State Police Retirement System (SPRS)

Actuarial Valuation Report
as of June 30, 2026



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November 10, 2026

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Subject: Actuarial Valuation as of June 30, 2026

Dear Trustees of the Board:

This report describes the current actuarial condition of the State Police Retirement System (SPRS), provides the actuarially determined employer contribution, analyzes changes in KERS's financial condition and provides various summaries of the data. The results of this actuarial valuation, including the calculated employer contribution rates will be used by the Board and stakeholders for informational purposes only as the employer contribution rate for the fiscal years ending June 30, 2027 and June 30, 2028 were certified in the June 30, 2025 actuarial valuation, which was adopted by the Board and incorporated in the Commonwealth's budget for the biennium period.

EXECUTIVE SUMMARY OF VALUATION RESULTS

The first page of the executive summary provides a table with a comparison of the valuation results from 2025 to 2026. Fund investments earned between 12.0% and 12.9% in fiscal year 2026, with returns varying by fund, which resulted in $69 million ($51 million pension and $18 million insurance) more in assets than expected at the beginning of the year.

Retirement fund liabilities were $22 million larger than expected, primarily attributable to salary increases for individual member being greater than expected. Insurance fund liabilities were $3 million larger than expected. This is due to lower than expected Medicare premiums for 2027 that was offset by demographic losses due to a significant number of retirements during fiscal year 2026.

The contribution rate decreased by 1.33% of pay to 53.00% of pay. This reflects a 0.05% decrease in the pension fund contribution rate and a 1.28% decrease in the insurance contribution rate, primarily due to favorable investment experience in fiscal year 2026.

The following table provides the projected contributions for the next 30 years (retirement and insurance), as well as the unfunded actuarial accrued liability and funded ratio for the retirement fund (excluding insurance). These projections assume that all actuarial assumptions are realized and the full actuarially determined contributions are made each future year.

Projected Contributions, Unfunded Liability, and Funded Ratio
($ in Millions)

	Fiscal Year Beginning July 1,				
	2026	**2030**	**2035**	**2045**	**2055**
	Year 1	Year 5	Year 10	Year 20	Year 30
SPRS					
Employer Contribution Rate[1]	54.33%	40.40%	36.91%	55.95%	17.70%
Unfunded Liability – Pension Only	$388	$282	$268	$170	$0
Funded Ratio – Pension Only	67%	76%	78%	88%	100%

[1] Employer Contribution shown includes required contributions for both the retirement and insurance funds.

FINANCING OBJECTIVES AND FUNDING POLICY

The employer contribution is determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised 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 (23 years remaining as of June 30, 2026). 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 23-year period remaining from the original closed 30-year amortization base (i.e. as of June 30, 2049). Accordingly, the ADC under the funding policy can be considered a "Reasonable Actuarially Determined Contribution" as required by the Actuarial Standards of Practice.

HB 1 was enacted in the 2024 legislative session and provided an additional $25 million to finance the unfunded actuarial accrued liability of the SPRS retirement fund in FY 2026. The appropriation for FY 2026 was reflected in the contribution requirement calculated in the prior year's valuation.

ASSUMPTIONS AND METHODS

The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation. Except where noted in this report, the assumptions used in this actuarial valuation are based on an experience study conducted with experience through June 30, 2022, adopted by the Board of Trustees on June 5, 2023.

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 rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

BENEFIT PROVISIONS AND DATA

The benefit provisions reflected in these valuations are those which were in effect on June 30, 2026. There were no material benefit provision changes since the prior valuation.

Member data for retired, active and inactive members was supplied as of June 30, 2026, by the Kentucky Public Pensions Authority (KPPA) staff. The staff also supplied asset information as of June 30, 2026. 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 SPRS as of June 30, 2026.

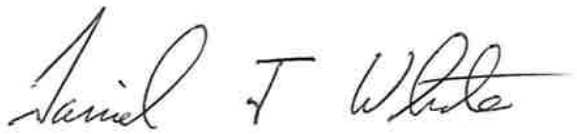
Separate reports are issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statements 67, 68, 74 and 75. Results of this report should not be used for any other purpose without consultation with the undersigned. Valuations are prepared annually as of June 30, the first day of the plan year for SPRS. This report was prepared at the request of the Board of Trustees of the Kentucky Retirement Systems (Board) and is intended for use by KPPA staff and those designated or approved by the Board.

All of our work conforms with generally accepted actuarial principles and practices, and is 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 & Company



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SECTION 1

EXECUTIVE SUMMARY

Summary of Principal Results

(Dollar amounts expressed in thousands)

	SPRS	
	June 30, 2026	June 30, 2025
Actuarially Determined Contribution:		
Retirement	51.79%	51.84%
Insurance	1.21%	2.49%
Total	53.00%	54.33%
Contribution Rate for Next Fiscal Year[1]	54.33%	54.33%
Assets:		
Retirement		
• Actuarial value (AVAR)	$769,786	$699,539
• Market value (MVAR)	$845,307	$741,282
• Ratio of actuarial to market value of assets	91.1%	94.4%
Insurance		
• Actuarial value (AVAI)	$284,185	$276,806
• Market value (MVAI)	$312,082	$291,043
• Ratio of actuarial to market value of assets	91.1%	95.1%
Funded Status:		
Retirement		
• Actuarial accrued liability	$1,158,069	$1,130,393
• Unfunded accrued liability on AVAR	$388,283	$430,854
• Funded ratio on AVAR	66.5%	61.9%
• Unfunded accrued liability on MVAR	$312,762	$389,111
• Funded ratio on MVAR	73.0%	65.6%
Insurance		
• Actuarial accrued liability	$279,582	$273,394
• Unfunded accrued liability on AVAI	($4,603)	($3,412)
• Funded ratio on AVAI	101.6%	101.2%
• Unfunded accrued liability on MVAI	($32,500)	($17,649)
• Funded ratio on MVAI	111.6%	106.5%
Membership:		
• Number of		
- Active Members	865	863
- Retirees and Beneficiaries	1,746	1,693
- Inactive Members	808	775
- Total	3,419	3,331
• Projected payroll of active members	$72,712	$74,405
• Average salary of active members	$84,060	$86,217

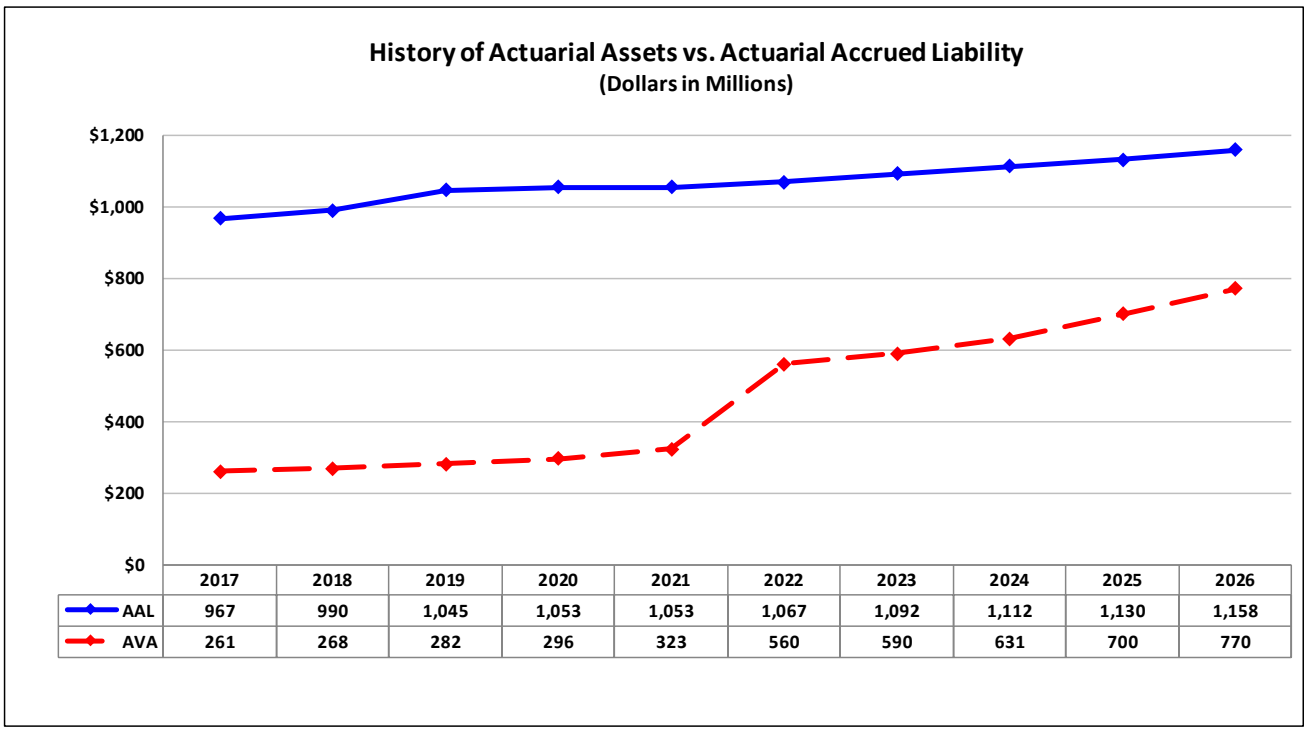
[1] Contribution rates calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028. Contributions calculated with the June 30, 2026 valuation are for informational purposes only.

