,389	6.27%	17,333	5.99%	165,969	5.84%
<b>Real Return</b>	<b>143,700</b>	<b>7.86%</b>	<b>55,734</b>	<b>7.70%</b>	<b>22,292</b>	<b>7.71%</b>	<b>221,726</b>	<b>7.81%</b>
<b>Total Portfolio</b>	<b>\$1,828,143</b>		<b>\$723,643</b>		<b>\$289,240</b>		<b>\$2,841,026</b>	



## Certification of Actuarial Results

Re: Certification for the Actuarial Results as of June 30, 2025.

*Dear Board of Trustees:*

Actuarial valuations are prepared annually as of June 30, for the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS). These reports describe the current actuarial condition of the Systems and document the calculated employer contribution requirements as well as the changes in the financial condition since the prior actuarial valuation.

Under Kentucky Statute, the Board of Trustees of the Kentucky Retirement System (KRS) must recommend the employer contribution requirement for KERS and SPRS for the fiscal years beginning July 1, 2026 and ending June 30, 2028. The contribution requirements determined by the June 30, 2025 actuarial valuations are intended to become effective twelve months after the valuation date and, as such, are intended to be used by the Board for recommending these required contributions effective July 1, 2026.

These contributions are calculated based on the membership data and plan assets as of June 30, 2025. These calculations are also based on the benefit provisions in effect as of June 30, 2025.

## FINANCING OBJECTIVES AND FUNDING POLICY

The Kentucky Public Pensions Authority (KPPA) administers pension and health insurance funds to provide for monthly retirement income and retiree health insurance benefits. The total employer contribution requirement is comprised of a contribution to each respective fund.

The employer contribution for KERS and SPRS is determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is composed of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (24 years remaining as of June 30, 2025). Gains and losses incurring in years after June 30, 2019 are amortized as separate, closed 20-year amortization bases.

If the contributions made are equal to the Actuarially Determined Contribution (ADC), and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 24-year period remaining from the original closed 30-year amortization base. Accordingly, the ADC under the funding policy can be considered a "Reasonable Actuarially Determined Contribution" as required by the Actuarial Standards of Practice.

House Bill 8 passed during the 2021 legislative session and changed how employer contributions are allocated and collected from the participating employers in the KERS nonhazardous fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

HB 1 and HB 6 were enacted in the 2024 legislative session and provided an additional \$300 million in appropriations to finance the unfunded actuarial accrued liability of the KERS nonhazardous retirement fund in FY 2025 and FY 2026. HB 1 also provided an additional \$25 million to finance the unfunded actuarial accrued liability of the SPRS retirement fund in FY 2025 and FY 2026. The appropriations for FY 2025 were reflected in the contribution requirement calculated in the prior year's valuation. The appropriations for FY 2026 have been reflected in the contribution requirement calculated in this year's valuation.

## PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, assumption changes, or actuarial losses, it should increase over time, until it reaches at least 100%. As of June 30, 2025, the funded ratios for the pension and health insurance funds are as follows:

System	Funding Level As of June 30									
	2025		2024		2023		2022		2021	
	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance
KERS Nonhazardous	28.6%	73.4%	24.8%	81.7%	21.8%	81.7%	18.5%	79.1%	16.8%	50.2%
KERS Hazardous	72.3%	166.4%	68.3%	171.9%	65.4%	170.4%	63.2%	172.2%	60.4%	135.5%
SPRS	61.9%	101.2%	56.7%	104.9%	54.0%	100.5%	52.5%	100.6%	30.7%	82.0%

System	Funding Level As of June 30									
	2020		2019		2018		2017		2016	
	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance
KERS Nonhazardous	14.2%	42.7%	13.4%	36.3%	12.9%	36.4%	13.6%	30.7%	16.0%	30.3%
KERS Hazardous	55.3%	126.0%	54.8%	123.1%	55.5%	130.0%	54.1%	117.6%	59.7%	125.3%
SPRS	28.1%	75.0%	27.0%	71.3%	27.1%	71.6%	27.0%	65.2%	30.3%	67.2%

## ASSUMPTIONS AND METHODS

The Boards of Trustees, in consultation with the actuary, set the actuarial assumptions and methods used in the actuarial valuation. In general, the assumptions used in the June 30, 2025 actuarial valuations were adopted for first use in the June 30, 2023 actuarial valuations and are based on the experience study conducted through June 30, 2022.

In our opinion, all the assumptions and methods used for funding purposes adopted by the Board's Trustees satisfy the requirements in the Actuarial Standards of Practice that are applicable for actuarial valuations of public retirement systems.

It is also our opinion that the actuarial assumptions used to perform these valuations are internally consistent and reasonably reflect the anticipated future experience of the Systems. The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution requirements, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

## ADDITIONAL DISCLOSURES

The benefit structure is outlined in this section of the annual report. GRS prepared the following schedules in the actuarial section: Summary of Actuarial Valuation Results, Recommended Employer Contribution Rates, Summary of Actuarial Unfunded Liabilities, the Solvency Test, the Summary of Active Member Valuation Data, the Summary of Retired Member Valuation Data, Summary of the Assumptions and Methods, and the Summary of the Benefit Provisions.

In addition, GRS prepared the following schedules in the financial section in accordance with *GASB Statement No. 67: Net Pension Liability Schedule, Discount Rate Sensitivity Analysis, Schedule of Changes in the Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability, and the Schedule of Employers' Contributions*.



## DATA

Member data for retired, active and inactive members was supplied as of June 30, 2025, by KPPA staff. The staff also supplied asset information as of June 30, 2025. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KPPA.

## CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Retirement Systems as of June 30, 2025. All of our work conforms with generally accepted actuarial principles and practices, and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

**Gabriel, Roeder, Smith & Co.**

A handwritten signature in black ink that appears to read "Daniel J. White".

Daniel J. White, FSA, EA, MAAA  
Senior Consultant

A handwritten signature in black ink that appears to read "Janie Shaw".

Janie Shaw, ASA, EA, MAAA  
Consultant

A handwritten signature in black ink that appears to read "Krysti Kiesel".

Krysti Kiesel, ASA, MAAA  
Consultant

# Summary of Actuarial Assumptions

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The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of the Actuarial Experience Study. In general, the assumptions and methods used in the June 30, 2025 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted, and adopted by the Boards in June 2023.

- 1. Actuarial Cost Method:** The actuarial valuation was prepared using the entry age normal cost (EANC) method as required by state statute. Under this method, the present value of future benefits is determined for each member and allocated equitably as a level percentage of payroll from the member's entry age into the plan to the assumed age of exit from the plan. The portion of the present value of future benefits allocated to the current valuation year is called the normal cost. The portion of the present value of future benefits allocated to prior years of service is called the actuarial accrued liability. The unfunded actuarial accrued liability represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. Relative to the pension fund and the insurance fund, an employer contribution has been established to pay for both the normal cost and the amount needed to amortize the unfunded actuarial accrued liability (UAAL).
- 2. UAAL Amortization Method:** Effective for the June 30, 2019 valuation, the actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period. Gains and losses incurring in future years are amortized as separate closed 20-year amortization bases. This amortization cost is calculated using a 0.00% payroll growth assumption for the KERS and SPRS Funds. Effective for fiscal years ending June 30, 2022 and later, the amortization cost for the KERS Nonhazardous funds is allocated amongst employers as a dollar amount based on the employers' actuarial accrued liability as of June 30, 2019. The amortization cost for the remaining funds is divided by covered payroll and included in the contribution rate, payable by employers as a percentage of pay.
- 3. Asset Valuation Method:** The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the investment return assumption. The amount recognized each year is 20% of the difference between market value and expected market value.
- 4. Retiree Insurance Funding Policy:** Effective for the June 30, 2019, valuation, the actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019, over a closed 30-year amortization period. Gains and losses incurring in future years are amortized as separate closed 20-year amortization bases. This amortization cost is calculated using a 0.00% payroll growth assumption for the KERS and SPRS Funds. Effective for fiscal years ending June 30, 2022 and later, the amortization cost for the KERS Nonhazardous funds is allocated amongst employers as a dollar amount based on the employers' actuarial accrued liability as of June 30, 2019. The amortization cost for the remaining funds is divided by covered payroll and included in the contribution rate, payable by employers as a percentage of pay.
- 5. Investment Return Assumption:** The future investment earnings of plan assets are assumed to accumulate at a rate of 6.50% per annum for all Insurance Plans. This rate consists of a 2.50% price inflation component and a 4.00% real rate of return component. The assumed rate of return for the KERS Hazardous pension plan is 6.25% and consists of a 2.50% inflationary component and a 3.75% real rate of return component. The assumed rate of return for the KERS Nonhazardous pension plan and the SPRS pension plan is 5.25% and consists of a 2.50% inflationary component and a 2.75% real rate of return component. This assumption was adopted in 2023.
- 6. Salary Increase Assumptions:** Active member salaries are assumed to increase at the rates provided in Table 1. The rates include a price inflation and productivity component, and an additional increase due to promotion based upon plan experience. The price inflation component is 2.50% for all plans and the productivity component is 0.80% for the nonhazardous plan and 1.05% for the hazardous plan and SPRS. This assumption was adopted in 2023.

**Table 1. Salary Increase Assumptions**

Service	KERS Nonhazardous	KERS Hazardous	SPRS
0	15.30%	20.05%	16.05%
1	6.80%	7.55%	8.55%
2	6.05%	6.55%	7.55%
3	5.80%	6.55%	5.55%
4	5.30%	5.55%	5.55%

**Table 1. Salary Increase Assumptions**

Service	KERS Nonhazardous	KERS Hazardous	SPRS
5	4.80%	5.05%	5.55%
6	4.55%	4.55%	5.55%
7	4.30%	4.05%	4.55%
8	4.05%	4.05%	4.55%
9	3.80%	3.55%	3.55%
10	3.80%	3.55%	3.55%
11	3.30%	3.55%	3.55%
12	3.30%	3.55%	3.55%
13	3.30%	3.55%	3.55%
14	3.30%	3.55%	3.55%
15	3.30%	3.55%	3.55%
16+	3.30%	3.55%	3.55%

- 7. Payroll Growth Assumption:** For purposes of determining the amortization cost to finance the unfunded actuarial accrued liability, the active member payroll (or amortization payments for the KERS Nonhazardous plan) is assumed to increase at a rate of 0.00% per annum. This assumption was adopted in 2017.
- 8. Retiree Cost of Living Adjustments (COLA):** SB2 (2013) only allows the Cost of Living Adjustments (COLAs) to be awarded on a biennial basis if the State Legislature so authorizes and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.
- 9. Health Care Cost Trend Rate:** The costs for retiree health care are assumed to increase according to the assumptions provided in Table 2.

**Table 2: Health Care Cost Trend Rate (See footnotes 1-2)**

Year	Non-Medicare Plans <sup>(1)</sup>	Medicare Plan <sup>(1)</sup>	Dollar Contribution <sup>(2)</sup>
2027	7.35%	12.00%	1.50%
2028	7.20%	8.00%	1.50%
2029	7.05%	8.00%	1.50%
2030	6.90%	7.50%	1.50%
2031	6.75%	7.00%	1.50%
2032	6.50%	6.50%	1.50%
2033	6.25%	6.00%	1.50%
2034	6.00%	5.50%	1.50%
2035	5.75%	5.00%	1.50%
2036	5.50%	4.50%	1.50%
2037	5.25%	4.25%	1.50%
2038	5.00%	4.25%	1.50%
2039	4.75%	4.25%	1.50%
2040	4.50%	4.25%	1.50%
2041 & Beyond	4.25%	4.25%	1.50%

<sup>(1)</sup> All increases are assumed to occur on January 1. The 2026 premiums were known at the time of the June 30, 2025, valuation and were incorporated into the liability measurement.

<sup>(2)</sup> Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

- 10. Retirement Rate Assumptions:** The probability, or the likelihood, that a member will retire at a specified age or level of service is provided in Table 3. These assumptions were adopted in 2023.