Executive Summary (Continued)

Retirement Fund

The unfunded actuarial accrued liability of the retirement fund decreased by $43 million since the prior year's valuation to $388 million. This decrease was approximately $3 million less than expected, primarily due to the accrued liability being higher than expected as a result of salary increases for individual members being greater than assumed. This was partially offset by favorable investment experience.

Below is a chart with the historical actuarial value of assets and actuarial accrued liability. The increase in the actuarial value of assets in FY 2022 was due to a one-time $215 million appropriation made by the Commonwealth.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
AAL	967	990	1,045	1,053	1,053	1,067	1,092	1,112	1,130	1,158
AVA	261	268	282	296	323	560	590	631	700	770

Insurance Fund

The funding surplus (assets in excess of the actuarial accrued liability) of the insurance fund increased by $1.2 million since the prior year's valuation from $3.4 million to $4.6 million as of June 30, 2026. The funding surplus was expected to decrease to $2.1 million; therefore, the funding surplus of the hazardous insurance fund was $2.5 million higher than expected. The actuarial gain on the insurance fund is primarily due to favorable investment experience for fiscal year 2026.

On average, pre-Medicare premiums were approximately 2% higher than expected and Medicare premiums were approximately 11% lower than expected. Additionally, 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. As a result of our review, the trend assumption was updated. In general, the updated assumption is assuming higher short-term future increases in pre-Medicare and Medicare health costs. The ultimate annual trend assumption for pre-Medicare and Medicare Plans remained at 4.25%. The combined impact of the 2027 healthcare premiums and future healthcare trend assumption change decreased the liability for the insurance fund by approximately $3.1 million.

SECTION 2

DISCUSSION

Discussion

The State Police Retirement System (SPRS) is a defined benefit pension plan that provides coverage for uniformed state police officers. SPRS includes hazardous duty benefits only. This report presents the results of the June 30, 2026 actuarial funding valuation for both the Retirement Fund and Insurance Fund.

The primary purposes of the valuation report are to describe the current actuarial condition of SPRS, analyze changes in SPRS's financial condition, and provide various summaries of the data. The results of this actuarial valuation, including the calculated employer contribution rate, will be used by the Board and stakeholders for informational purposes only as the employer contribution rate for the fiscal years ending June 30, 2027 and June 30, 2028 was certified in the June 30, 2025 actuarial valuation, which was adopted by the Board and incorporated in the Commonwealth's budget for the biennium period.

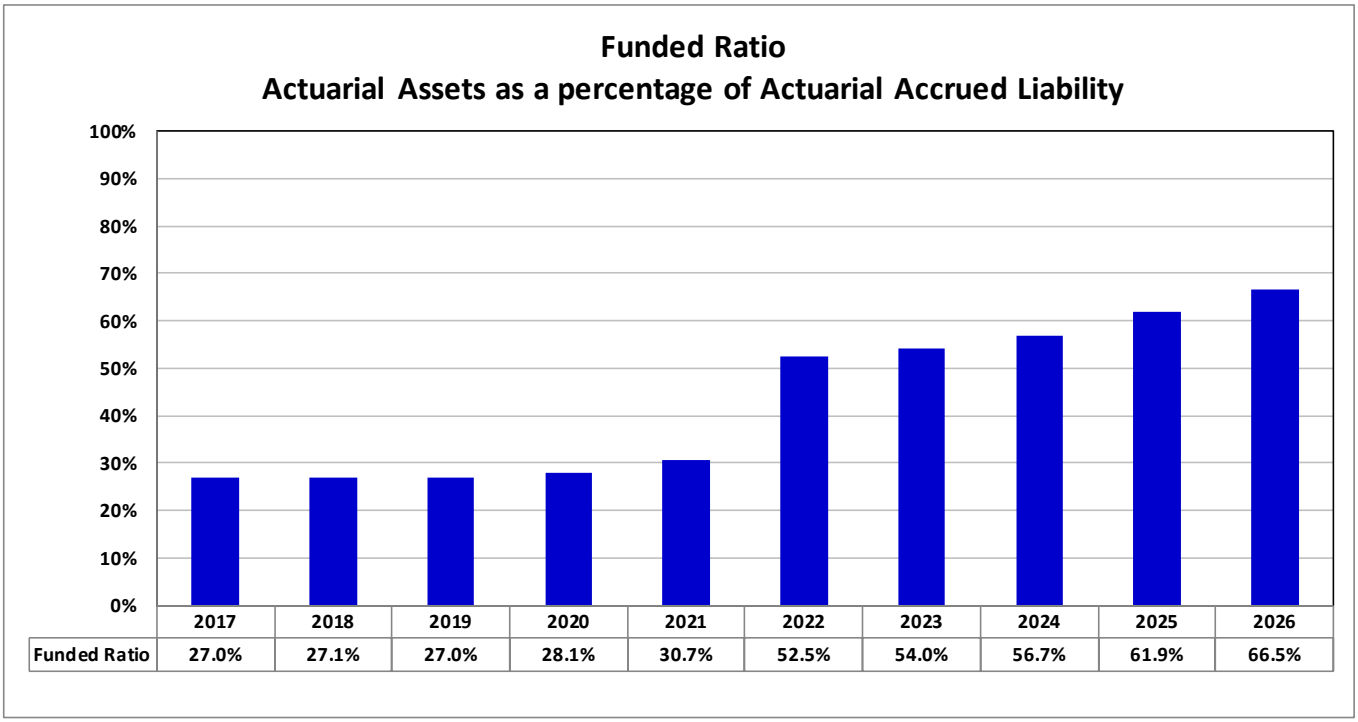
The actuarially determined contribution consist of two components: a normal cost rate and an amortization cost to finance the unfunded actuarial accrued liability. The normal cost rate is the theoretical amount which would be required to pay the members' benefits, based on the current plan provisions, if this amount had been contributed from each member's entry date and if the fund's experience exactly followed the actuarial assumptions. This is the amount that it should cost to provide the benefits for an average member. Since members contribute to the fund, only the excess of the normal cost rate over the member contribution rate is included in the employer contribution. The amortization cost is the amount necessary to amortize the unfunded actuarial accrued liability. The payroll growth rate and discount rate assumptions are selected by the Board. The funding period is specified in Section 61.565 of Kentucky Statute.

All of the actuarial and financial tables referenced by the other sections of this report appear in Section 3. Section 4 provides additional details related to the calculation of the amortization of the unfunded actuarial accrued liability. Section 5 provides member data and statistical information. Section 6 provides a discussion of various risk measures, which are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. Appendices A and B provide summaries of the principle actuarial assumptions and methods and plan provisions. Finally, Appendix C provides a glossary of technical terms that are used throughout this report.

Funding Progress

The following chart provides a ten-year history of the retirement fund's funded ratio (i.e. the Actuarial Value of Assets divided by the Actuarial Accrued Liability). The significant increase in the funded ratio from 2021 to 2022 was due to a $215 million appropriation made by the Commonwealth in fiscal year 2022.

Assuming the full actuarially determined contributions are paid in future years and absent material future unfavorable experience, the funded ratio is expected to continue improving. Also, the dollar amount of the unfunded actuarial accrued liability, or the difference between the actuarial accrued liability and the actuarial value of assets, is expected to continue a decreasing trend. Table 9, Schedule of Funding Progress, in the following section of the report provides additional detail regarding the funding progress of the retirement fund.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	27.0%	27.1%	27.0%	28.1%	30.7%	52.5%	54.0%	56.7%	61.9%	66.5%

Asset Gains/ (Losses)

The actuarial value of assets ("AVA") is based on a smoothed market value of assets, using a systematic approach to phase-in the difference between the actual and expected investment return on the market value of assets (adjusted for receipts and disbursements during the year). This is appropriate because it dampens the short-term volatility inherent in investment markets. The return is computed net of investment expenses.

Retirement Fund

The actuarial value of assets for the retirement fund increased from $700 million to $770 million since the prior valuation. The rate of return on the market value of assets on a dollar-weighted basis for the prior fiscal year was 12.0% which is more than the 5.25% expected annual return. The return on an actuarial (smoothed) asset value was 8.0%, which resulted in a $19 million gain for the fiscal year. The market value of assets is $76 million more than the actuarial value of assets, which signifies that the retirement fund is in a position of net deferred investment gains to be realized in future years.