**Table 3a: Retirement Rate Assumptions KERS (See footnotes 1 - 3)**

Age	Nonhazardous			Hazardous							
	Normal Retirement		Early Retirement <sup>(1)</sup>			Service	Age 55-61	Age 62+	Members participating before 9/1/2008 <sup>(2)</sup>	Members participating between 9/1/2008 and 1/1/2014 <sup>(3)</sup>	Members participating after 1/1/2014 <sup>(3)</sup>
	Male	Female	Male	Female	Service						
Under 45	20.00%	33.00%	—%	—%	5		10.00%	35.00%	—%	—%	—%
45	21.00%	33.00%	—%	—%	6		10.00%	35.00%	—%	—%	—%
46	22.00%	33.00%	—%	—%	7		10.00%	35.00%	—%	—%	—%
47	23.00%	33.00%	—%	—%	8		10.00%	35.00%	—%	—%	—%
48	24.00%	33.00%	—%	—%	9		10.00%	35.00%	—%	—%	—%
49	25.00%	33.00%	—%	—%	10		10.00%	35.00%	—%	—%	—%
50	26.00%	33.00%	—%	—%	11		10.00%	35.00%	—%	—%	—%
51	27.00%	33.00%	—%	—%	12		10.00%	35.00%	—%	—%	—%
52	28.00%	33.00%	—%	—%	13		10.00%	35.00%	—%	—%	—%
53	29.00%	33.00%	—%	—%	14		10.00%	35.00%	—%	—%	—%
54	30.00%	33.00%	—%	—%	15		10.00%	35.00%	—%	—%	—%
55	30.00%	33.00%	5.00%	5.00%	16		10.00%	35.00%	—%	—%	—%
56	30.00%	33.00%	5.00%	5.00%	17		10.00%	35.00%	—%	—%	—%
57	30.00%	33.00%	5.00%	5.00%	18		10.00%	35.00%	—%	—%	—%
58	30.00%	33.00%	5.00%	5.00%	19		10.00%	35.00%	—%	—%	—%
59	30.00%	33.00%	5.00%	5.00%	20		50.00%	50.00%	—%	—%	—%
60	30.00%	33.00%	5.00%	8.00%	21		32.00%	32.00%	—%	—%	—%
61	30.00%	33.00%	8.00%	9.00%	22		32.00%	32.00%	—%	—%	—%
62	35.00%	35.00%	15.00%	20.00%	23		32.00%	32.00%	—%	—%	—%
63	30.00%	33.00%	15.00%	18.00%	24		32.00%	32.00%	—%	—%	—%
64	30.00%	33.00%	15.00%	16.00%	25		32.00%	32.00%	25.60%	16.00%	
65	30.00%	33.00%	—%	—%	26		32.00%	32.00%	25.60%	16.00%	
66	30.00%	33.00%	—%	—%	27		32.00%	32.00%	25.60%	16.00%	
67	30.00%	33.00%	—%	—%	28		32.00%	32.00%	25.60%	16.00%	
68	30.00%	33.00%	—%	—%	29		32.00%	32.00%	25.60%	16.00%	
69	30.00%	33.00%	—%	—%	30+		32.00%	32.00%	25.60%	100.00%	
70	30.00%	33.00%	—%	—%			—%	—%	—%	—%	
71	30.00%	33.00%	—%	—%			—%	—%	—%	—%	
72	30.00%	33.00%	—%	—%			—%	—%	—%	—%	
73	30.00%	33.00%	—%	—%			—%	—%	—%	—%	
74	30.00%	33.00%	—%	—%			—%	—%	—%	—%	
75	100.00%	100.00%	—%	—%			—%	—%	—%	—%	

<sup>(1)</sup> The annual rate of retirement is 12% for male members and 14% for female members with 25-26 years of service.  
<sup>(2)</sup> The annual rate of retirement is 100% at age 65.  
<sup>(3)</sup> The annual rate of retirement is 100% at age 60.  
<sup>(4)</sup> Nonhazardous System: There is a 1% increase in the first two years a member becomes eligible under the age of 65. For members hired after 7/1/2003, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.  
<sup>(5)</sup> Hazardous System: For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

**Table 3b: Retirement Rate Assumptions SPRS (See footnotes 1 - 2)**

Service	Hazardous		Members participating after 1/1/2014 Male <sup>(3)</sup>
	Members participating before 9/1/2008 <sup>(2)</sup>	Members participating between 9/1/2008 and 1/1/2014 <sup>(3)</sup>	
20	22.00%	—%	—%
21	22.00%	—%	—%
22	22.00%	—%	—%
23	28.00%	—%	—%
24	28.00%	—%	—%
25	28.00%	17.60%	16.00%
26	28.00%	17.60%	16.00%
27	28.00%	17.60%	16.00%
28	44.00%	22.40%	16.00%

**Table 3b: Retirement Rate Assumptions SPRS (See footnotes 1 - 2)**

Service	Hazardous		
	Members participating before 9/1/2008 <sup>(2)</sup>	Members participating between 9/1/2008 and 1/1/2014 <sup>(3)</sup>	Members participating after 1/1/2014 Male <sup>(3)</sup>
29	44.00%	22.40%	16.00%
30	44.00%	22.40%	100.00%
31	58.00%	22.40%	—%
32	58.00%	22.40%	—%
33	58.00%	35.20%	—%
34	58.00%	35.20%	—%
35	58.00%	35.20%	—%
36	58.00%	46.40%	—%
37	58.00%	46.40%	—%
38	58.00%	46.40%	—%
39	58.00%	46.40%	—%
40+	58.00%	46.40%	—%

(1) The annual rate of service retirement is 100% at age 55.

(2) The annual rate of service retirement is 100% at age 60.

For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 55 to reflect the different retiree health insurance benefit.

## 11. Mortality Assumptions:

Pre-retirement mortality: PUB-2010 General Mortality table, for the Nonhazardous System, and the PUB-2010 Public Safety Mortality table for the Hazardous System and SPRS, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Table 4a provides the life expectancy for a non-disabled retiree in future years based on the assumption with full generational projection.

Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

These mortality assumptions were adopted in 2023. Table 4b provides sample annual rates of mortality in the base year of each table (2023 for the retired member mortality rates and 2010 for the active member and disabled member mortality rates).

**Table 4a: Life Expectancy for an Age 65 Retiree in Years**

Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	19.8	20.2	20.6	21.0	21.3
Female	22.4	22.7	23.1	23.4	23.7

**Table 4b: Sample Annual Rate of Mortality**

Age	Active Member Mortality		Active Member Mortality		Retired Member Mortality		Disabled Member Mortality	
	Nonhazardous		Hazardous		Retired Member Mortality		Disabled Member Mortality	
	Males	Females	Males	Females	Males	Females	Males	Females
20	0.04%	0.01%	0.04%	0.02%	0.03%	0.01%	0.62%	0.35%
22	0.03%	0.01%	0.04%	0.02%	0.03%	0.01%	0.53%	0.29%
32	0.04%	0.02%	0.04%	0.03%	0.04%	0.02%	0.59%	0.46%
42	0.08%	0.04%	0.07%	0.06%	0.07%	0.04%	1.14%	1.13%
52	0.18%	0.10%	0.14%	0.10%	0.32%	0.21%	2.73%	2.38%
62	0.37%	0.22%	0.32%	0.19%	0.94%	0.55%	4.02%	3.08%
72	0.84%	0.60%	0.98%	0.60%	2.38%	1.48%	6.52%	4.86%

**12. Withdrawal Rates:** The probability, or likelihood, of active members terminating employment prior to retirement is provided in Table 5. The rates below include the pre-retirement mortality rates described in item #11. These assumptions were adopted in 2023.

**Table 5: Selected Rates of Termination Prior to Retirement**

KERS Nonhazardous		KERS Hazardous		SPRS
Year of Service	Year of Service	Year of Service	Year of Service	Year of Service
1	22.00%	32.50%	1	15.00%
2	18.10%	25.58%	2	5.30%
3	14.73%	19.66%	3	4.14%
4	12.77%	16.19%	4	3.47%
5	11.37%	13.73%	5	2.98%
6	10.29%	11.82%	6	2.61%
7	9.41%	10.26%	7	2.30%
8	8.66%	8.93%	8	2.05%
9	8.01%	7.79%	9	1.83%
10	7.44%	6.79%	10	1.63%
11	6.93%	5.89%	11	1.45%
12	6.47%	5.07%	12	1.29%
13	6.04%	4.33%	13	1.14%
14	5.65%	3.64%	14	1.01%
15	5.29%	3.00%	15	0.88%
16	4.96%	2.42%	16	0.77%
17	4.64%	1.86%	17	0.66%
18	4.36%	1.34%	18	0.56%
19	4.07%	0.86%	19	0.46%
20	3.82%	0.39%	20	0.37%
21	3.56%	—%	21	0.00%
22	3.32%	—%	22	0.00%
23	3.10%	—%	23	0.00%
24	2.88%	—%	24	0.00%
25	2.67%	—%	25	0.00%
26+	0.00%	—%	26+	0.00%

**13. Rates of Disablement:** KERS/SPRS provide disability benefits for those individuals meeting specific qualifications established by state law. This assumption provides the probability, or likelihood, that a member will become disabled during the course of employment for various age levels. These assumptions were adopted in 2023.

**Table 6: Sample Rates of Disablement**

Nearest Age	KERS Nonhazardous	KERS Nonhazardous	SPRS
	Probability	Probability	Probability
20	0.03%	0.05%	0.05%
30	0.05%	0.08%	0.09%
40	0.11%	0.18%	0.20%
50	0.31%	0.50%	0.56%
60	0.80%	1.32%	1.46%

**14. Assumption Changes Since Prior Valuation:** In conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period and the ultimate trend assumption was increased for all plans as a result of this review.

# Summary of Actuarial Valuation Results

Summary of Actuarial Valuation Results			
	KERS Nonhazardous	KERS Hazardous	SPRS
<b>Recommended Contribution Rate (FY 2026)</b>			
Pension Fund Contribution	6.65%	18.83%	51.84%
Insurance Fund Contribution	1.11%	—%	2.49%
Actuarially Determined Employer Contributions Rate <sup>(1)</sup> , payable as a percentage of payroll	7.76%	18.83%	54.33%
Amortization Cost to be Allocated, if applicable	\$868,158,252	N/A	N/A
<b>Funded Status as of Valuation Date As of June 30, 2025 (in Whole \$)</b>			
<b>Pension Fund</b>			
Actuarial Liability	\$16,839,319,157	\$1,488,008,170	\$1,130,392,428
Actuarial Value of Assets	4,810,420,381	1,076,412,201	699,538,955
Unfunded Liability on Actuarial Value of Assets	12,028,898,776	411,595,969	430,853,473
Funding Ratio on Actuarial Value of Assets	28.57%	72.34%	61.88%
Market Value of Assets	5,061,424,520	1,137,479,989	741,281,980
Unfunded Liability on Market Value of Assets	\$11,777,894,637	\$350,528,181	\$389,110,448
Funding Ratio on Market Value of Assets	30.06%	76.44%	65.58%
<b>Insurance Fund</b>			
Actuarial Liability	\$2,475,126,492	\$420,391,986	\$273,393,126
Actuarial Value of Assets	1,817,922,524	699,650,236	276,806,058
Unfunded Liability on Actuarial Value of Assets	657,203,968	(279,258,250)	(3,412,932)
Funding Ratio on Actuarial Value of Assets	73.45%	166.43%	101.25%
Market Value of Assets	1,915,731,580	735,292,505	291,043,388
Unfunded Liability on Market Value of Assets	\$559,394,912	(\$314,900,519)	(\$17,650,262)
Funding Ratio on Market Value of Assets	77.40%	174.91%	106.46%
<b>Member Data (See Footnotes)</b>			
Number of Active Members	33,356	4,228	863
Total Annual Payroll (Active Members) <sup>(2)</sup>	\$2,023,843,270	\$266,387,327	\$74,404,942
Average Annual Pay (Active Members)	\$60,674	\$63,006	\$86,217
Number of Retired Members & Beneficiaries	48,594	5,043	1,693
Average Annual Retirement Allowance	\$20,314	\$15,601	\$37,524
Number of Vested Inactive Members	30,222	2,347	339
Number of Active Members Due to Refund	27,375	6,965	436

<sup>(1)</sup> For the KERS Nonhazardous fund, contribution rate includes the normal cost portion of the contribution requirement only. Amortization cost will be allocated to employers as a dollar amount.

<sup>(2)</sup> Annual payroll included in the Summary of Actuarial Valuation Results is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ended June 30, 2025.

## Recommended Employer Contribution Rates

### KERS Plans

The contribution rates for KERS Nonhazardous and KERS Hazardous shown in the tables below are the full funding rates presented by the actuary for 2014 through 2023 annual valuations. However, actual employer contributions were less than the recommended rates for years 2009 through 2014. SB 2 (2013 Legislative Regular Session) required full funding starting in fiscal year 2015. HB 265 from the 2018 legislative session reduced the employer contribution rate for KERS quasi-governmental agencies to the fiscal year 2018 rate for fiscal year 2019, which was 49.47%. The 2019 Special Legislative Session HB 1 sets the employer contribution rate at 49.47%, retroactive to July 1, 2019, for fiscal year 2020 for KERS quasi-governmental agencies. House Bill 8 passed during the 2021 legislative session and changed how employer contributions are allocated and collected from the participating employers in the KERS Nonhazardous Fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

## Recommended Employer Contribution Rates

As of June 30

### KERS Nonhazardous Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability		Insurance Fund Contribution	Recommended Employer Contribution
			Pension Fund Contribution	Insurance Fund Contribution		
2016	2017-2018	4.93%	37.05%	41.98%	8.41%	50.39%
2017	2018-2019	8.17%	62.86%	71.03%	12.40%	83.43%
2018	2019-2020	7.98%	66.56%	74.54%	10.65%	85.19%
2019	2020-2021	7.99%	65.29%	73.28%	11.15%	84.43%
Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Insurance Fund: Normal Cost	Normal Cost Contribution	Amortization Cost to be Allocated	
					\$1,039,849,248	
2020	2021-2022	7.90%	2.20%	10.10%	\$994,421,476	
2021	2022-2023	7.82%	2.15%	9.97%	\$905,892,818	
2022	2023-2024	7.74%	1.86%	9.60%	\$856,561,041	
2023	2024-2025	6.99%	1.45%	8.44%	\$865,810,060	
2024	2025-2026	6.85%	1.14%	7.99%	\$868,158,252	
2025	2026-2027	6.65%	1.11%	7.76%		

### KERS Hazardous Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability		Insurance Fund Contribution	Recommended Employer Contribution
			Pension Fund Contribution	Insurance Fund Contribution		
2016	2017-2018	6.44%	14.04%	20.48%	1.34%	21.82%
2017	2018-2019	9.67%	24.72%	34.39%	2.46%	36.85%
2018	2019-2020	9.24%	25.18%	34.42%	—%	34.42%
2019	2020-2021	9.21%	26.79%	36.00%	—%	36.00%
2020	2021-2022	8.84%	24.59%	33.43%	—%	33.43%
2021	2022-2023	8.78%	23.04%	31.82%	—%	31.82%
2022	2023-2024	8.60%	21.52%	30.12%	—%	30.12%
2023	2024-2025	7.71%	16.03%	23.74%	—%	23.74%
2024	2025-2026	7.57%	13.11%	20.68%	—%	20.68%
2025	2026-2027	7.48%	11.35%	18.83%	—%	18.83%

The contribution rates for KERS Nonhazardous and KERS Hazardous shown in the above tables are the full funding rates presented by the actuary in the 2016 through 2025 annual valuations. HB 265 (passed during the 2018 legislative session), HB 1 (passed during the 2019 special legislative session), and HB 352 (passed during the 2020 legislative session) reduced the FYE 2019-2021 employer contribution rate to 49.47% for Regional Mental Health/Mental Retardation Boards, Local and District Health Departments, State Universities, Community Colleges and any other agencies eligible to voluntarily cease participating in the KERS nonhazardous fund. HB 8 (passed during the 2021 legislative session) changed how employer contributions are allocated and collected amongst employers in the KERS nonhazardous fund effective for FYE2022. The normal cost is collected as a percentage of covered payroll and the amortization cost is allocated to employers as a dollar amount based on their accrued liability as of June 30, 2019. Amortization cost shown above reflects the amortization required as of the valuation date and does not reflect any adjustment for the cessation of any employers after the valuation date.

### SPRS Plans

The contribution rates for SPRS shown in the below tables are the full funding rates presented by the actuary in the 2014 through 2024 annual valuations. However, the actual employer contribution rates have been less than those shown below. As a result of HB1 passed in 2008 the statute called for an employer contribution rate at an increasing percentage of the full funding rates. SB2 (2013 Regular Legislative Session) eliminated this phase-in beginning with the June 30, 2013, actuarial valuation.

## Recommended Employer Contribution Rates

As of June 30

### SPRS Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2016	2017-2018	11.16%	60.41%	71.57%	18.10%	89.67%
2017	2018-2019	16.21%	102.84%	119.05%	27.23%	146.28%
2018	2019-2020	15.81%	104.73%	120.54%	19.50%	140.04%
2019	2020-2021	19.39%	104.40%	123.79%	19.69%	143.48%
2020	2021-2022	19.04%	108.95%	127.99%	18.07%	146.06%
2021	2022-2023	18.60%	66.72%	85.32%	14.11%	99.43%
2022	2023-2024	19.49%	65.90%	85.39%	3.68%	89.07%
2023	2024-2025	19.41%	46.38%	65.79%	2.31%	68.10%
2024	2025-2026	19.76%	38.15%	57.91%	1.46%	59.37%
2025	2026-2027	19.60%	32.24%	51.84%	2.49%	54.33%

## Summary of Actuarial Unfunded Liabilities

### Summary of Actuarial Unfunded Liabilities

As of June 30 (\$ in Thousands)

#### KERS Nonhazardous Pension Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$13,224,698	\$2,112,287	\$1,953,422	\$11,112,412	\$11,271,276	15.97%	14.77%
2017	15,591,641	2,123,623	2,056,870	13,468,018	13,534,771	13.62%	13.19%
2018	15,675,232	2,019,278	2,004,446	13,655,954	13,670,786	12.88%	12.79%
2019	16,466,427	2,206,280	2,233,672	14,260,147	14,232,755	13.40%	13.57%
2020	16,348,962	2,323,298	2,308,080	14,025,663	14,040,882	14.21%	14.12%
2021	16,321,373	2,735,876	3,018,660	13,585,497	13,302,713	16.76%	18.50%
2022	16,576,631	3,065,263	3,013,845	13,511,368	13,562,786	18.49%	18.18%
2023	16,304,277	3,552,471	3,539,942	12,751,806	12,764,335	21.79%	21.71%
2024	16,647,893	4,122,269	4,223,936	12,525,624	12,423,957	24.76%	25.37%
2025	\$16,839,319	4,810,420	\$5,061,425	\$12,028,899	\$11,777,895	28.57%	30.06%

#### KERS Nonhazardous Insurance Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$2,456,678	\$743,270	\$695,189	\$1,713,408	\$1,761,489	30.26%	28.30%
2017	2,683,496	823,918	817,370	1,859,578	1,866,126	30.70%	30.46%
2018	2,435,506	887,121	891,205	1,548,385	1,544,301	36.42%	36.59%
2019	2,733,065	991,427	995,089	1,741,639	1,737,977	36.28%	36.41%
2020	2,564,788	1,095,959	1,060,649	1,468,829	1,504,139	42.73%	41.35%
2021	2,574,112	1,291,472	1,419,477	1,282,640	1,154,634	50.17%	55.14%
2022	1,782,386	1,409,553	1,364,419	372,833	417,967	79.08%	76.55%
2023	1,877,109	1,532,895	1,532,752	344,214	344,357	81.66%	81.65%
2024	2,094,743	1,712,043	1,765,729	382,700	329,014	81.73%	84.29%
2025	\$2,475,126	\$1,817,923	\$1,915,732	\$657,204	\$559,395	73.45%	77.40%

#### KERS Hazardous Pension Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$936,706	\$559,487	\$524,679	\$377,219	\$412,027	59.73%	56.01%
2017	1,121,420	607,159	601,529	514,261	519,891	54.14%	53.64%
2018	1,151,923	639,262	645,485	512,661	506,438	55.50%	56.04%
2019	1,226,195	671,647	680,932	554,548	545,262	54.77%	55.53%
2020	1,283,770	709,587	690,350	574,183	593,420	55.27%	53.78%
2021	1,295,243	782,496	866,141	512,747	429,102	60.41%	66.87%

## Summary of Actuarial Unfunded Liabilities

As of June 30 (\$ in Thousands)

2022	1,316,825	832,436	810,978	484,389	505,847	63.22%	61.59%
2023	1,363,037	891,460	893,534	471,577	469,503	65.40%	65.55%
2024	1,442,619	985,075	1,019,890	457,544	422,729	68.28%	70.70%
2025	\$1,488,008	\$1,076,412	\$1,137,480	\$411,596	\$350,528	72.34%	76.44%

## KERS Hazardous Insurance Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$377,745	\$473,160	\$440,596	(\$95,415)	(\$62,851)	125.26%	116.64%
2017	419,440	493,458	488,838	(74,019)	(69,399)	117.65%	116.55%
2018	393,481	511,441	519,072	(117,961)	(125,592)	129.98%	131.92%
2019	426,705	525,315	534,053	(98,610)	(107,348)	123.11%	125.16%
2020	427,977	539,251	521,755	(111,275)	(93,778)	126.00%	121.91%
2021	424,456	575,025	633,677	(150,569)	(209,221)	135.47%	149.29%
2022	347,044	597,701	588,162	(250,657)	(241,118)	172.23%	169.48%
2023	363,512	619,519	625,356	(256,007)	(261,844)	170.43%	172.03%
2024	379,568	652,349	677,948	(272,781)	(298,380)	171.87%	178.61%
2025	\$420,392	\$699,650	\$735,293	(\$279,258)	(\$314,901)	166.43%	174.91%

## SPRS Pension Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$775,160	\$234,568	\$217,594	\$540,593	\$557,566	30.26%	28.07%
2017	967,145	261,320	255,737	705,824	711,408	27.02%	26.44%
2018	989,528	268,259	267,572	721,269	721,956	27.11%	27.04%
2019	1,045,318	282,162	286,165	763,156	759,153	26.99%	27.38%
2020	1,053,157	296,126	293,949	757,031	759,208	28.12%	27.91%
2021	1,053,260	323,250	356,346	730,009	696,914	30.69%	33.83%
2022	1,067,447	559,973	551,699	507,474	515,748	52.46%	51.68%
2023	1,091,795	589,848	591,514	501,947	500,281	54.03%	54.18%
2024	1,112,310	631,186	651,790	481,125	460,521	56.75%	58.60%
2025	\$1,130,392	\$699,539	\$741,282	\$430,853	\$389,110	61.88%	65.58%

## SPRS Insurance Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$257,197	\$172,704	\$161,366	\$84,494	\$95,831	67.15%	62.74%
2017	246,641	180,464	178,838	96,178	97,803	65.23%	64.65%
2018	262,088	187,535	190,847	74,553	71,242	71.55%	72.82%
2019	276,809	197,395	201,206	79,415	75,604	71.31%	72.69%
2020	276,143	207,018	201,340	69,126	74,803	74.97%	72.91%
2021	272,406	223,251	247,318	49,154	25,088	81.96%	90.79%
2022	232,798	234,239	231,242	(1,441)	1,556	100.62%	99.33%
2023	244,058	245,172	248,109	(1,114)	(4,051)	100.46%	101.66%
2024	251,178	263,369	273,517	(12,191)	(22,339)	104.85%	108.89%
2025	\$273,393	\$276,806	\$291,043	(\$3,413)	(\$17,650)	101.25%	106.46%

# Solvency Test

## Solvency Test

As of June 30 (\$ in Thousands)

### KERS Nonhazardous Pension Plan

Valuation Date	Actuarial Liabilities				% of Actuarial Liabilities Covered by Actuarial Assets		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2016	\$920,120	\$10,010,168	\$2,294,410	\$2,112,286	100.00%	11.90%	0.00%
2017	934,559	11,608,346	3,048,736	2,123,623	100.00%	10.20%	0.00%
2018	892,033	11,929,018	2,854,180	2,019,278	100.00%	9.40%	0.00%
2019	881,020	12,513,230	3,072,176	2,206,280	100.00%	10.60%	0.00%
2020	869,196	12,467,523	3,012,243	2,323,298	100.00%	11.70%	0.00%
2021	877,142	12,425,951	3,018,279	2,735,876	100.00%	15.00%	0.00%
2022	859,591	12,700,595	3,016,445	3,065,263	100.00%	17.40%	0.00%
2023	889,146	12,013,685	3,401,447	3,552,471	100.00%	22.20%	0.00%
2024	935,186	11,876,221	3,836,485	4,122,268	100.00%	26.80%	0.00%
2025	\$988,817	\$11,779,178	\$4,071,324	\$4,810,420	100.00%	32.40%	—%

### KERS Nonhazardous Insurance Plan

Valuation Date	Actuarial Liabilities				% of Actuarial Liabilities Covered by Actuarial Assets		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2016	\$—	\$1,483,636	\$973,042	\$743,270	100.00%	50.10%	—%
2017	—	1,575,294	1,108,202	823,918	100.00%	52.30%	—%
2018	—	1,475,954	959,552	887,121	100.00%	60.10%	—%
2019	—	1,686,605	1,046,461	991,427	100.00%	58.80%	—%
2020	—	1,589,742	975,045	1,095,959	100.00%	68.90%	—%
2021	—	1,609,775	964,337	1,291,472	100.00%	80.20%	—%
2022	—	967,051	815,335	1,409,553	100.00%	100.00%	54.30%
2023	—	1,040,344	836,765	1,532,895	100.00%	100.00%	58.90%
2024	—	1,189,231	905,513	1,712,043	100.00%	100.00%	57.70%
2025	\$—	\$1,453,635	\$1,021,491	\$1,817,923	100.00%	100.00%	35.70%

### KERS Hazardous Pension Plan

Valuation Date	Actuarial Liabilities				% of Actuarial Liabilities Covered by Actuarial Assets		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	(1)	(2)	(3)
2016	\$86,705	\$648,482	\$201,519	\$559,487	100.00%	72.90%	—%
2017	93,350	746,350	281,720	607,159	100.00%	68.80%	—%
2018	89,106	810,311	252,506	639,262	100.00%	67.90%	—%
2019	86,663	879,818	259,713	671,647	100.00%	66.50%	—%
2020	95,528	898,128	290,114	709,587	100.00%	68.40%	—%
2021	97,559	916,431	281,254	782,496	100.00%	74.70%	—%
2022	94,538	946,328	275,959	832,436	100.00%	78.00%	—%
2023	103,310	929,321	330,406	891,460	100.00%	84.80%	—%
2024	116,828	943,102	382,689	985,075	100.00%	92.10%	—%
2025	\$128,210	\$969,992	\$389,806	\$1,076,412	100.00%	97.80%	—%