Table 6 in the following section of this report provides asset information that was included in the annual financial statements of the funds, as well as the estimated yield on a market value basis. Table 7 provides the development of the actuarial value of assets and the estimated yield on an actuarial value basis.

Actuarial Gains/ (Losses)

The annual actuarial valuation is a snapshot analysis of the benefit liabilities, assets and funded position of the funds as of the first day of the plan year. In any one fiscal year, the experience can be better or worse from that which is assumed or expected. The actuarial assumptions do not necessarily attempt to model what the experience will be for any one given fiscal year, but instead try to model the overall experience over many years. Therefore, as long as the actual experience of a retirement system is reasonably close to the current assumptions, the long-term funding requirements of the system will remain relatively consistent.

Below is a table that separately shows a reconciliation of the unfunded liability since the prior actuarial valuation for the retirement and health insurance funds, which includes the effect of asset and liability gains and losses, changes in assumptions, and changes in plan provisions. See the discussion in the Executive Summary for additional information related to the liability experience and additional information in this section of the report related to the asset experience, plan changes, and assumption changes.

Experience Gain or (Loss)
(Dollar amounts expressed in thousands)

	Retirement	Insurance
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	$ 430,854	$ (3,412)
2. Normal cost and administrative expenses	20,536	3,817
3. Less: contributions for the year	(87,212)	(2,303)
4. Interest accrual	20,870	(173)
5. Expected UAAL (Sum of Items 1 - 4)	$ 385,048	$ (2,071)
6. Actual UAAL as of June 30,2026	$ 388,283	$ (4,603)
7. Total gain (loss) for the year (Item 5 - Item 6)	$ (3,235)	$ 2,532
B. Source of gains and losses		
8. Asset gain (loss) for the year	$ 19,102	$ 5,470
9. Liability experience gain (loss) for the year	(22,337)	(2,938)
10. Plan Change	—	—
11. Assumption change	—	—
12. Total	$ (3,235)	$ 2,532

Note, the liability experience gain (loss) shown above includes the impact of any trend assumption changes made in conjunction with the review of the healthcare per capita claims cost, as described in the Executive Summary.

Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an annual investment return assumption. The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial 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 was increased as a result of our review. All other assumptions were adopted by the Board and are based on an experience study conducted based on experience through June 30, 2022. It is our opinion that the assumptions are internally consistent, reasonable, and reflect anticipated future experience of the System. Appendix A includes a summary of the actuarial assumptions and methods used in this valuation.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. This report does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Benefit Provisions

Appendix B of this report includes a summary of the major benefit provisions for System. There have been no material plan provision changes since the prior valuation.

Annual Cost of Tier 3 Pay Credit for Unused Sick Leave (HB 259 Enacted in the 2022 Legislative Session)

Effective July 1, 2023, members earning benefits in the Tier 3 cash balance plan with five or more years of service credit will receive an additional employer pay credit each fiscal year equal to an amount calculated by multiplying the member's unused sick leave in excess of 480 hours (i.e. 60 days) by the member's hourly base pay. Further, Tier 3 members who retire from the State Police Retirement System will receive an additional employer pay credit equal to an amount calculated by multiplying the member's hours of unused sick leave upon termination of employment by the member's hourly base pay.

Section KRS 7A.255 was also amended to require the Department of State Police and the Kentucky Public Pensions Authority to jointly report to the Public Pension Oversight Board on the costs and effectiveness of this benefit provided to the Tier 3 members.

The employer contribution rate documented in this report is intended to fund the expected cost of HB 259. The employer contribution rate, excluding the cost of HB 259, is documented below.

Development of Employer Contribution Rate without HB 259 Benefits

	Applicable for fiscal years ending	For Informational Purposes Only*
	Based on the results of the actuarial valuation as of	June 30, 2026
1.	Projected payroll of active members	$ 72,712,000
2.	Projected payroll of active members - Tier 3 Only	$ 34,213,000
3.	Increase in Tier 3 normal cost rate due to HB 259	7.12%
4.	Increase in employer contribution due to HB 259 (Item 2 x Item 3)	$ 2,436,000
5.	Increase in employer contribution due to HB 259 as a percentage of payroll (Item 4 / Item 1)	3.35%
6.	**Employer contribution rate - with HB 259**	**53.00%**
7.	**Employer contribution rate - without HB 259** (Item 6 - Item 5)	**49.65%**

* This June 30, 2026 Actuarial Valuation is for informational purposes only. Contribution rates that were calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028.

Note, the incremental difference in the Tier 3 normal cost rate of 7.12% of pay is expected to remain relatively unchanged in future years, however the amount of the dollar cost of this benefit enhancement as well as the impact on the employer contribution rate will increase over time as the number of members (and covered payroll) increase as new members enter the System and earn Tier 3 benefits.

SECTION 3

ACTUARIAL TABLES

Actuarial Tables

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2	16	ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS
3	17	DEVELOPMENT OF REQUIRED CONTRIBUTION RATE
4	18	ACTUARIAL BALANCE SHEET – RETIREMENT
5	19	ACTUARIAL BALANCE SHEET – INSURANCE
6	20	RECONCILIATION OF SYSTEM NET ASSETS
7	21	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – RETIREMENT
8	22	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – INSURANCE
9	23	SCHEDULE OF FUNDING PROGRESS
10	24	SUMMARY OF PRINCIPAL ASSUMPTIONS AND METHODS
11	25	SOLVENCY TEST

Development of Unfunded Actuarial Accrued Liability

(Dollar amounts expressed in thousands)

		June 30, 2026	
		Retirement (1)	Insurance (2)
1.	Projected payroll of active members	$ 72,712	$ 72,712
2.	Present value of future pay	$ 806,843	$ 729,724
3.	Normal cost rate		
	a. Total normal cost rate	26.82%	4.30%
	b. Less: member contribution rate	-8.00%	-0.72%
	c. Employer normal cost rate	18.82%	3.58%
4.	Actuarial accrued liability for active members		
	a. Present value of future benefits	$ 490,317	$ 81,866
	b. Less: present value of future normal costs	(209,116)	(24,468)
	c. Actuarial accrued liability	$ 281,201	$ 57,398
5.	Total actuarial accrued liability		
	a. Retirees and beneficiaries	$ 864,950	$ 219,084
	b. Inactive members	11,918	3,100
	c. Active members (Item 4c)	281,201	57,398
	d. Total	$ 1,158,069	$ 279,582
6.	Actuarial value of assets	$ 769,786	$ 284,185
7.	Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	$ 388,283	$ (4,603)
8.	Funded Ratio	66.5%	101.6%

Actuarial Present Value of Future Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026	
		Retirement (1)	Insurance (2)
1.	Active members		
	a. Service retirement	$ 462,431	
	b. Deferred termination benefits and refunds	8,544	
	c. Survivor benefits	3,526	
	d. Disability benefits	15,816	
	e. Total	$ 490,317	$ 81,866
2.	Retired members		
	a. Service retirement	$ 782,606	
	b. Disability retirement	11,525	
	c. Beneficiaries	70,819	
	d. Total	$ 864,950	$ 219,084
3.	Inactive members		
	a. Vested terminations	$ 11,087	$ 3,100
	b. Nonvested terminations	831	N/A
	c. Total	$ 11,918	$ 3,100
4.	Total actuarial present value of future benefits	$ 1,367,185	$ 304,050

Development of Actuarially Determined Contribution Rate

		June 30, 2026	
		Retirement (1)	Insurance (2)
1.	Total normal cost rate		
	a. Service retirement	23.99%	
	b. Deferred termination benefits and refunds	1.26%	
	c. Survivor benefits	0.31%	
	d. Disability benefits	1.26%	
	e. Total	26.82%	4.30%
2.	Less: member contribution rate	-8.00%	-0.72%
3.	Total employer normal cost rate	18.82%	3.58%
4.	Administrative expenses	0.45%	0.11%
5.	Net employer normal cost rate	19.27%	3.69%
6.	UAAL amortization contribution rate	32.52%	-2.48%
7.	Total calculated employer contribution	51.79%	1.21%

Actuarial Balance Sheet

Retirement Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 769,786	$ 699,539
	b. Present value of future member contributions	$ 64,547	$ 60,913
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 144,569	$ 137,593
	ii. Unfunded accrued liability contributions	388,283	430,854
	iii. Total future employer contributions	$ 532,852	$ 568,447
	d. Total assets	$ 1,367,185	$ 1,328,899
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 209,116	$ 198,506
	ii. Accrued liability	281,201	314,438
	iii. Total present value of future benefits	$ 490,317	$ 512,944
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 864,950	$ 803,488
	c. Present value of benefits payable on account of current inactive members	$ 11,918	$ 12,467
	d. Total liabilities	$ 1,367,185	$ 1,328,899