## Solvency Test

As of June 30 (\$ in Thousands)

### KERS Hazardous Insurance Plan

Valuation Date	Actuarial Liabilities					% of Actuarial Liabilities Covered by Actuarial Assets		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets				
	(1)	(2)	(3)					
2016	\$—	\$228,361	\$149,384	\$473,160	100.00%	100.00%	100.00%	100.00%
2017	—	243,816	175,623	493,458	100.00%	100.00%	100.00%	100.00%
2018	—	248,775	144,706	511,441	100.00%	100.00%	100.00%	100.00%
2019	—	282,070	144,635	525,315	100.00%	100.00%	100.00%	100.00%
2020	—	281,924	146,053	539,251	100.00%	100.00%	100.00%	100.00%
2021	—	288,015	136,441	575,025	100.00%	100.00%	100.00%	100.00%
2022	—	232,585	114,459	597,701	100.00%	100.00%	100.00%	100.00%
2023	—	250,189	113,323	619,519	100.00%	100.00%	100.00%	100.00%
2024	—	263,737	115,831	652,349	100.00%	100.00%	100.00%	100.00%
2025	\$—	\$299,480	\$120,912	\$699,650	100.00%	100.00%	100.00%	100.00%

### SPRS Pension Plan

Valuation Date	Actuarial Liabilities					% of Actuarial Liabilities Covered by Actuarial Assets		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets				
	(1)	(2)	(3)					
2016	\$41,871	\$636,499	\$96,791	\$234,568	100.00%	30.30%	—%	—%
2017	44,798	773,982	148,365	261,320	100.00%	28.00%	—%	—%
2018	43,835	800,788	144,905	268,259	100.00%	28.00%	—%	—%
2019	41,948	848,396	154,974	282,162	100.00%	28.30%	—%	—%
2020	40,831	863,579	148,747	296,126	100.00%	29.60%	—%	—%
2021	42,035	860,801	150,423	323,250	100.00%	32.70%	—%	—%
2022	42,027	870,200	155,220	559,973	100.00%	59.50%	—%	—%
2023	47,394	825,683	218,717	589,848	100.00%	65.70%	—%	—%
2024	52,957	808,935	250,418	631,186	100.00%	71.50%	—%	—%
2025	\$56,226	\$815,954	\$258,211	\$699,539	100.00%	78.80%	—%	—%

### SPRS Insurance Plan

Valuation Date	Actuarial Liabilities					% of Actuarial Liabilities Covered by Actuarial Assets		
	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets				
	(1)	(2)	(3)					
2016	\$—	\$177,094	\$80,103	\$172,704	100.00%	97.50%	—%	—%
2017	—	186,390	90,251	180,464	100.00%	96.80%	—%	—%
2018	—	183,151	78,937	187,535	100.00%	100.00%	5.60%	—%
2019	—	199,959	76,850	197,395	100.00%	98.70%	—%	—%
2020	—	207,638	68,506	207,018	100.00%	99.70%	—%	—%
2021	—	206,707	65,699	223,251	100.00%	100.00%	25.20%	—%
2022	—	172,664	60,134	234,239	100.00%	100.00%	100.00%	—%
2023	—	176,587	67,471	245,172	100.00%	100.00%	100.00%	—%
2024	—	179,898	71,280	263,369	100.00%	100.00%	100.00%	—%
2025	\$—	\$198,250	\$75,143	\$276,806	100.00%	100.00%	100.00%	—%

# Member Valuation

## Summary of Active Member Valuation Data

As of June 30 (\$ in Thousands)

### KERS Nonhazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll <sup>(1)</sup>	Annual Average Pay	% Increase in Average Pay	Average Age	Average Years of Service Credit
2016	349	37,779	\$1,529,249	\$40	2.40%	45.1	10.7
2017	342	37,234	1,531,535	41	1.62%	45.4	10.9
2018	338	35,139	1,471,477	42	1.81%	45.2	10.8
2019	331	33,696	1,437,647	43	1.88%	45.4	11.0
2020	313	31,703	1,387,761	44	2.60%	45.7	11.2
2021	321	30,186	1,349,330	45	2.12%	46.0	11.6
2022	319	29,551	1,355,267	46	2.60%	46.0	11.4
2023	320	31,383	1,615,868	51	12.27%	45.7	10.9
2024	320	32,455	1,861,522	57	11.40%	45.5	10.7
2025	321	33,356	\$2,023,843	\$61	5.78%	45.4	10.6

### KERS Hazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll <sup>(1)</sup>	Annual Average Pay	% Increase in Average Pay	Average Age	Average Years of Service Credit
2016	17	3,959	\$147,563	\$37	12.60%	40.4	7.5
2017	18	4,047	162,418	40	7.67%	40.3	7.6
2018	18	3,929	158,213	40	0.34%	39.8	7.3
2019	18	3,705	150,446	41	0.84%	39.8	7.3
2020	19	4,094	170,826	42	2.76%	39.8	7.3
2021	19	3,827	162,836	43	1.97%	40.1	7.7
2022	19	3,617	165,637	46	7.63%	40.0	7.6
2023	19	3,886	211,602	54	18.91%	39.7	7.2
2024	19	4,154	259,606	62	14.77%	39.9	7.1
2025	20	4,228	\$266,387	\$63	0.82%	40.4	7.2

### SPRS Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll <sup>(1)</sup>	Annual Average Pay	% Increase in Average Pay	Average Age	Average Years of Service Credit
2016	1	908	\$45,551	\$50	2.71%	37.0	10.0
2017	1	903	48,598	54	7.28%	37.5	10.6
2018	1	886	48,808	55	2.36%	37.3	10.5
2019	1	883	47,752	54	(1.83%)	36.7	10.0
2020	1	798	46,145	58	6.93%	37.5	10.7
2021	1	775	45,338	59	1.17%	37.7	11.1
2022	1	844	47,885	57	(3.02%)	36.5	10.1
2023	1	868	65,913	76	33.84%	36.9	10.5
2024	1	872	73,295	84	10.69%	37.4	11.1
2025	1	863	\$74,405	\$86	2.57%	37.7	11.4

<sup>(1)</sup> Annual payroll included in the Schedule of Active Member Valuation Data is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ended June 30, 2025.

## Summary of Retired Member Valuation Data

As of June 30 (\$ in Thousands)

### KERS Nonhazardous Schedule of Active Member Valuation Data

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances <sup>(1)</sup>	% Increase in Allowances	Average Annual Allowance
2016	2,441	706	44,004	\$61,294	\$9,942	\$934,930	5.81%	\$21
2017	2,181	1,269	44,916	35,150	48,778	921,302	(1.46%)	21
2018	2,853	1,243	46,526	50,360	18,711	952,951	3.44%	20

## Summary of Retired Member Valuation Data

As of June 30 (\$ in Thousands)

2019	2,226	1,342	47,410	36,115	20,359	968,706	1.65%	20
2020	1,806	1,883	47,333	29,576	30,319	967,963	(0.08%)	20
2021	2,026	1,659	47,700	32,264	27,794	972,434	0.46%	20
2022	2,471	1,976	48,195	42,661	33,726	981,369	0.92%	20
2023	2,115	1,901	48,409	35,508	32,596	984,280	0.30%	20
2024	2,031	1,966	48,474	34,573	34,595	984,257	—%	20
2025	1,997	1,877	48,594	\$35,426	\$32,541	\$987,142	0.29%	\$20

## KERS Hazardous Schedule of Active Member Valuation Data

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances	% Increase in Allowances	Average Annual Allowance
2016	237	29	3,966	\$3,028	\$458	\$59,001	4.55%	\$15
2017	206	79	4,093	2,771	2,609	59,162	0.27%	14
2018	321	44	4,370	5,394	507	64,050	8.26%	15
2019	227	60	4,537	4,242	769	67,523	5.42%	15
2020	214	123	4,628	3,102	1,543	69,081	2.31%	15
2021	263	165	4,726	3,681	1,959	70,803	2.49%	15
2022	300	176	4,850	4,978	2,093	73,689	4.08%	15
2023	210	173	4,887	3,101	1,924	74,867	1.60%	15
2024	207	160	4,934	3,281	1,911	76,237	1.83%	15
2025	276	167	5,043	\$4,350	\$1,912	\$78,675	3.20%	\$16

## SPRS Schedule of Active Member Valuation Data

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances	% Increase in Allowances	Average Annual Allowance
2016	65	10	1,515	\$2,004	\$285	\$56,650	3.13%	\$37
2017	30	9	1,536	1,046	443	57,253	1.06%	37
2018	81	17	1,600	2,837	464	59,626	4.14%	37
2019	74	27	1,647	2,735	957	61,404	2.98%	37
2020	61	39	1,669	2,411	1,382	62,432	1.68%	37
2021	55	51	1,673	1,967	1,699	62,700	0.43%	37
2022	76	47	1,702	2,948	1,868	63,780	1.72%	37
2023	43	48	1,697	1,308	1,793	63,294	(0.76%)	37
2024	41	62	1,676	1,399	2,070	62,623	(1.06%)	37
2025	71	54	1,693	\$2,881	\$1,976	\$63,528	1.45%	\$38

1 The Annualized Retirement Allowance is the annualized value of the monthly retirement allowance for retired members and beneficiaries as of the valuation date. Consequently, the values will not match the fiscal year total benefit payments recorded in the financial section. Headcounts and hazardous benefits for members receiving benefits in both the nonhazardous and hazardous fund have been included in the hazardous funds' summaries above. Additional \$25,384,000 in KERS nonhazardous annual benefits not included in summary above for June 30, 2025.

# Summary of Benefit Provisions KERS, and SPRS Plans

## Plan Funding

State statute requires active members to contribute 5% for nonhazardous and 8% for hazardous of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This additional amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565. KERS and SPRS rates are subject to state budget approval.

## Membership Eligibility

### Retirement Eligibility for Nonhazardous Employees

Age	Years of Service	Allowance Reduction
<b>Tier 1 Members Whose Participation Began Before 9/1/2008</b>		
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
<b>Tier 2 Members Whose Participation Began On or After 9/1/2008 but before 1/1/2014</b>		
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for next five years before age 65 or Rule of 87 (age plus years of service)
<b>Tier 3 Members Whose Participation Began On or After 1/1/2014</b>		
65	5	None
57	Rule of 87	None

### Retirement Eligibility for Hazardous Employees

Age	Years of Service	Allowance Reduction
<b>Tier 1 Members Whose Participation Began Before 9/1/2008</b>		
55	1 month	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 55 or 20 years of service.
<b>Tier 2 Members Whose Participation Began On or After 9/1/2008 but before 1/1/2014</b>		
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 60 or 25 years of service.
<b>Tier 3 Members Whose Participation Began On or After 1/1/2014</b>		
60	5	None
Any	25	None

### Benefit Formula for Nonhazardous

#### Tier 1: Members whose participation began before 9/1/2008

Average of the five highest years of compensation	KERS 1.97% if:	Member does not have 13 months of service credit for 1/1/1998-1/1/1999.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	KERS 2.00% if:	Member has 13 months of service credit from 1/1/1998-1/1/1999.	
	KERS 2.20% if:	Member has 20 or more years of service, including 13 months from 1/1/1998-1/1/1999 and retires by 1/1/2009.	
If a member retires with less than four years of service credit, the member's benefit is equal to the actuarially equivalent of two times their member contribution balance with interest.			

### Benefit Formula for Nonhazardous

#### Tier 2: Members whose participation began on or after 9/1/2008 but before 1/1/2014

Final Compensation	Benefit Factor	Years of Service	
Average of the last five complete years of compensation	KERS increasing percent based on service at retirement up to 30 years* plus 2.00% for each year of service over 30 years	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).	
	*Service		Multiplier
	10 years or less		1.10%
	10-20 years		1.30%
	20-26 years		1.50%
26-30 years	1.75%		

## Benefit Formula for Hazardous for Tier 1: Members whose participation began before 9/1/2008

Final Compensation	Benefit Factor	Years of Service
Average of the three highest complete years of compensation	KERS 2.49% if: SPRS 2.50% if:	Member begins participating before 9/1/2008
		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
If a member retires with less than four years of service, the member's benefit is equal to the actuarially equivalent of two times their member contribution balance with interest.		

## Benefit Formula for Hazardous

### Tier 2: Members whose participation began on or after 9/1/2008 but before 1/1/2014

Final Compensation	Benefit Factor	Years of Service
Average of the three highest complete years of compensation	KERS, & SPRS increasing percent based on service at retirement* *Service	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	10 years or less	1.30%
	10-20 years	1.50%
	20-25 years	2.25%
	25+ years	2.50%

## Benefit Formula

### Tier 3: Members whose participation began on or after 1/1/2014

#### Accumulated Account Balance / Actuarial Factor = Monthly Life Annuity

	Member Contributions	Employer Pay Credit	Base Annual Interest	Upside Sharing Interest (FY 2025)	Actuarial Factor
KERS Nonhazardous	5.00%	4.00%	4.00%	7.16%	See <a href="http://www.kyret.ky.gov">www.kyret.ky.gov</a> for most recent Actuarial Factors
KERS Hazardous	8.00%	7.50%	4.00%	8.28%	
SPRS	8.00%	7.50%	4.00%	7.49%	

Note: Accumulated Account Balance is composed of member contributions, employer pay credit, annual interest and annual upside sharing interest. For additional information on the calculation of the annual interest for Tier 3 see Upside Sharing Interest in Note B.

Note: Please see Plan Provisions for additional details.

## Post-retirement Death Benefits

If the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit.

## Disability Benefits

Members participating before 8/1/2004 may qualify for disability retirement provided the member has at least 60 months of service credit\* and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula.

Members participating on or after 8/1/2004 but before 1/1/2014 may qualify for disability retirement provided the member has at least 60 months of service credit. Nonhazardous benefits are computed as the higher of 20% of the member's monthly final rate of pay or the amount calculated under the Benefit Formula based upon actual service. Hazardous benefits are computed as the higher of 25% of the member's monthly final rate of pay or the amount calculated under the Benefit Formula based upon actual service.

Members participating on or after 1/1/2014 may qualify for disability retirement provided the member has at least 60 months of service credit. The benefit to the member is the higher of 20% or 25% of the member's monthly final rate of pay for nonhazardous and hazardous, respectively or the Annuity amount using the factor at the member's normal retirement age.

Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for additional benefits.

\* Service requirements may be waived if line of duty or duty related.

## **Pre-Retirement Death Benefits**

The beneficiary of a deceased member is eligible for a monthly benefit if the member died while in the line of duty or a duty related death. The beneficiary of a deceased member who did not die in the line of duty is eligible for a monthly benefit if the member was: (1) eligible for retirement at the time of death or, (2) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or (3) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased member is not eligible for a monthly benefit, the beneficiary will receive a lump-sum payment of the member's accumulated account balance.

## **Cost Of Living Adjustment (COLA)**

SB2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

## **Insurance Benefits**

For members participating prior to July 1, 2003, the system pays a percentage of the monthly premium for single coverage based on the service credit accrued at retirement. Hazardous members also receive a percentage paid for eligible spouse or dependent coverage based on the accrued hazardous service at retirement.

For members participating on or after July 1, 2003, a dollar contribution amount is paid toward insurance coverage. Any portion paid toward eligible spouse and dependent coverage is based on the member's hazardous service credit. The member must have a minimum of 10 years of service to be eligible for insurance benefits if the participation date is between July 1, 2003 and August 31, 2008, and 15 years of service if the participation date is on or after September 1, 2008. A nonhazardous member will receive \$10 for each year of service and hazardous members receive \$15 for each year of service. Since July 2004, the dollar amount increases annually on July 1 by 1.5%. Members can earn an additional dollar contribution amount if they surpass the career threshold defined in Kentucky Revised Statute 61.702.

## **Refunds**

Upon termination of employment, a refund of member contributions and accumulated interest is available to the member.

## **Interest On Accounts**

For employees participating prior to September 1, 2008, the interest paid is set by the Board of Trustees and will not be less than 2.0%, for employees participating on or after September 1, 2008 but before January 1, 2014, interest will be credited at a rate of 2.5%. For employees participating on or after January 1, 2014, interest will be credited at a minimum rate of 4.0%.

## **Benefit Changes Since The Prior Valuation**

There have been no benefit changes since the prior valuation.

# Plan Statistics

## Definitions

Active members are those members who are currently employed by a participating agency and contributing to KRS as a condition of employment.

Inactive members are those members who are no longer employed with a participating agency but have not yet retired or taken a refund of contributions.

Retired members include both members and beneficiaries who are receiving a monthly benefit from KRS.

A single member may have multiple accounts. For these tables, persons who participate in two or more of the KRS plans; SPRS, KERS Hazardous or KERS Nonhazardous, will appear in each plan in which they have service credit.

These tables do not include individuals receiving payments under dependent child accounts, Qualified Domestic Relations Orders (QDRO), or multiple beneficiary accounts.

### KERS Nonhazardous Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2016	39,561	48,506	46,366	134,433
2017	38,128	49,693	47,317	135,138
2018	36,160	50,772	48,985	135,917
2019	34,700	51,944	49,886	136,530
2020	32,688	54,234	50,518	137,440
2021	31,066	55,437	51,783	138,286
2022	30,293	56,636	52,429	139,358
2023	32,093	57,247	52,524	141,864
2024	33,135	58,154	52,686	143,975
2025	34,093	59,166	52,763	146,022

### KERS Hazardous Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2016	4,585	5,054	3,992	13,631
2017	4,660	5,453	4,120	14,233
2018	4,551	5,889	4,397	14,837
2019	4,402	6,414	4,563	15,379
2020	4,667	7,263	4,696	16,626
2021	4,412	8,022	4,890	17,324
2022	4,295	8,568	5,013	17,876
2023	4,581	9,031	5,048	18,660
2024	4,910	9,454	5,084	19,448
2025	4,954	9,835	5,212	20,001

### SPRS Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2016	934	430	1,539	2,903
2017	934	453	1,557	2,944
2018	917	470	1,623	3,010
2019	932	511	1,666	3,109
2020	798	592	1,698	3,088
2021	775	638	1,734	3,147
2022	844	670	1,748	3,262
2023	868	718	1,749	3,335
2024	872	749	1,736	3,357
2025	863	781	1,753	3,397

## KRS Membership As of June 30

Fiscal Year	Active	Inactive	Retired	Total
2016	45,080	53,990	51,897	150,967
2017	43,722	55,599	52,994	152,315
2018	41,628	57,131	55,005	153,764
2019	40,034	58,869	56,115	155,018
2020	38,153	62,089	56,912	157,154
2021	36,253	64,097	58,407	158,757
2022	35,432	65,874	59,190	160,496
2023	37,542	66,996	59,321	163,859
2024	38,917	68,357	59,506	166,780
2025	39,910	69,782	59,728	169,420

## Participating Employers

### Principal Participating Employers in KERS As of June 30, 2025

Fiscal Year	Rank	Covered Employees	% of Total System
DEPARTMENT FOR COMMUNITY BASED SERVICES	1	4,914	13.06%
DEPARTMENT OF HIGHWAYS	2	3,703	9.84%
DEPARTMENT OF CORRECTIONS	3	3,584	9.52%
JUDICIAL DEPARTMENT ADMINISTRATIVE OFFICE OF THE COURTS	4	1,477	3.92%
DEPARTMENT OF JUVENILE JUSTICE	5	1,113	2.96%
UNIFIED PROSECUTORIAL SYSTEM	6	994	2.64%
KENTUCKY STATE POLICE	7	899	2.39%
DEPARTMENT OF REVENUE	8	739	1.96%
DEPARTMENT OF VETERANS AFFAIRS	9	702	1.87%
ENVIRONMENTAL PROTECTION	10	668	1.77%
ALL OTHERS		18,845	50.07%
<b>Total</b>		<b>37,638</b>	<b>100.00%</b>

### Schedule of Participating Employers in KERS As of June 30, 2025

Agency Classification	Number of Agencies	Covered Employees
County Attorneys	56	239
Health Departments	60	2,199
Master Commissioner	31	53
Non-P1 State Agencies	32	595
Other Retirement Systems	1	18
P1 State Agencies	133	30,453
Regional Mental Health Units	10	2,770
Universities	7	1,311
<b>Total</b>	<b>330</b>	<b>37,638</b>
<b>Total Employees By Tier Levels</b>		
Tier 1		11,610
Tier 2		5,050
Tier 3		20,978

### Schedule of Participating Employers in SPRS As of June 30, 2025

Agency Classification	Number of Agencies	Covered Employees
Kentucky State Police - Uniformed Police Officers	1	863
<b>Total Employees By Tier Levels</b>		
Tier 1		275
Tier 2		183
Tier 3		405

# Member Monthly Benefit

Average Monthly Benefit by Length of Service in KRS As of June 30, 2025 (in Whole \$)						
Fiscal Year	KERS Nonhazardous		KERS Hazardous		SPRS	
	Number of Accounts	Average Monthly Benefit	Number of Accounts	Average Monthly Benefit	Number of Accounts	Average Monthly Benefit
Under 5 years	7,377	\$222	1,052	\$225	166	\$742
5 or more but less than 10	6,232	445	881	577	60	921
10 or more but less than 15	5,828	739	828	1,048	71	1,474
15 or more but less than 20	5,111	1,105	773	1,594	129	2,120
20 or more but less than 25	5,499	1,463	1,397	2,100	564	2,818
25 or more but less than 30	13,777	2,318	212	3,018	495	3,830
30 or more but less than 35	6,538	3,261	61	3,788	211	4,819
35 or more	2,401	4,605	8	5,049	57	6,237
<b>Total</b>	<b>52,763</b>	<b>\$1,643</b>	<b>5,212</b>	<b>\$1,284</b>	<b>1,753</b>	<b>\$3,089</b>

*Note: These tables reflect the Average Monthly Pension Benefit. A single member may have multiple accounts, which contribute to one pension. These tables do not reflect dependent child accounts, Qualified Domestic Relations Order (QDRO) accounts or multiple beneficiary accounts.*

## Fiduciary Net Position

Fiduciary Net Position - KERS						
As of June 30 (\$ in Thousands)						
Fiscal Year	Nonhazardous			Hazardous		
	Pension	Insurance	Total	Pension	Insurance	Total
2016	\$1,980,292	\$668,318	\$2,648,610	\$527,880	\$437,397	\$965,277
2017	2,092,781	781,406	2,874,187	605,921	484,442	1,090,363
2018	2,048,890	846,762	2,895,652	651,173	513,384	1,164,557
2019	2,286,625	942,136	3,228,761	687,877	527,108	1,214,985
2020	2,362,231	1,006,498	3,368,729	697,366	514,740	1,212,106
2021	3,085,014	1,353,123	4,438,137	874,928	624,889	1,499,817
2022	3,076,743	1,301,522	4,378,265	819,237	579,902	1,399,139
2023	3,607,206	1,465,489	5,072,695	902,567	616,322	1,518,889
2024	4,297,571	1,692,094	5,989,665	1,029,921	667,917	1,697,838
2025	\$5,143,284	\$1,833,872	\$6,977,156	\$1,148,670	\$724,103	\$1,872,773

Fiduciary Net Position - SPRS			
As of June 30 (\$ in Thousands)			
Fiscal Year	Pension	Insurance	Total
2016	\$218,013	\$160,949	\$378,962
2017	256,383	178,191	434,574
2018	268,425	189,994	458,419
2019	287,242	200,128	487,370
2020	295,044	200,245	495,289
2021	357,660	246,004	603,664
2022	552,926	230,015	782,941
2023	592,826	246,797	839,623
2024	653,216	272,091	925,307
2025	\$742,853	\$289,472	\$1,032,325

**Fiduciary Net Position - KRS**

As of June 30 (\$ in Thousands)

Fiscal Year	Pension	Insurance	Total
2016	\$2,726,185	\$1,266,664	\$3,992,849
2017	2,955,085	1,444,039	4,399,124
2018	2,968,488	1,550,140	4,518,628
2019	3,261,744	1,669,372	4,931,116
2020	3,354,641	1,721,483	5,076,124
2021	4,317,602	2,224,016	6,541,618
2022	4,448,906	2,111,439	6,560,345
2023	5,102,599	2,328,608	7,431,207
2024	5,980,708	2,632,102	8,612,810
2025	\$7,034,807	\$2,847,447	\$9,882,254

*Note: For additional historical data for all charts presented, please visit our website for previous annual reports at <https://kyret.ky.gov/Publications/Pages/Annual-Reports.aspx>*