Actuarial Balance Sheet

Insurance Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 284,185	$ 276,806
	b. Present value of future member contributions	$ 6,653	$ 6,059
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 17,815	$ 18,125
	ii. Unfunded accrued liability contributions	(4,603)	(3,412)
	iii. Total future employer contributions	$ 13,212	$ 14,713
	d. Total assets	$ 304,050	$ 297,578
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 24,468	$ 24,184
	ii. Accrued liability	57,398	75,143
	iii. Total present value of future benefits	$ 81,866	$ 99,327
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 219,084	$ 195,043
	c. Present value of benefits payable on account of current inactive members	$ 3,100	$ 3,208
	d. Total liabilities	$ 304,050	$ 297,578

Reconciliation of Net Assets

(Dollar amounts expressed in thousands)[1]

	Year Ending June 30, 2026 (1) Retirement	Year Ending June 30, 2026 (2) Insurance
1. Value of assets at beginning of year	$ 741,282	$ 291,043
2. Revenue for the year		
a. Contributions		
i. Member contributions	$ 5,960	$ 480
ii. Employer contributions	56,252	1,792
iii. Other contributions (less 401h)	25,000	31
iv. Total	$ 87,212	$ 2,303
b. Income		
i. Interest, dividends, and other income	$ 27,050	$ 9,858
ii. Investment expenses	(4,727)	(2,277)
iii. Net	$ 22,324	$ 7,581
c. Net realized and unrealized gains (losses)	67,651	29,035
d. Total revenue	$ 177,187	$ 38,919
3. Expenditures for the year		
a. Disbursements		
i. Refunds	$ 732	$ 0
ii. Regular annuity benefits / Healthcare premiums	72,105	17,741
iii. Other benefit payments[2]	0	62
iv. Transfers to other systems	0	0
v. Total	$ 72,837	$ 17,803
b. Administrative expenses and depreciation	325	77
c. Total expenditures	$ 73,162	$ 17,880
4. Increase in net assets (Item 2. - Item 3.)	$ 104,025	$ 21,039
5. Value of assets at end of year (Item 1. + Item 4.)	$ 845,307	$ 312,082
6. Net external cash flow		
a. Dollar amount	$ 14,050	$ (15,577)
b. Percentage of market value	1.8%	-5.2%
7. Estimated annual return on net assets	12.0%	12.9%

[1] Amounts may not add due to rounding. Retirement assets exclude 401h assets. Insurance assets include 401h assets

[2] Insurance benefit payments have been offset by Medicare Drug Reimbursements, Insurance Premiums, and Humana Gain Share Payments

Development of Actuarial Value of Assets

Retirement Benefits

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 699,539
2.	Market value of assets at beginning of year	$ 741,282
3.	Net new investments	
	a. Contributions	$ 87,212
	b. Benefit payments	(72,837)
	c. Administrative expenses	(325)
	d. Subtotal	$ 14,050
4.	Market value of assets at end of year	$ 845,307
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 89,974
6.	Assumed investment return rate for fiscal year	5.25%
7.	Expected return for immediate recognition	$ 39,286
8.	Excess return for phased recognition	$ 50,688
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 50,688	$ 10,138
b.	2025	37,168	7,434
c.	2024	25,789	5,158
d.	2023	11,768	2,354
e.	2022	(40,859)	(8,172)
f.	Total		$ 16,911

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 769,786
11.	Ratio of actuarial value to market value	91.1%
12.	Estimated annual return on actuarial value of assets	8.0%

* Amounts may not add due to rounding

Development of Actuarial Value of Assets

Insurance Benefits

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 276,806
2.	Market value of assets at beginning of year	$ 291,043
3.	Net new investments	
	a. Contributions	$ 2,303
	b. Benefit payments	(17,803)
	c. Administrative expenses	(77)
	d. Subtotal	$ (15,577)
4.	Market value of assets at end of year	$ 312,082
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 36,616
6.	Assumed investment return rate for fiscal year	6.50%
7.	Expected return for immediate recognition	$ 18,412
8.	Excess return for phased recognition	$ 18,205
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 18,205	$ 3,641
b.	2025	12,561	2,512
c.	2024	10,886	2,177
d.	2023	7,212	1,442
e.	2022	(26,141)	(5,228)
f.	Total		$ 4,545

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 284,185
11.	Ratio of actuarial value to market value	91.1%
12.	Estimated annual return on actuarial value of assets	8.5%

* Amounts may not add due to rounding

Schedule of Funding Progress

(Dollar amounts expressed in thousands)

June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Retirement						
2017	$ 261,320	$ 967,145	$ 705,825	27.0%	$ 48,598	1452.4%
2018	268,259	989,528	721,269	27.1%	48,808	1477.8%
2019	282,162	1,045,318	763,156	27.0%	47,752	1598.2%
2020	296,126	1,053,158	757,032	28.1%	46,145	1640.6%
2021	323,250	1,053,259	730,009	30.7%	45,338	1610.1%
2022	559,973	1,067,447	507,474	52.5%	47,885	1059.8%
2023	589,848	1,091,795	501,947	54.0%	65,913	761.5%
2024	631,186	1,112,310	481,124	56.7%	73,295	656.4%
2025	699,539	1,130,393	430,854	61.9%	74,405	579.1%
2026	769,786	1,158,069	388,283	66.5%	72,712	534.0%
Insurance						
2017	$ 180,464	$ 276,641	$ 96,177	65.2%	$ 48,598	197.9%
2018	187,535	262,088	74,553	71.6%	48,808	152.7%
2019	197,395	276,809	79,414	71.3%	47,752	166.3%
2020	207,018	276,144	69,126	75.0%	46,145	149.8%
2021	223,251	272,406	49,155	82.0%	45,338	108.4%
2022	234,239	232,798	(1,441)	100.6%	47,885	-3.0%
2023	245,172	244,059	(1,113)	100.5%	65,913	-1.7%
2024	263,369	251,178	(12,191)	104.9%	73,295	-16.6%
2025	276,806	273,394	(3,412)	101.2%	74,405	-4.6%
2026	284,185	279,582	(4,603)	101.6%	72,712	-6.3%

Summary of Principal Assumptions and Methods

Below is a summary of the principal economic assumptions, cost method, and the method for financing the unfunded actuarial accrued liability:

Valuation date:	June 30, 2026
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll (0% payroll growth assumed)
Amortization period for contribution rate:	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Asset valuation method:	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return, retirement	5.25%
Investment rate of return, insurance	6.50%
Projected salary increases	3.55% to 16.05% (varies by service)
Inflation	2.50%
Post-retirement pension benefit adjustments	0.00%
Retiree Mortality	System-specific mortality table based on mortality experience from 2013 to 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Solvency Test

(Dollar amounts expressed in thousands)

June 30,	Actuarial Accrued Liability: Active Member Contributions	Actuarial Accrued Liability: Retired Members & Beneficiaries	Actuarial Accrued Liability: Active Members (Employer Financed)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets: Active	Portion of Aggregate Accrued Liabilities Covered by Assets: Retired	Portion of Aggregate Accrued Liabilities Covered by Assets: ER Financed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Retirement							
2017	$ 44,798	$ 773,982	$ 148,365	$ 261,320	100.0%	28.0%	0.0%
2018	43,835	800,788	144,905	268,259	100.0%	28.0%	0.0%
2019	41,948	848,397	154,973	282,162	100.0%	28.3%	0.0%
2020	40,831	863,580	148,747	296,126	100.0%	29.6%	0.0%
2021	42,035	860,801	150,423	323,250	100.0%	32.7%	0.0%
2022	42,027	870,200	155,220	559,973	100.0%	59.5%	0.0%
2023	47,394	825,683	218,718	589,848	100.0%	65.7%	0.0%
2024	52,957	808,935	250,418	631,186	100.0%	71.5%	0.0%
2025	56,226	815,955	258,212	699,539	100.0%	78.8%	0.0%
2026	52,250	876,868	228,951	769,786	100.0%	81.8%	0.0%
Insurance							
2017	$ -	$ 186,390	$ 90,251	$ 180,464	100.0%	96.8%	0.0%
2018	-	183,151	78,937	187,535	100.0%	100.0%	5.6%
2019	-	199,959	76,850	197,395	100.0%	98.7%	0.0%
2020	-	207,638	68,506	207,018	100.0%	99.7%	0.0%
2021	-	206,707	65,699	223,251	100.0%	100.0%	25.2%
2022	-	172,664	60,134	234,239	100.0%	100.0%	100.0%
2023	-	176,588	67,471	245,172	100.0%	100.0%	100.0%
2024	-	179,898	71,280	263,369	100.0%	100.0%	100.0%
2025	-	198,251	75,143	276,806	100.0%	100.0%	100.0%
2026	-	222,184	57,398	284,185	100.0%	100.0%	100.0%