# Changes in Fiduciary Net Position

## Changes in Fiduciary Net Position - KERS Nonhazardous Pension Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Members' Contributions	\$101,677	\$100,544	\$104,972	\$93,759	\$96,594	\$90,202	\$89,607	\$84,579	\$96,615	\$104,867
Employers' Contributions	512,670	644,803	619,988	948,866	948,578	1,134,180	141,027	136,445	156,007	154,394
General Fund Appropriations	—	58,193	67,574	75,858	—	—	912,705	240,000	240,000	300,000
Health Insurance Contributions (HB1)	4,817	5,156	5,786	5,963	1	(8)	(13)	(12)	(18)	(37)
Actuarially Accrued Liability Contributions	—	—	—	—	—	—	—	898,545	899,663	864,522
Employer Cessation	—	53,215	17	10,643	20	—	63,113	—	—	—
Net Investment Income (Loss)	(20,662)	220,985	147,577	114,918	53,696	528,439	(165,904)	220,258	356,018	493,287
Northern Trust Settlement	—	—	301	37	—	—	—	—	—	—
Pension Spiking	414	909	1,564	95	(6)	52	24	16	25	15
<b>Total Additions</b>	<b>598,916</b>	<b>1,083,805</b>	<b>947,779</b>	<b>1,250,139</b>	<b>1,098,883</b>	<b>1,752,865</b>	<b>1,040,559</b>	<b>1,579,831</b>	<b>1,748,310</b>	<b>1,917,048</b>
<b>Deductions</b>										
Benefit Payments	923,288	948,489	967,374	988,349	999,813	1,009,501	1,023,375	1,023,704	1,032,124	1,046,018
Refunds	12,130	11,819	13,603	12,342	11,523	8,953	12,116	11,847	11,693	11,154
Administrative Expenses	10,807	10,974	10,692	11,712	11,941	11,627	13,339	13,817	14,128	14,163
Capital Project Expenses	181	34	—	—	—	—	—	—	—	—
<b>Total Deductions</b>	<b>946,406</b>	<b>971,316</b>	<b>991,669</b>	<b>1,012,403</b>	<b>1,023,277</b>	<b>1,030,081</b>	<b>1,048,830</b>	<b>1,049,368</b>	<b>1,057,945</b>	<b>1,071,336</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(\$347,490)</b>	<b>\$112,489</b>	<b>(\$43,890)</b>	<b>\$237,736</b>	<b>\$75,606</b>	<b>\$722,784</b>	<b>(\$8,271)</b>	<b>\$530,463</b>	<b>\$690,366</b>	<b>\$845,712</b>

## Changes in Fiduciary Net Position - KERS Nonhazardous Insurance Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employers' Contributions	\$131,935	\$133,024	\$132,364	\$173,576	\$170,479	\$153,571	\$31,611	\$35,549	\$41,362	\$30,272
Actuarially Accrued Liability Contributions	—	—	—	—	—	—	101,637	87,674	87,782	1,860
Net Investment Income (Loss)	(3,904)	90,915	61,331	43,202	10,624	258,595	(85,555)	128,052	166,714	195,070
Retired Reemployed (HB1)	3,880	3,765	4,055	3,996	4,502	4,705	5,041	5,885	7,484	8,591
Member Drug Reimbursement	—	1	5	3	2	—	—	4	4	4
Premiums Received from Retirees	240	248	216	184	183	182	182	(27)	79	33
Humana Gain Share Payment	—	—	—	3,079	—	17,167	7,321	4,851	8,440	—
Employer Cessation	—	15,567	—	1,391	25	28,400	2,405	—	—	—
Northern Trust Settlement	—	—	32	4	—	—	—	—	—	—
Health Insurance Contribution (HB1)	—	—	—	—	6,127	6,326	6,560	8,370	10,603	12,262
<b>Total Additions</b>	<b>132,151</b>	<b>243,520</b>	<b>198,003</b>	<b>225,435</b>	<b>191,942</b>	<b>468,946</b>	<b>69,202</b>	<b>270,358</b>	<b>322,467</b>	<b>248,092</b>
<b>Deductions</b>										
Healthcare Premiums	126,550	127,648	130,069	127,221	125,006	119,897	118,451	103,952	93,751	103,784
Administrative Expenses	821	861	760	875	847	815	821	771	727	684
Self Funded Healthcare Costs	2,095	1,920	1,819	1,962	1,724	1,609	1,525	1,668	1,378	1,843
Excise Tax	6	3	3	3	3	—	6	—	7	3

### Changes in Fiduciary Net Position - KERS Nonhazardous Insurance Plan

As of June 30 (\$ in Thousands)

<b>Total Deductions</b>	129,472	130,432	132,651	130,061	127,580	122,321	120,803	106,391	95,863	106,313
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>\$2,679</b>	<b>\$113,088</b>	<b>\$65,352</b>	<b>\$95,374</b>	<b>\$64,362</b>	<b>\$346,625</b>	<b>(\$51,601)</b>	<b>\$163,967</b>	<b>\$226,604</b>	<b>\$141,780</b>

### Changes in Fiduciary Net Position - KERS Hazardous Pension Plan

As of June 30 (\$ in Thousands)

<b>Additions</b>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Members' Contributions	\$15,055	\$17,523	\$17,891	\$17,118	\$19,769	\$19,961	\$20,588	\$17,459	\$21,568	\$22,128
Employers' Contributions	23,690	37,630	32,790	55,229	59,096	62,182	59,052	72,778	89,898	70,768
General Fund Appropriations	—	15,000	10,000	—	—	—	—	—	—	—
Health Insurance Contributions (HB1)	684	811	909	934	4	3	(5)	(7)	(8)	(32)
Net Investment Income (Loss)	(1,652)	70,993	51,848	36,704	6,805	174,922	(51,841)	77,261	102,139	121,344
Actuarially Accrued Liability Contributions (AALC)	—	—	—	—	—	—	—	—	—	—
Northern Trust Settlement	—	—	33	4	—	—	—	—	—	—
Pension Spiking	70	344	871	29	19	18	3	29	1	—
<b>Total Additions</b>	<b>37,847</b>	<b>142,301</b>	<b>114,342</b>	<b>110,018</b>	<b>85,693</b>	<b>257,086</b>	<b>27,797</b>	<b>167,520</b>	<b>213,598</b>	<b>214,208</b>
<b>Deductions</b>										
Benefit Payments	59,306	61,231	65,616	69,527	71,861	73,889	77,047	78,636	80,528	87,620
Refunds	2,211	2,106	2,501	2,684	3,168	4,380	4,976	4,041	4,133	6,212
Administrative Expenses	903	919	975	1,103	1,176	1,255	1,465	1,513	1,583	1,627
Capital Project Expenses	15	4	—	—	—	—	—	—	—	—
<b>Total Deductions</b>	<b>62,435</b>	<b>64,260</b>	<b>69,092</b>	<b>73,314</b>	<b>76,205</b>	<b>79,524</b>	<b>83,488</b>	<b>84,190</b>	<b>86,244</b>	<b>95,458</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(\$24,588)</b>	<b>\$78,041</b>	<b>\$45,250</b>	<b>\$36,704</b>	<b>\$9,488</b>	<b>\$177,562</b>	<b>(\$55,691)</b>	<b>\$83,330</b>	<b>\$127,354</b>	<b>\$118,750</b>

### Changes in Fiduciary Net Position - KERS Hazardous Insurance Plan

As of June 30 (\$ in Thousands)

<b>Additions</b>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employers' Contributions	\$15,929	\$4,688	\$4,302	\$3,725	\$4,482	\$23	\$1	\$37	\$45	\$3
Net Investment Income (Loss)	(882)	59,188	42,567	28,049	638	126,475	(27,406)	52,991	67,435	73,613
Retired Reemployed (HB1)	837	932	986	1,245	1,294	1,276	1,280	1,452	1,865	2,156
Actuarially Accrued Liability Contributions (AALC)	—	—	—	—	—	—	—	—	—	—
Member Drug Reimbursement	—	—	—	—	1	—	1	—	—	—
Premiums Received from Retirees	(13)	(51)	(50)	(19)	(5)	(11)	(54)	(69)	(24)	(53)
Humana Gain Share	—	—	—	213	—	1,253	548	368	651	—
Northern Trust Settlement	—	—	18	2	—	—	—	—	—	—
Health Insurance Contributions (HB1)	—	—	—	—	1,100	1,164	1,232	1,592	2,094	2,229
<b>Total Additions</b>	<b>15,871</b>	<b>64,757</b>	<b>47,823</b>	<b>33,215</b>	<b>7,510</b>	<b>130,180</b>	<b>(24,398)</b>	<b>56,371</b>	<b>72,066</b>	<b>77,947</b>
<b>Deductions</b>										
Health Insurance Premiums	17,490	17,562	18,697	19,280	19,630	19,800	20,355	19,748	20,260	21,575

### Changes in Fiduciary Net Position - KERS Hazardous Insurance Plan

As of June 30 (\$ in Thousands)

Administrative Expenses	97	105	104	117	123	118	125	123	117	116
Self-Funded Healthcare Costs	—	45	79	94	125	112	109	80	94	70
Excise Tax Insurance	—	—	—	—	—	—	—	—	—	—
<b>Total Deductions</b>	<b>17,587</b>	<b>17,712</b>	<b>18,880</b>	<b>19,491</b>	<b>19,878</b>	<b>20,030</b>	<b>20,589</b>	<b>19,951</b>	<b>20,471</b>	<b>21,761</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(\$1,716)</b>	<b>\$47,045</b>	<b>\$28,943</b>	<b>\$13,724</b>	<b>(\$12,368)</b>	<b>\$110,150</b>	<b>(\$44,987)</b>	<b>\$36,420</b>	<b>\$51,595</b>	<b>\$56,187</b>

### Changes in Fiduciary Net Position - SPRS Pension Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Members' Contributions	\$5,149	\$5,349	\$5,522	\$5,062	\$4,767	\$4,752	\$4,773	\$5,250	\$5,703	\$6,017
Employers' Contributions	25,723	38,028	36,486	58,947	58,358	59,262	62,341	58,121	61,998	52,975
General Fund Appropriations	—	25,000	10,000	1,086	1,086	384	215,000	—	—	25,000
Health Insurance Contributions (HB1)	113	131	155	176	—	—	(26)	(8)	(12)	(11)
Net Investment Income (Loss)	(3,841)	26,795	18,487	14,863	6,359	61,966	(22,148)	40,801	57,058	72,006
Northern Trust Settlement	—	—	21	3	—	—	—	—	—	—
Pension Spiking	99	210	392	15	9	4	—	—	—	—
<b>Total Additions</b>	<b>27,243</b>	<b>95,513</b>	<b>71,063</b>	<b>80,152</b>	<b>70,579</b>	<b>126,368</b>	<b>259,940</b>	<b>104,164</b>	<b>124,747</b>	<b>155,987</b>
Deductions										
Benefit Payments	56,268	56,935	58,805	60,948	62,423	63,249	64,121	63,805	63,823	65,696
Refunds	11	26	22	162	88	273	280	166	220	346
Administrative Expenses	176	181	194	225	266	230	273	293	314	308
Capital Project Expenses	4	1	—	—	—	—	—	—	—	—
<b>Total Deductions</b>	<b>56,459</b>	<b>57,143</b>	<b>59,021</b>	<b>61,335</b>	<b>62,777</b>	<b>63,752</b>	<b>64,674</b>	<b>64,264</b>	<b>64,357</b>	<b>66,349</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(\$29,216)</b>	<b>\$38,370</b>	<b>\$12,042</b>	<b>\$18,817</b>	<b>\$7,802</b>	<b>\$62,616</b>	<b>\$195,266</b>	<b>\$39,900</b>	<b>\$60,390</b>	<b>\$89,637</b>

### Changes in Fiduciary Net Position - SPRS Insurance Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employers' Contributions	\$10,228	\$9,222	\$9,397	\$13,282	\$13,133	\$9,284	\$8,782	\$9,289	\$10,158	\$1,858
Net Investment Income (Loss)	(48)	21,570	16,420	10,766	1,108	50,051	(10,787)	21,426	26,836	29,780
Retired Reemployed (HB1)	9	—	—	6	—	—	—	—	5	30
Member Drug Reimbursement	—	—	—	—	—	—	—	—	—	—
Premiums Received from Retirees	(29)	(55)	(41)	(13)	(12)	(14)	(27)	(131)	(13)	(31)
Humana Gain Share	—	—	—	144	—	811	342	224	390	—
Northern Trust Settlement	—	—	8	1	—	—	—	—	—	—
Health Insurance contributions (HB1)	—	—	—	—	196	209	256	356	408	449
<b>Total Additions</b>	<b>10,160</b>	<b>30,737</b>	<b>25,784</b>	<b>24,186</b>	<b>14,425</b>	<b>60,341</b>	<b>(1,434)</b>	<b>31,164</b>	<b>37,784</b>	<b>32,086</b>
Deductions										
Health Insurance Premiums	13,836	13,405	13,881	13,942	14,215	14,487	14,461	14,290	12,412	14,614
Administrative Expenses	89	66	62	69	71	71	73	74	71	71

### Changes in Fiduciary Net Position - SPRS Insurance Plan

As of June 30 (\$ in Thousands)

Self-Funded Healthcare Costs	—	24	38	40	22	25	21	18	7	21
Excise Tax Insurance	—	—	—	—	—	—	—	—	—	—
<b>Total Deductions</b>	<b>13,925</b>	<b>13,495</b>	<b>13,981</b>	<b>14,051</b>	<b>14,308</b>	<b>14,583</b>	<b>14,555</b>	<b>14,382</b>	<b>12,490</b>	<b>14,707</b>
<b>Net Increase (Decrease) in Fiduciary Net Position</b>	<b>(\$3,765)</b>	<b>\$17,242</b>	<b>\$11,803</b>	<b>\$10,135</b>	<b>\$117</b>	<b>\$45,758</b>	<b>(\$15,989)</b>	<b>\$16,782</b>	<b>\$25,294</b>	<b>\$17,380</b>

# Schedule of Benefit Expenses

The following tables include individuals receiving a monthly benefit as of June 30 in the indicated fiscal year. A single member may have multiple accounts which contribute to one pension. This table represents all individuals receiving a benefit including dependent children, Qualified Domestic Relations Order (QDRO) accounts and multiple beneficiary accounts. If a member has died or a disability decision is pending, the monthly benefit amount is reflected as zero until the account status changes.