SECTION 4

AMORTIZATION BASES

Amortization of Unfunded Liability

Retirement

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 763,156	$ 673,902	$ 49,853	23
June 30, 2020	3,748	4,200	420	14
June 30, 2021	(231,783)	(209,644)	(20,021)	15
June 30, 2022	16,308	14,259	1,305	16
June 30, 2023	170	(11,228)	(989)	17
June 30, 2024	(2,606)	(30,631)	(2,604)	18
June 30, 2025	(15,271)	(48,290)	(3,975)	19
June 30, 2026	(4,285)	(4,285)	(345)	20
Total		$ 388,283	$ 23,644	
Projected Payroll for FYE 2028			$ 72,712	
Amortization Payments as a Percentage of Payroll			32.52%	

Insurance

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 79,414	$ 68,421	$ 5,633	23
June 30, 2020	(5,896)	(5,413)	(582)	14
June 30, 2021	(18,445)	(17,231)	(1,776)	15
June 30, 2022	(48,536)	(47,361)	(4,698)	16
June 30, 2023	4,090	(3,164)	(303)	17
June 30, 2024	(4,762)	(5,078)	(472)	18
June 30, 2025	7,945	7,866	710	19
June 30, 2026	(2,643)	(2,643)	(311)	20
Total		$ (4,603)	$ (1,799)	
Projected Payroll for FYE 2028			$ 72,658	
Amortization Payments as a Percentage of Payroll			-2.48%	

Note:
Budgeted contribution rates for FYE 2027 were known at the time of the June 30, 2026 Valuation.
Amortization bases established at this valuation date were adjusted accordingly.

SECTION 5

MEMBERSHIP INFORMATION

Membership Tables

TABLE NUMBER	PAGE	CONTENT OF TABLE
13	30	SUMMARY OF MEMBERSHIP DATA
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19	36	SCHEDULE OF ANNUITANTS ADDED TO AND REMOVED FROM ROLLS

Summary of Membership Data

(Total dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Active members		
a.	Males	839	837
b.	Females	26	26
c.	Total members	865	863
d.	Total annualized prior year salaries	$ 72,712	$ 74,405
e.	Average salary[2]	$ 84,060	$ 86,217
f.	Average age	36.3	37.7
g.	Average service	10.2	11.4
h.	Member contributions with interest	$ 52,250	$ 56,226
i.	Average contributions with interest[2]	$ 60,405	$ 65,152
2.	Vested inactive members[1]		
a.	Number	336	339
b.	Total annual deferred benefits	$ 1,242	$ 1,296
c.	Average annual deferred benefit[2]	$ 3,696	$ 3,823
d.	Average age at the valuation date	45.9	45.6
3.	Nonvested inactive members[1]		
a.	Number	472	436
b.	Total member contributions with interest	$ 829	$ 661
c.	Average contributions with interest[2]	$ 1,756	$ 1,516
4.	Service retirees		
a.	Number	1,421	1,374
b.	Total annual benefits	$ 58,832	$ 54,790
c.	Average annual benefit[2]	$ 41,402	$ 39,876
d.	Average age at the valuation date	65.3	65.3
5.	Disabled retirees		
a.	Number	52	50
b.	Total annual benefits	$ 910	$ 821
c.	Average annual benefit[2]	$ 17,500	$ 16,420
d.	Average age at the valuation date	59.9	59.2
6.	Beneficiaries		
a.	Number	273	269
b.	Total annual benefits	$ 8,029	$ 7,917
c.	Average annual benefit[2]	$ 29,410	$ 29,431
d.	Average age at the valuation date	69.8	69.6

[1] Vested inactive member section includes Tier 1 members eligible for a benefit equal to the actuarially equivalent of two times the member's contribution balance.

[2] Average dollar amounts shown are expressed to the dollar.

Summary of Historical Active Membership

	Active Members		Covered Payroll[1]		Average Annual Pay	
June 30,	Number	Percent Increase /(Decrease)	Amount in Thousands	Percent Increase /(Decrease)	Amount	Percent Increase /(Decrease)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2017	903		$ 48,598		$ 53,819	
2018	886	-1.9%	48,808	0.4%	55,088	2.4%
2019	883	-0.3%	47,752	-2.2%	54,079	-1.8%
2020	798	-9.6%	46,145	-3.4%	57,826	6.9%
2021	775	-2.9%	45,338	-1.7%	58,501	1.2%
2022	844	8.9%	47,885	5.6%	56,736	-3.0%
2023	868	2.8%	65,913	37.6%	75,937	33.8%
2024	872	0.5%	73,295	11.2%	84,054	10.7%
2025	863	-1.0%	74,405	1.5%	86,217	2.6%
2026	865	0.2%	72,712	-2.3%	84,060	-2.5%

[1] Covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to working retirees.

Distribution of Active Members by Age and by Years of Service

SPRS Members

Attained Age	Years of Credited Service												
	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total Count & Avg. Comp.
Under 20	0	0	0	0	0	0	0	0	0	0	0	0	0
	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
20-24	49	13	9	7	0	0	0	0	0	0	0	0	78
	$34,901	$69,013	$70,582	$70,959	$0	$0	$0	$0	$0	$0	$0	$0	$47,940
25-29	31	11	15	27	61	33	0	0	0	0	0	0	178
	$36,504	$67,086	$70,503	$69,749	$76,493	$80,145	$0	$0	$0	$0	$0	$0	$68,097
30-34	4	4	7	10	19	63	27	0	0	0	0	0	134
	$39,188	$68,429	$69,855	$69,972	$77,762	$84,721	$90,544	$0	$0	$0	$0	$0	$81,185
35-39	6	4	4	2	8	41	65	26	0	0	0	0	156
	$20,404	$71,155	$63,148	$65,109	$75,497	$83,816	$89,684	$95,172	$0	$0	$0	$0	$84,194
40-44	2	1	1	1	4	14	38	63	16	0	0	0	140
	$24,676	$75,907	$67,752	$69,545	$76,747	$82,609	$90,193	$98,569	$119,793	$0	$0	$0	$94,857
45-49	0	1	0	0	1	3	16	28	45	6	0	0	100
	$0	$67,752	$0	$0	$81,256	$81,241	$92,275	$99,451	$116,001	$122,096	$0	$0	$106,064
50-54	0	0	0	0	0	2	9	12	16	11	4	1	55
	$0	$0	$0	$0	$0	$80,790	$93,443	$102,510	$112,308	$124,469	$139,792	$186,465	$111,717
55-59	0	0	0	0	0	1	0	3	7	4	4	0	19
	$0	$0	$0	$0	$0	$71,742	$0	$104,161	$111,311	$144,431	$131,195	$0	$119,258
60-64	0	0	0	0	0	0	0	2	1	0	1	0	4
	$0	$0	$0	$0	$0	$0	$0	$100,213	$96,277	$0	$155,050	$0	$112,938
65 & Over	0	0	0	0	0	0	0	0	1	0	0	0	1
	$0	$0	$0	$0	$0	$0	$0	$0	$90,115	$0	$0	$0	$90,115
Total	92	34	36	47	93	157	155	134	86	21	9	1	865
	$34,460	$68,738	$69,503	$69,775	$76,729	$83,135	$90,444	$98,597	$115,108	$127,593	$137,666	$186,465	$84,060

Distribution of Annuitant Monthly Benefit by Status and Age
Retirees and Beneficiaries
(Dollar amounts expressed in thousands)

	Retirement		Disability		Survivors & Beneficiaries		Total	
Current Age	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under 50	116	$ 5,339	12	$ 222	25	$ 334	153	$ 5,894
50 - 54	184	7,936	8	123	13	340	205	8,399
55 - 59	244	9,838	7	171	16	292	267	10,301
60 - 64	194	8,041	8	145	18	416	220	8,602
65 - 69	145	5,803	4	74	35	1,316	184	7,193
70 - 74	196	8,413	8	94	38	1,036	242	9,543
75 - 79	216	8,844	2	35	58	2,001	276	10,881
80 - 84	82	3,014	2	22	36	1,078	120	4,114
85 - 89	34	1,304	1	24	21	710	56	2,038
90 And Over	10	300	0	0	13	506	23	806
Total	**1,421**	**$ 58,832**	**52**	**$ 910**	**273**	**$ 8,029**	**1,746**	**$ 67,771**

*Amounts may not add due to rounding

Retired Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	174	$ 573,187	17	$ 42,925	191	$ 616,112
Joint & Survivor:						
100% to Beneficiary	209	667,101	4	20,030	213	687,131
66 2/3% to Beneficiary	89	329,988	2	7,542	91	337,529
50% to Beneficiary	84	319,628	2	7,515	86	327,143
Pop-up Option	674	2,434,755	7	17,533	681	2,452,288
Social Security Option:						
Age 62 Basic	23	60,522	0	0	23	60,522
Age 62 Survivorship	80	149,189	1	4,416	81	153,604
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	0	0	0	0
10 Years Certain	6	19,796	0	0	6	19,796
10 Years Certain & Life	34	113,581	3	6,330	37	119,911
15 Years Certain & Life	16	43,229	2	9,579	18	52,808
20 Years Certain & Life	44	147,674	2	3,979	46	151,653
Total:	1,433	$ 4,858,650	40	$ 119,848	1,473	$ 4,978,499