Schedule of Benefit Expenses - KERS Nonhazardous				
As of June 30 (in whole \$)				
	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
<b>Fiscal Year 2016</b>				
Average Benefit	\$989	\$1,886	\$1,005	\$902
Number of Accounts	7,390	35,192	2,770	1,014
Total Monthly Benefits	\$7,312,293	\$66,383,638	\$2,784,928	\$914,804
% of Total Monthly Benefits	9.45%	85.77%	3.60%	1.18%
<b>Fiscal Year 2017</b>				
Average Benefit	\$992	\$1,883	\$1,013	\$924
Number of Accounts	7,628	35,890	2,772	1,028
Total Monthly Benefits	\$7,565,780	\$67,591,003	\$2,807,938	\$950,318
% of Total Monthly Benefits	9.59%	85.65%	3.56%	1.20%
<b>Fiscal Year 2018</b>				
Average Benefit	\$998	\$1,879	\$1,019	\$940
Number of Accounts	8,070	37,141	2,767	1,007
Total Monthly Benefits	\$8,049,794	\$69,780,011	\$2,818,593	\$946,466
% of Total Monthly Benefits	9.87%	85.52%	3.45%	1.16%
<b>Fiscal Year 2019</b>				
Average Benefit	\$993	\$1,876	\$1,029	\$933
Number of Accounts	8,387	37,751	2,751	997
Total Monthly Benefits	\$8,328,706	\$70,826,696	\$2,831,527	\$930,110
% of Total Monthly Benefits	10.04%	85.42%	3.41%	1.12%
<b>Fiscal Year 2020</b>				
Average Benefit	\$984	\$1,872	\$1,031	\$937
Number of Accounts	8,622	38,233	2,676	987
Total Monthly Benefits	\$8,483,484	\$71,585,386	\$2,759,983	\$924,459
% of Total Monthly Benefits	10.13%	85.47%	3.30%	1.10%
<b>Fiscal Year 2021</b>				
Average Benefit	\$984	\$1,864	\$1,036	\$949
Number of Accounts	9,046	39,020	2,698	1,019
Total Monthly Benefits	\$8,897,420	\$72,724,923	\$2,796,355	\$966,951
% of Total Monthly Benefits	10.42%	85.17%	3.27%	1.13%
<b>Fiscal Year 2022</b>				
Average Benefit	\$987	\$1,860	\$1,031	\$966
Number of Accounts	9,279	39,508	2,609	1,033
Total Monthly Benefits	\$9,155,941	\$73,489,369	\$2,690,544	\$997,608
% of Total Monthly Benefits	10.61%	85.12%	3.12%	1.16%
<b>Fiscal Year 2023</b>				
Average Benefit	\$982	\$1,861	\$1,034	\$956
Number of Accounts	9,464	39,505	2,531	1,024
Total Monthly Benefits	\$9,291,103	\$73,531,803	\$2,615,997	\$979,166
% of Total Monthly Benefits	10.75%	85.09%	3.03%	1.13%
<b>Fiscal Year 2024</b>				
Average Benefit	\$981	\$1,862	\$1,027	\$990
Number of Accounts	9,704	39,488	2,456	1,038
Total Monthly Benefits	\$9,519,101	\$73,544,350	\$2,523,189	\$1,027,961
% of Total Monthly Benefits	10.99%	84.91%	2.91%	1.19%
<b>Fiscal Year 2025</b>				
Average Benefit	\$984	\$1,862	\$1,024	\$1,013

### Schedule of Benefit Expenses - KERS Nonhazardous

As of June 30 (in whole \$)

Number of Accounts	9,867	39,477	2,390	1,029
Total Monthly Benefits	\$9,709,907	\$73,510,591	\$2,447,373	\$1,041,903
% of Total Monthly Benefits	11.20%	84.78%	2.82%	1.20%

### Schedule of Benefit Expenses - KERS Hazardous

As of June 30 (in whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
<b>Fiscal Year 2016</b>				
Average Benefit	\$984	\$1,542	\$663	\$730
Number of Accounts	2,046	1,658	194	94
Total Monthly Benefits	\$2,011,530	\$2,557,114	\$128,663	\$68,605
% of Total Monthly Benefits	42.21%	53.65%	2.70%	1.44%
<b>Fiscal Year 2017</b>				
Average Benefit	\$993	\$1,541	\$662	\$721
Number of Accounts	2,101	1,719	205	96
Total Monthly Benefits	\$2,086,732	\$2,648,685	\$135,625	\$69,255
% of Total Monthly Benefits	42.24%	53.61%	2.75%	1.40%
<b>Fiscal Year 2018</b>				
Average Benefit	\$1,002	\$1,551	\$684	\$737
Number of Accounts	2,215	1,877	205	100
Total Monthly Benefits	\$2,218,520	\$2,911,409	\$140,174	\$73,704
% of Total Monthly Benefits	41.52%	54.48%	2.62%	1.38%
<b>Fiscal Year 2019</b>				
Average Benefit	\$1,020	\$1,561	\$708	\$744
Number of Accounts	2,269	1,987	208	99
Total Monthly Benefits	\$2,315,435	\$3,101,783	\$147,342	\$73,702
% of Total Monthly Benefits	41.07%	55.01%	2.61%	1.31%
<b>Fiscal Year 2020</b>				
Average Benefit	\$1,017	\$1,561	\$701	\$739
Number of Accounts	2,334	2,061	207	94
Total Monthly Benefits	\$2,374,412	\$3,216,376	\$145,112	\$69,433
% of Total Monthly Benefits	40.90%	55.40%	2.50%	1.20%
<b>Fiscal Year 2021</b>				
Average Benefit	\$1,021	\$1,551	\$701	\$751
Number of Accounts	2,414	2,164	215	97
Total Monthly Benefits	\$2,464,831	\$3,355,473	\$150,742	\$72,837
% of Total Monthly Benefits	40.78%	55.52%	2.49%	1.21%
<b>Fiscal Year 2022</b>				
Average Benefit	\$1,032	\$1,560	\$711	\$786
Number of Accounts	2,434	2,267	216	96
Total Monthly Benefits	\$2,512,089	\$3,536,881	\$153,476	\$75,437
% of Total Monthly Benefits	40.01%	56.34%	2.44%	1.20%
<b>Fiscal Year 2023</b>				
Average Benefit	\$1,040	\$1,565	\$703	\$843
Number of Accounts	2,441	2,296	213	98
Total Monthly Benefits	\$2,538,237	\$3,592,494	\$149,801	\$82,626
% of Total Monthly Benefits	39.89%	56.46%	2.35%	1.30%
<b>Fiscal Year 2024</b>				
Average Benefit	\$1,049	\$1,579	\$708	\$863
Number of Accounts	2,444	2,327	214	99
Total Monthly Benefits	\$2,562,636	\$3,673,571	\$151,555	\$85,417
% of Total Monthly Benefits	39.59%	56.75%	2.34%	1.32%
<b>Fiscal Year 2025</b>				
Average Benefit	\$1,058	\$1,585	\$712	\$814
Number of Accounts	2,469	2,422	219	102

### Schedule of Benefit Expenses - KERS Hazardous

As of June 30 (in whole \$)

Total Monthly Benefits	\$2,612,441	\$3,838,246	\$155,971	\$83,038
% of Total Monthly Benefits	39.05%	57.38%	2.33%	1.24%

### Schedule of Benefit Expenses - SPRS

As of June 30 (in whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
<b>Fiscal Year 2016</b>				
Average Benefit	\$3,579	\$3,135	\$1,269	\$2,008
Number of Accounts	155	1,277	82	25
Total Monthly Benefits	\$554,743	\$4,002,993	\$104,056	\$50,196
% of Total Monthly Benefits	11.77%	84.95%	2.21%	1.07%
<b>Fiscal Year 2017</b>				
Average Benefit	\$3,611	\$3,135	\$1,278	\$2,008
Number of Accounts	149	1,303	82	25
Total Monthly Benefits	\$538,032	\$4,084,771	\$104,788	\$50,196
% of Total Monthly Benefits	11.26%	85.50%	2.19%	1.05%
<b>Fiscal Year 2018</b>				
Average Benefit	\$3,642	\$3,128	\$1,289	\$2,082
Number of Accounts	153	1,361	83	26
Total Monthly Benefits	\$557,249	\$4,257,579	\$107,019	\$54,127
% of Total Monthly Benefits	11.20%	85.56%	2.15%	1.09%
<b>Fiscal Year 2019</b>				
Average Benefit	\$3,607	\$3,138	\$1,298	\$2,082
Number of Accounts	156	1,401	83	26
Total Monthly Benefits	\$562,630	\$4,395,857	\$107,737	\$54,127
% of Total Monthly Benefits	10.99%	85.85%	2.10%	1.06%
<b>Fiscal Year 2020</b>				
Average Benefit	\$3,628	\$3,154	\$1,339	\$2,137
Number of Accounts	152	1,440	80	26
Total Monthly Benefits	\$551,470	\$4,541,490	\$107,148	\$55,558
% of Total Monthly Benefits	10.49%	86.41%	2.04%	1.06%
<b>Fiscal Year 2021</b>				
Average Benefit	\$3,542	\$3,160	\$1,287	\$2,137
Number of Accounts	156	1,468	84	26
Total Monthly Benefits	\$552,551	\$4,638,826	\$108,101	\$55,558
% of Total Monthly Benefits	10.32%	86.63%	2.02%	1.04%
<b>Fiscal Year 2022</b>				
Average Benefit	\$3,565	\$3,163	\$1,275	\$2,077
Number of Accounts	159	1,481	83	25
Total Monthly Benefits	\$566,764	\$4,683,959	\$105,787	\$51,931
% of Total Monthly Benefits	10.48%	86.60%	1.96%	0.96%
<b>Fiscal Year 2023</b>				
Average Benefit	\$3,550	\$3,146	\$1,294	\$2,077
Number of Accounts	155	1,486	83	25
Total Monthly Benefits	\$550,304	\$4,674,802	\$107,386	\$51,931
% of Total Monthly Benefits	10.22%	86.82%	1.99%	0.97%
<b>Fiscal Year 2024</b>				
Average Benefit	\$3,511	\$3,145	\$1,286	\$2,172
Number of Accounts	155	1,481	76	24
Total Monthly Benefits	\$544,210	\$4,658,414	\$97,752	\$52,129
% of Total Monthly Benefits	10.17%	87.03%	1.83%	0.97%
<b>Fiscal Year 2025</b>				
Average Benefit	\$3,398	\$3,157	\$1,256	\$2,218
Number of Accounts	164	1,493	72	24

## Schedule of Benefit Expenses - SPRS

As of June 30 (in whole \$)

Total Monthly Benefits	\$557,280	\$4,713,293	\$90,403	\$53,234
% of Total Monthly Benefits	10.29%	87.05%	1.67%	0.98%

## Active Refunds

### Active Refunds Report For the Period ended June 30, 2025 (in Whole \$)

		Active Termination Refunds		Active Death Refunds		Totals	
		Number of Refunds	Amount of Refunds	Number of Refunds	Amount of Refunds	Number of Refunds	Amount of Refunds
System	Tier						
KERS	1	81	1,360,067	73	142,601	154	1,502,668
	2	77	598,781	7	49,746	84	648,527
	3	725	8,624,984	29	165,492	754	8,790,476
	<b>Total</b>	<b>883</b>	<b>10,583,832</b>	<b>109</b>	<b>357,839</b>	<b>992</b>	<b>10,941,671</b>
KERS	1	7	48,152	4	11,627	11	59,779
	2	10	56,006	3	39,946	13	95,952
	3	305	5,711,184	8	56,108	313	5,767,292
	<b>Total</b>	<b>322</b>	<b>5,815,342</b>	<b>15</b>	<b>107,681</b>	<b>337</b>	<b>5,923,023</b>
SPRS	1	1	21,763	—	—	1	21,763
	2	—	—	—	—	—	—
	3	7	324,143	—	—	7	324,143
	<b>Total</b>	<b>8</b>	<b>345,906</b>	<b>—</b>	<b>—</b>	<b>8</b>	<b>345,906</b>
<b>Totals</b>		<b>1,213</b>	<b>\$16,745,080</b>	<b>124</b>	<b>\$465,520</b>	<b>1,337</b>	<b>\$17,210,600</b>

## Analysis of Initial Retirees

### Analysis of Initial Retirees As of June 30 (in Whole \$)

	KERS Nonhazardous	KERS Hazardous	SPRS
<b>Fiscal Year 2016</b>			
Number of Accounts	2,043	205	57
Average Service Credit (months)	207	160	234
Average Final Compensation	\$47,429	\$44,494	\$65,535
Average Monthly Benefit	\$1,351	\$1,225	\$2,953
Average System Payment for Health Insurance	\$558	\$870	\$1,425
<b>Fiscal Year 2017</b>			
Number of Accounts	2,094	191	30
Average Service Credit (months)	208	146	241
Average Final Compensation	\$46,753	\$47,604	\$68,401
Average Monthly Benefit	\$1,339	\$1,150	\$2,935
Average System Payment for Health Insurance	\$558	\$872	\$1,192
<b>Fiscal Year 2018</b>			
Number of Accounts	2,682	328	68
Average Service Credit (months)	223	167	241
Average Final Compensation	\$48,552	\$51,219	\$71,132
Average Monthly Benefit	\$1,481	\$1,392	\$3,035
Average System Payment for Health Insurance	\$578	\$1,033	\$1,365
<b>Fiscal Year 2019</b>			
Number of Accounts	1,993	234	63
Average Service Credit (months)	204	174	254
Average Final Compensation	\$47,824	\$51,901	\$73,795
Average Monthly Benefit	\$1,355	\$1,532	\$3,341
Average System Payment for Health Insurance	\$569	\$1,015	\$1,391
<b>Fiscal Year 2020</b>			
Number of Accounts	1,755	195	54

**Analysis of Initial Retirees As of June 30 (in Whole \$)**

	KERS Nonhazardous	KERS Hazardous	SPRS
Average Service Credit (months)	211	150	245
Average Final Compensation	\$47,069	\$51,021	\$78,468
Average Monthly Benefit	\$1,352	\$1,242	\$3,313
Average System Payment for Health Insurance	\$579	\$1,013	\$1,404
<b>Fiscal Year 2021</b>			
Number of Accounts	1,644	201	32
Average Service Credit (months)	201	143	217
Average Final Compensation	\$46,600	\$49,664	\$72,942
Average Monthly Benefit	\$1,276	\$1,248	\$2,872
Average System Payment for Health Insurance	\$560	\$1,019	\$1,347
<b>Fiscal Year 2022</b>			
Number of Accounts	1,910	221	46
Average Service Credit (months)	213	165	245
Average Final Compensation	\$48,028	\$52,575	\$76,377
Average Monthly Benefit	\$1,389	\$1,515	\$3,287
Average System Payment for Health Insurance	\$599	\$1,020	\$1,345
<b>Fiscal Year 2023</b>			
Number of Accounts	1,479	136	13
Average Service Credit (months)	190	146	186
Average Final Compensation	\$50,304	\$52,473	\$73,081
Average Monthly Benefit	\$1,332	\$1,315	\$2,737
Average System Payment for Health Insurance	\$640	\$1,151	\$1,208
<b>Fiscal Year 2024</b>			
Number of Accounts	1,483	146	16
Average Service Credit (months)	195	150	171
Average Final Compensation	\$50,548	\$57,500	\$70,651
Average Monthly Benefit	\$1,310	\$1,430	\$2,492
Average System Payment for Health Insurance	\$680	\$1,173	\$1,366
<b>Fiscal Year 2025</b>			
Number of Accounts	1,467	218	38
Average Service Credit (months)	202	145	241
Average Final Compensation	\$54,244	\$59,993	\$94,353
Average Monthly Benefit	\$1,425	\$1,453	\$3,857
Average System Payment for Health Insurance	\$644	\$852	\$1,625

*Note: This table represents all individuals who had an initial retirement date within the fiscal year.*

# Payment Options

Payment Options Selected by Retired Members As of June 30, 2025 (in Whole \$)							
	Basic	Other	Certain	Pop Up	Adjustment	Survivorship	Annuity
<b>KERS Nonhazardous</b>							
Number of Accounts	19,591	21	6,722	10,109	3,111	13,173	36
Monthly Benefits	\$28,836,997	\$47,430	\$10,360,648	\$20,517,477	\$5,401,371	\$21,536,521	\$9,330
<b>KERS Hazardous</b>							
Number of Accounts	1,450	6	562	1,432	315	1,442	5
Monthly Benefits	\$1,639,556	\$5,498	\$703,154	\$2,173,315	\$385,618	\$1,781,168	\$1,387
<b>SPRS</b>							
Number of Accounts	193	1	133	757	172	497	0
Monthly Benefits	\$562,285	\$3,084	\$383,844	\$2,622,410	\$337,722	\$1,504,864	\$—
<b>KRS Total</b>							
Number of Accounts	21,234	28	7,417	12,298	3,598	15,112	41
Monthly Benefits	\$31,038,838	\$56,012	\$11,447,646	\$25,313,202	\$6,124,711	\$24,822,553	\$10,717
<p><i>The information in this table represents accounts administered by KPPA. A single member may have multiple accounts, which contribute to one pension. House Bill 506 (2023 Regular Session), established, effective January 1, 2024, a Partial Lump Sum Option (PLSO). The PLSO provides for a one-time payment equal to 12, 24, 36, 48, or 60 times the monthly benefit under the <b>Basic</b>, <b>Survivorship</b>, or <b>Annuity</b> payment option, plus a monthly payment. The monthly payment is actuarially reduced to reflect the lump-sum payment amount, and those monthly amounts are included in the "monthly benefits" presented in this table. During fiscal year 2025 total one-time PLSO payments for KERS totaled \$24,304,357 and \$1,605,220 for SPRS.</i></p>							

## Employer Contribution Rates

In KERS and SPRS, both the employee and the employer contribute a percentage of creditable compensation to KRS.

The employee contribution rate is set by state statute. Nonhazardous employees contribute 5% while Hazardous duty and SPRS members contribute 8%. Employees hired on or after September 1, 2008, contribute an additional 1% to health insurance.

The actual pension and insurance employer contribution rates that were paid are shown below.

Under Kentucky Revised Statutes 61.565, KERS and SPRS employer contribution rates are determined by the KRS Board based on an annual actuarial valuation. However, KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. The tables on pages 96 and 97 in the Actuarial Section, shows the KERS and SPRS employer contribution rates that were actuarial recommended rates in the annual valuation. House Bill 8 passed during the 2021 legislative session changed how employer contributions are allocated and collected from the participating employers in the KERS Nonhazardous Plan. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the Plan an allocated share of the cost required to amortize the unfunded liability.

Employer Contribution Rates (%) As of June 30										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>KERS Nonhazardous*</b>										
Actual Rate	38.77%	48.59%	49.47%	83.43%	83.43%	84.43%	10.10%	9.97%	9.97%	8.44%
<b>KERS Hazardous</b>										
Actual Rate	26.34%	23.82%	23.70%	36.85%	36.85%	36.00%	33.43%	31.82%	31.82%	23.74%
<b>SPRS</b>										
Actual Rate	75.76%	89.21%	91.24%	146.28%	146.28%	143.48%	146.06%	99.43%	99.43%	68.10%
<p><i>*2021 House Bill 8 changed the manner in which KERS Nonhazardous pays employer contributions. Beginning in FY22, each employer pays the normal cost, which is the rate stated above, along with an actuarial accrued liability payment that is calculated and provided by the actuary.</i></p>										

# Insurance Contracts

KRS provides medical insurance and other managed care coverage for eligible retired members.

Participation in the insurance program is optional and requires the completion of the proper forms at the time of retirement in order to obtain the insurance coverage. KRS provides access to health insurance coverage through the Kentucky Employees' Health Plan (KEHP) for recipients until they reach age 65 and/or become Medicare eligible. After a retired member becomes eligible for Medicare, coverage is available through a Medicare eligible plan offered by KRS. A retired member's spouse and/or dependents may also be covered on health insurance through KRS.

## Insurance Benefits Paid to Retirees & Beneficiaries Participating in a KRS Health Insurance Plan As of June 30, 2025 (in Whole \$)

	KERS Nonhazardous	KERS Hazardous	SPRS
Number	28,354	2,826	1,558
Average Service Credit (Months)	312	266	319
Average Monthly System Payment for Health Insurance	\$309	\$702	\$945
Average Monthly Member Payment for Health Insurance	\$36	\$38	\$24
Total Monthly Payment for Health Insurance	\$9,804,680	\$1,772,276	\$1,202,802

## Insurance Contracts by Type As of June 30

KERS Nonhazardous	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	441	411	460	441	433	428	434	433	395	371
KEHP Couple/Family	656	663	696	700	666	633	612	553	473	418
KEHP Single	8,876	8,627	8,638	8,304	7,942	7,415	7,141	6,693	6,334	5,977
Medicare without Prescription	1,286	1,229	1,179	1,141	1,089	1,026	989	957	939	848
Medicare with Prescription	19,447	20,215	21,117	21,713	22,271	22,648	22,903	22,976	22,947	20,740
KERS Hazardous	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	97	88	96	103	112	104	116	118	108	102
KEHP Couple/Family	439	432	478	493	491	491	477	470	462	458
KEHP Single	663	667	686	699	677	667	686	653	621	549
Medicare without Prescription	66	72	73	83	82	82	84	72	66	59
Medicare with Prescription	1,302	1,401	1,495	1,584	1,662	1,693	1,746	1,796	1,843	1,658
SPRS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	77	79	74	77	85	89	90	92	79	77
KEHP Couple/Family	447	420	426	454	459	448	454	434	415	422
KEHP Single	246	251	253	224	226	221	217	230	239	196
Medicare without Prescription	18	17	21	16	16	13	14	17	16	14
Medicare with Prescription	850	897	941	975	998	1,003	1,016	1,022	1,019	849
KRS Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	615	578	630	621	630	621	640	643	582	550
KEHP Couple/Family	1,542	1,515	1,600	1,647	1,616	1,572	1,543	1,457	1,350	1,298
KEHP Single	9,785	9,545	9,577	9,227	8,845	8,303	8,044	7,576	7,194	6,722
Medicare without Prescription	1,370	1,318	1,273	1,240	1,187	1,121	1,087	1,046	1,021	921
Medicare with Prescription	21,599	22,513	23,553	24,272	24,931	25,344	25,665	25,794	25,809	23,247

## Acronym Glossary for Kentucky Retirement Systems

As of December 5, 2024

Phrase	Acronym
Actuarially Determined Contribution	ADC
Actuarial Accrued Liability	AAL
Annual Comprehensive Financial Report	ACFR
Board of Trustees	Board
Collateralized Mortgage Obligations	CMO
Commonwealth of Kentucky	Commonwealth
Consumer Price Index	CPI
County Employees Retirement System	CERS
Cost of Living Adjustment	COLA
Department of Employee Insurance	DEI
Emerging Market Debt	EMD
Entry Age Normal Cost Method	EANC
Exchange Traded Funds	ETFs
Fair Value	FV
Fiscal Year (Ended)	FY(E)
Gabriel, Roeder, Smith & Co.	GRS
Generally Accepted Accounting Principles	GAAP
Geometric Average Net Investment Return	GANIR
Governmental Accounting Standards Board	GASB
House Bill	HB
Investment Management Agreement	IMA
Investment Policy Statement	IPS
Internal Revenue Service	IRS
Information Technology	IT
Judicial Form Retirement System	JFRS
Kentucky Administrative Regulations	KAR
Kentucky Employees' Health Plan	KEHP
Kentucky Employees Retirement Systems	KERS
Kentucky Public Pensions Authority	KPPA
Kohlberg, Kravis, Roberts	KKR
Management's Discussion and Analysis	MD&A
Net Asset Value	NAV
Net OPEB Liability	NOL
Net Pension Liability	NPL
Not Rated	NR
Other Postemployment Benefits	OPEB
Pacific Alternative Asset Management Company	PAAMCO
Perimeter Park West Incorporated	PPW
Qualified Domestic Relations Order	QDRO
Required Supplementary Information	RSI
Senate Bill	SB
Short Term Investment Funds	STIFs
State Police Retirement System	SPRS
Summary Annual Financial Report	SAFR
Total Pension Liability	TPL
Teachers' Retirement System	TRS
Unfunded Actuarial Accrued Liability	UAAL
Unfunded Accrued Liability	UAL
Unrelated Business Income	UBI



**KENTUCKY RETIREMENT SYSTEMS**  
1260 LOUISVILLE ROAD, FRANKFORT, KY 40601

KRS members are current and former employees of state and quasi-governmental agencies and Kentucky State Police officers.

Photo, front cover: Kentucky State Capitol rotunda. The building is undergoing renovations to modernize infrastructure and enhance accessibility while preserving its historic significance.