Beneficiary Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	3	$ 1,570	9	$ 13,123	12	$ 14,693
Joint & Survivor:						
100% to Beneficiary	5	9,814	63	164,579	68	174,393
66 2/3% to Beneficiary	2	1,272	23	57,609	25	58,880
50% to Beneficiary	2	2,249	21	36,512	23	38,762
Pop-up Option	1	365	81	244,915	82	245,279
Social Security Option:						
Age 62 Basic	0	0	3	3,103	3	3,103
Age 62 Survivorship	2	934	48	89,171	50	90,105
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	2	18,421	2	18,421
10 Years Certain	0	0	1	11,980	1	11,980
10 Years Certain & Life	0	0	0	0	0	0
15 Years Certain & Life	0	0	1	721	1	721
20 Years Certain & Life	1	6,686	5	6,092	6	12,777
Total:	16	$ 22,891	257	$ 646,226	273	$ 669,117

Schedule of Retirees Added to And Removed from Rolls

(Dollar amounts except average allowance expressed in thousands)

Year Ended	Added to Rolls	Removed from Rolls	Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Number	Number	Annual Benefits		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2017	30	9	1,536	$ 57,253		$ 37,274
2018	81	17	1,600	59,626	4.1%	37,266
2019	74	27	1,647	61,404	3.0%	37,282
2020	61	39	1,669	62,432	1.7%	37,407
2021	55	51	1,673	62,700	0.4%	37,477
2022	76	47	1,702	63,780	1.7%	37,473
2023	43	48	1,697	63,294	-0.8%	37,298
2024	41	62	1,676	62,623	-1.1%	37,364
2025	71	54	1,693	63,528	1.4%	37,524
2026	116	63	1,746	67,771	6.7%	38,815

SECTION 6

ASSESSMENT AND DISCLOSURE OF RISK

Risks Associated with Measuring the Accrued Liability And Actuarially Determined Contribution

(As Required by ASOP No. 51)

The determination of SPRS's accrued liability and actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. The risk measures illustrated in this section are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. These risk measures may also help with illustrating the potential volatility in the funded status and actuarially determined contributions that result from differences between actual experience and the expected experience based on the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience (economic and demographic) differing from the assumptions, changes in assumptions due to changing conditions, changes in contribution requirements due to modifications to the funding policy, and changes in the liability and cost due to changes in plan provisions or applicable law. The scope of this actuarial valuation does not include any analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the System's future financial condition include:

- Investment risk – actual investment returns may differ from expected returns;
- Longevity risk – members may live longer or shorter than expected and receive pensions for a time period different than assumed;
- Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future contributions differing from expected;
- Salary and payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liabilities or contributions differing from expected;
- Asset/Liability mismatch – changes in assets may be inconsistent with changes in liabilities, thereby altering the relative difference between the assets and liabilities which may alter the funded status and contribution requirements;
- Contribution risk – actual contributions may differ from expected future contributions (for example, actual contributions not being paid in accordance with the System's funding policy, withdrawal liability assessments or other anticipated payments to the plan are not being paid, or material changes occurring in the anticipated number of covered employees, covered payroll, or another relevant contribution base).

Effects of certain experience can generally be anticipated. For example, if investment returns since the most recent actuarial valuation are less (or more) than the assumed rate of return, then the funded status of the plan can be expected to decrease (or increase) more than anticipated.

The required contributions in this report were established in accordance with applicable Statutes and assumptions adopted by the Board. However, stakeholders should be aware that the scheduled contributions specified in State Code do not necessarily guarantee that the contribution requirements will not increase in a future year.

Employer Risk with Contribution Rates

Currently contributions are collected from the Commonwealth based on the total payroll of employees who are earning benefits in SPRS (i.e. covered payroll). The actuarially determined contribution rate is comprised of two components - the normal cost rate (to pay for the benefits accruing in the next year) and the unfunded amortization (to pay for the benefits accrued by members in previous years). The unfunded amortization is calculated by first determining the dollar amount necessary to pay for the unfunded liability based on SPRS's funding policy, and then by dividing that dollar amount by expected covered payroll to convert that contribution requirement to a percentage of payroll (i.e. a contribution rate).

As the contribution requirement, as a percentage of payroll, increases then there is increased incentive for participating employers to make deliberate business action to reduce their payroll reported to the System in order to reduce their pension cost.

Plan Specific Risk Measures

Risks faced by a pension plan evolve over time. A relatively new plan with virtually no assets and paying few benefits will experience lower investment risk than a mature plan with a significant amount of assets and large number of members receiving benefits. There are a few measures that can assist stakeholders in understanding and comparing the maturity of a plan to other systems, which include:

- Ratio of market value of assets to payroll: The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. If assets are approximately the same as covered payroll, an investment return that is 5% different than assumed would equal 5% of payroll. In another example, if the assets are approximately twice as large as covered payroll, an investment return that is 5% different than assumed would equal 10% of payroll. A ratio that increases over time generally indicates the potential of an increasing volatility in employer contribution rates as a percentage of payroll.
- Ratio of actuarial accrued liability to payroll: The ratio of actuarial accrued liability to payroll can be used as a measure to indicate the potential volatility of contributions due to volatility in the liability experience. For instance, if the actuarial accrued liability is 5 times the size of the covered payroll, then a change in the liability that is 2% different than expected would be a change in magnitude that is 10% of payroll. A ratio that increases over time generally indicates the potential of an increasing volatility in employer contribution rates as a percentage of payroll.
- Percentage of Expected Contributions Actually Received: This measure identifies the percentage difference between the contributions the fund expects to receive during the fiscal year to and actual contributions received by the fund during the fiscal year. A percentage that is less than 100% means that actual contributions the fund received were less than the expected contributions determined by a prior actuarial valuation. On the other hand, a percentage that is greater than 100% means that actual contributions the fund received were more than the expected contributions.

- Ratio of active to retired members: A relatively mature open plan is likely to have close to the same number of actives to retirees resulting in a ratio that is around 1.0. On the other hand, a super-mature plan, or a plan that is closed to new entrants will have more retirees than active members resulting in a ratio below 1.0. As this ratio declines, a larger portion of the total actuarial accrued liability in the System is attributable to retirees. This metric also typically moves in tandem with the liability to payroll metric, which provides an indication of potential contribution volatility.

The following tables provide a summary of these measures for SPRS for the current year and the prior four years so stakeholders can identify how these measures are trending. While ASOP No. 51 requires this disclosure with respect to only the retirement fund, we have included this information for the insurance fund for completeness.

SPRS

	Retirement Fund					Insurance Fund				
	June 30,					June 30,				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
Ratio of the market value of assets to total payroll	11.63	9.96	8.89	8.97	11.52	4.29	3.91	3.73	3.76	4.83
Ratio of actuarial accrued liability to payroll	15.93	15.19	15.18	16.56	22.29	3.85	3.67	3.43	3.70	4.86
Ratio of net cash flow to market value of assets	1.8%	2.5%	0.5%	-0.2%	47.9%	-5.2%	-4.4%	-0.6%	-1.9%	-2.2%
Percentage of Expected Contribution Actually Received	115% [1]	110%	110%	142%	107%	104% [1]	110%	109%	137%	107%
Ratio of actives to retirees and beneficiaries	0.50	0.51	0.52	0.51	0.50					

[1] Expected contribution for FYE2026 based on the actuarially determined contribution rate of 68.10% from the June 30, 2023 valuation and expected compensation based on census data from the June 30, 2025 valuation.

Low-Default-Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the "Low-Default-Risk Obligation Measure" (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

> "The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan.** The calculation and disclosure of this additional measure is **not intended to suggest that this is the "right" liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan's funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date."**

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the State Police Retirement System (SPRS) is to finance each member's retirement benefits over the period from the member's date of hire until the member's projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of SPRS is set equal to the **expected return** on each fund's diversified portfolio of assets (referred to sometimes as the investment return assumption). For the retirement fund, the investment return assumption is 5.25%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement and can vary greatly from year to year. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the intermediate rate from the FTSE Pension Discount Curve and Liability Index published by the Society of Actuaries. This rate is 5.60% as of June 30, 2026. *Note, since the investment return assumption for the retirement fund is currently less than the 5.60% rate, the LDROM measurement is shown as equal to the valuation liabilities.* This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligation.

In normal economic conditions, the difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on risk in a diversified portfolio. However, the LDROM is not a particularly useful measure for SPRS as of June 30, 2026 because of the market rate used as a reference on this date to comply with this disclosure requirement.

Retirement Fund

Valuation Accrued Liabilities	LDROM
$1,158,069,399	$1,158,069,399

APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Methods and Assumptions

The following presents a summary of the actuarial assumptions and methods used in the valuation of the State Police Retirement System.

In general, the assumptions and methods used in the valuation are based on the actuarial experience study as of June 30, 2022 and adopted by the Board in June 2023.

Investment return rate:

Assumed annual rate of 5.25% net of investment expenses for the retirement fund

Assumed annual rate of 6.50% net of investment expenses for the insurance fund

Price Inflation:

Assumed annual rate of 2.50%

Payroll Growth Assumption (used for amortization of unfunded accrued liabilities):

Assumed annual rate of 0.00%

Rates of Annual Salary Increase:

Assumed rates of annual salary increases are shown below.

Service Years	Annual Rates of Salary Increases		
	Merit & Seniority	Price Inflation & Productivity	Total Increase
0	12.50%	3.55%	16.05%
1	5.00%	3.55%	8.55%
2	4.00%	3.55%	7.55%
3	2.00%	3.55%	5.55%
4	2.00%	3.55%	5.55%
5	2.00%	3.55%	5.55%
6	2.00%	3.55%	5.55%
7	1.00%	3.55%	4.55%
8	1.00%	3.55%	4.55%
9	0.00%	3.55%	3.55%
10 & Over	0.00%	3.55%	3.55%

Retirement rates:

Assumed annual rates of retirement are shown below. Rates are only applicable for members who are eligible for a service retirement.

Service	Members participating Before 9/1/2008[1]	Members participating on or after 9/1/2008[2]	Members participating after 1/1/2014[2]
20	22.0%		
21	22.0%		
22	22.0%		
23	28.0%		
24	28.0%		
25	28.0%	17.6%	16.0%
26	28.0%	17.6%	16.0%
27	28.0%	17.6%	16.0%
28	44.0%	22.4%	16.0%
29	44.0%	22.4%	16.0%
30	44.0%	22.4%	100.0%
31	58.0%	22.4%	
32	58.0%	22.4%	
33	58.0%	35.2%	
34	58.0%	35.2%	
35	58.0%	35.2%	
36	58.0%	46.4%	
37	58.0%	46.4%	
38	58.0%	46.4%	
39	58.0%	46.4%	
40+	58.0%	46.4%	

[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 the age of 55 to reflect the different retiree health insurance benefit.

Disability rates:

An abbreviated table with assumed rates of disability is shown below.

Age	Annual Rates of Disability	
	Male	Female
20	0.05%	0.05%
30	0.09%	0.09%
40	0.20%	0.20%
50	0.56%	0.56%
60	1.46%	1.46%

Withdrawal rates (for causes other than disability and retirement):

Assumed annual rates of withdrawal are shown below and include pre-retirement mortality rates as described on the next page.

Service	Annual Rates of Withdrawal
1	15.00%
2	5.30%
3	4.14%
4	3.47%
5	2.98%
6	2.61%
7	2.30%
8	2.05%
9	1.83%
10	1.63%
11	1.45%
12	1.29%
13	1.14%
14	1.01%
15	0.88%
16	0.77%
17	0.66%
18	0.56%
19	0.46%
20	0.37%
21 & Over	0.00%

Mortality Assumption:

Pre-retirement mortality: PUB-2010 Public Safety Mortality, 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 the MP-2020 mortality improvement scale using a base year of 2023.

The following table provides the life expectancy for a non-disabled retiree in future years based on the assumption with full generational projection:

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

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.

Marital status:

100% of employees are assumed to be married, with the female spouse 3 years younger than the male spouse.

Line of Duty Disability

70% of disabilities are assumed to occur in the line of duty (10% of which are assumed to be "total and permanent")

Line of Duty Death

25% of deaths are assumed to occur in the line of duty

Dependent Children:

For members who receive a duty-related death or disability benefit, the member is assumed to be survived by two dependent children, each age 6 with payments for 15 years.

Form of Payment:

Members are assumed to elect a life-only annuity at retirement.

Actuarial Cost Method:

Entry Age Normal, Level Percentage of Pay. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

Health Care Age Related Morbidity/Claims Utilization:

To model the impact of aging on the underlying health care costs for Medicare retirees, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over.

Health Care Cost Trend Rates:

Year	Non-Medicare Plans[1]	Medicare Plans[1]	Dollar Contribution[2]
2028	7.75%	12.00%	1.50%
2029	7.50%	8.00%	1.50%
2030	7.25%	8.00%	1.50%
2031	7.00%	7.50%	1.50%
2032	6.75%	7.00%	1.50%
2033	6.50%	6.50%	1.50%
2034	6.25%	6.00%	1.50%
2035	6.00%	5.50%	1.50%
2036	5.75%	5.00%	1.50%
2037	5.50%	4.50%	1.50%
2038	5.25%	4.25%	1.50%
2039	5.00%	4.25%	1.50%
2040	4.75%	4.25%	1.50%
2041	4.50%	4.25%	1.50%
2042 & Beyond	4.25%	4.25%	1.50%

[1]All increases are assumed to occur on January 1. The 2027 premiums were known at the time of the valuation and were incorporated into the liability measurement.
[2]Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

The healthcare trend assumption is based on the framework developed in the Society of Actuaries' Getzen Model. The ultimate trend assumption of 4.25% is based on a 2.50% inflation assumption plus 1.75% long-term real GDP growth.

Health Care Participation Assumptions:

- Active members are assumed to elect health coverage at retirement at the following participation rates.

Service at Retirement	Members participating before 7/1/2003*	Members participating after 7/1/2003
Under 10	100%	100%
10-14	100%	100%
15-19	100%	100%
Over 20	100%	100%

* 100% of members with a duty disability or a duty death (in service) benefit are assumed to elect coverage at retirement.

- Future retirees are assumed to have a similar distribution by plan type as the current retirees.

Medicare Plan	Participation Percentage	Non-Medicare Plan	Participation Percentage
Medical Only[1]	5%	LivingWell Basic	4%
Essential Plan	7%	LivingWell CDHP	35%
Premium Plan	88%	LivingWell PPO	61%

[1] Includes Mirror Plans

- 100% of deferred vested members participating are assumed to elect health coverage at retirement.

- Deferred vested members are assumed to begin health coverage at age 50 for members participating before January 1, 2014 and at age 60 for members participating on or after January 1, 2014.

- 85% of future retirees, with hazardous service, are assumed to elect spouse health care coverage. 100% of spouses with health care coverage are assumed to continue coverage after the member's death.

Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Current fiscal year payroll.

2. Individual salaries used to project benefits: For salary amounts prior to the valuation date, the salary from the last fiscal year is projected backward with the valuation salary scale assumption. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.

3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ending on the valuation date.

4. Current active members that terminated employment (for reasons other than retirement, disability, or death) are assumed to commence their retirement benefits at first unreduced retirement eligibility. Members are assumed to elect a refund of member contributions if the value of their account balance exceeds the present value of the deferred benefit. Members participating in the Cash Balance plan are assumed to elect to receive a lump sum of their cash balance account if their account balance exceeds the present value of the deferred benefit and the member is not eligible for insurance benefits at termination.

5. The beneficiaries of current active members that die while active are assumed to commence their survivor benefits at the member's first unreduced retirement eligibility. Beneficiaries are assumed to elect a refund of member contributions if the value of the member's account balance exceeds the present value of the survivor benefit. Beneficiaries of active members that die while in the line of duty are assumed to commence their survivor benefits immediately at the death of the member.

6. There will be no recoveries once disabled.

7. Cash Balance Provisions: The cash balance interest crediting rate while a member is an active employee is assumed to equal 5.90%. The interest crediting rate after a member terminates employment is 4%.

8. Cash Balance Credit for Unused Sick Leave (annual and at retirement): It is assumed Tier 3 members will receive an additional 7.5% of pay employer pay credit each year due to the conversion of unused sick leave after the member attains five years of service. It is also assumed the Tier 3 members will have fund 480 hours of unused sick leave to convert to pay credit at the time of their retirement. It is assumed that the General Assembly will fund this benefit in all future years.

9. Decrement timing: Decrements of all types are assumed to occur mid-year. Decrement rates are used as described in this report, without adjustment for multiple decrement table effects.

10. Service: All members are assumed to accrue 1 year of benefit and eligibility service each year.

11. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.

12. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.

13. Current Inactive Population (Retirement Fund): All non-vested members are assumed to take an immediate refund of member contributions. Vested members are assumed to elect an immediate refund of member contributions at the valuation date if the value of their account balance exceeds the present value of their deferred benefit. Members hired prior to September 1, 2008 are assumed to retire at age 55 and members hired on or after September 1, 2008 are assumed to retire at age 60.

14. The additional $5 per year of service insurance dollar subsidy effective January 1, 2023 is assumed to be paid in all applicable years.

15. For members who earned service within multiple Kentucky retirement systems, the cost of their health insurance benefits is allocated between the funds the member earned service. For members currently in receipt of post-retirement health insurance benefits, this split is provided within the participant data and the liability for each member is allocated accordingly. For active members, we have allocated the entirety of the member's insurance liability to the fund in which the member is currently contributing and earning service.

Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active and terminated members included date of birth, gender, date of participation, benefit tier indicator, service with the current system, total vesting service, salary, employee contribution account balances, and employer pay credits for members participating in the cash balance plan. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were based on the plan premiums effective January 1, 2027, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The spouse/dependent premium of $1,312.01 for non-Medicare retirees is based on a blending of Family and Couple premiums for the current retirees that have over 4 years of hazardous service. The fully-insured premiums paid to the Kentucky Employees' Health Plan (KEHP) 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 rate subsidy for the non-Medicare eligible retirees. Actuarial Standard of Practice No. 6 (ASOP No. 6) requires aging subsidies (or implicit rate subsidies) to be recognized. However, the health insurance trusts are only used to reimburse KEHP for the employer's portion of the blended premiums. Said another way, the trusts are not used to fund the difference between the underlying retiree claims and the blended KEHP premiums. As a result, the retiree health care liabilities developed in this report for the non-Medicare retirees are based solely on the premiums charged by KEHP, without any age-adjustment. GASB Statements No. 74 and No. 75 prohibit such a deviation from ASOP No. 6. The liabilities developed in this report are solely for the purpose of funding the benefits paid by the health insurance funds and are not appropriate for financial statement disclosures required by GASB. GRS provides separate GASB reports which include the liabilities associated with the implicit rate subsidy.

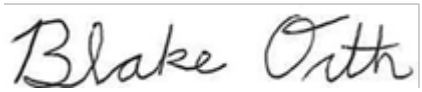
2027 MONTHLY COSTS FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MEMBER	SPOUSE/DEPENDENTS
<65	$1,180.89	$1,312.01

For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2027, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. Age graded and sex distinct premiums are utilized for retirees over the age of 65. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

2027 MONTHLY COSTS FOR THOSE ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
65	$ 167.30	$ 157.80
75	195.74	191.00
85	206.98	209.42

Appendix B of the report provides a full schedule of premiums.

Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Blake Orth, FSA, EA, MAAA

APPENDIX B

BENEFIT PROVISIONS

Summary of Benefit Provisions for State Police Retirement System (SPRS)

SPRS Employees

Retirement: Tier 1, Participation before 9/1/2008

Normal Retirement Eligibility	Age 55 with at least 1 month of service credit; or Any age with at least 20 years of service
Benefit Amount	If a member has at least 60 months of service, the monthly benefit is 2.50% times final average compensation times years of service. If a member has less than 60 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest. Final average compensation is based on the member's highest 3 years of compensation.
Early Retirement Eligibility	Age 50 with at least 15 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member's retirement date precedes the member's normal retirement eligibility.

SPRS Employees (continued)

Retirement: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Normal Retirement Eligibility	Age 60 with at least 5 years of service; or Any age with at least 25 years of service
Benefit Amount	The monthly benefit is equal to the applicable benefit multiplier times final average compensation times years of service.

Years of Service	Benefit Multiplier
10 or less	1.30%
10-20	1.50%
20-25	2.25%
Greater than 25	2.50%

Final average compensation is based on the member's highest 3 years of compensation.

Early Retirement Eligibility	Age 50 with at least 15 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member's retirement date precedes the member's normal retirement eligibility.

Retirement: Tier 3, Participation on or after 1/1/2014

Normal Retirement Eligibility	Age 60 with at least 5 years of service; or Any age with at least 25 years of service
Benefit Amount	Each year that the member is active, a 7.50% employer pay credit and the employee's 8.00% contribution will be credited to each member's hypothetical cash balance account. The hypothetical account will earn interest at a minimum rate of 4%, annually. If the System's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest in that year equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. Each June 30 (beginning June 30, 2023), members with at least five years of service credit will receive an employer pay credit based on their unused sick leave in excess of 480 hours. Members will also receive an employer pay credit based on their balance of unused sick leave upon termination of employment. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.
Early Retirement Eligibility	N/A

SPRS Employees (continued)

Deferred Vested Benefit: Tier 1, Participation before 9/1/2008

Eligibility	At least 1 month of service credit
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Eligibility	5 years of service
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit Tier 3, Participation on or after 1/1/2014

Eligibility	5 years of service
Benefit Amount	At termination of employment, members may choose to leave their account balance with the System and retire once they are eligible. The hypothetical account balance will earn 4% annual interest after termination. Members may also choose to withdrawal their entire accumulated balance. If a member does not have 5 years of service at termination, the member is eligible to receive a partial refund of their account balance. This refund includes the member's contributions with interest.

Disability Retirement: Participation before 8/1/2004

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	Disability benefits are calculated in the same manner as the normal retirement benefit with years of service and final compensation being determined as of the date of disability, except that if the member has less than 20 years of service at disability, service credit shall be added to the person's total service beginning with the last date of paid employment and continuing to the member's 55th birthday, with total service not exceeding 20 years. Total service credit added shall not be greater than the member's actual service at disability.

SPRS Employees (continued)

Disability Retirement: Participation on or after 8/1/2004 but before 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 25% of the member's final monthly rate of pay or the member's normal retirement benefit (without reduction for early retirement) with years and final compensation being determined as of the date of disability.

Disability Retirement: Participation on or after 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 25% of the member's final monthly rate of pay or the member's retirement benefit calculated at the member's normal retirement date.

Line of Duty Disability Benefit

Disability Benefit	If the disability is a direct result of an act in the line of duty, the benefit shall not be less than 25% of the member's final monthly final rate of pay. If the disability is deemed to be Total and Permanent, then this benefit shall not be less than 75% of the member's monthly average pay.
Child Benefit	Additionally, each eligible dependent child will receive 10% of the member's monthly average pay up to a maximum of 40%. Member and dependent payment shall not exceed 100% of member's monthly average pay.

Pre-Retirement Death Benefit

Eligibility	Eligible for early or normal retirement; or Under age 55 with at least 60 months of service and actively working at the time of death; or At least 144 months of service, if no longer actively working
Spouse Benefit	The member's retirement benefit calculated in the same manner as if the member had retired on the day of the member's death and elected a 100% joint and survivor benefit. The benefit is actuarially reduced if the member dies prior to their normal retirement age.

SPRS Employees (continued)

Pre-Retirement Death Benefit (Death in the Line of Duty)

Eligibility	One month of service credit
Spouse Benefit	A $10,000 lump sum payment plus a monthly payment of 75% of the deceased member's final monthly average pay. Each dependent child will receive 10% of the final monthly average pay (not to exceed a total child benefit of 25% while the spouse is alive). A spouse may also elect the non-line of duty death benefit.
Non-Spouse Benefit	If the beneficiary is only one person who is a dependent receiving at least 50% of his or her support from the member, the beneficiary may elect a lump-sum payment of $10,000.
Child Benefit	In the event there is no surviving spouse, the benefit is 50% of final monthly average pay for one child, 65% of final average pay for two children, or 75% of final average pay for three or more eligible children.

Post-Retirement Death Benefit

Eligibility	48 months of service, and in receipt of retirement benefits
Death Benefit	A $5,000 lump sum payment

Member Contributions

Tier 1, Participation before 9/1/2008	8% of creditable compensation. Members who do not receive a retirement benefit are entitled to a full refund of contributions with interest. The annual interest rate is set by the Board, not less than 2.0%.
Tier 2, Participation on or after 9/1/2008 but before 1/1/2014	8% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest. The annual interest rate is 2.5%.
Tier 3, Participation after 1/1/2014	8% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest.

Summary of Main Retiree Insurance Benefit Provisions

Insurance: Participation began before 7/1/2003

Benefit Eligibility Recipient of a retirement allowance

Benefit Amount

Non-Hazardous Service	Percentage of Member Premium Paid by Retirement System	Hazardous Service	Percentage of Member & Dependent Premium Paid by Retirement System
Less than 4 years	0%	Less than 4 years	0%
4 – 9 years	25%	4 – 9 years	25%
10 – 14 years	50%	10 – 14 years	50%
15 – 19 years	75%	15 – 19 years	75%
20 or more years	100%	20 or more years	100%

The percentage paid by the retirement system is applied to the 'contribution' plan selected by the Board.

Duty Disability Retirement If disability was a result of injuries sustained while in the line of duty, the member receives 100% of the maximum contribution for the member and dependents.

Duty Death in Service If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a fully subsidized health insurance benefit.

Non-Duty Death in Service If the surviving spouses is in receipt of a pension allowance, he or she is eligible for continued health coverage. The percentage of the premium paid for by the retirement system is based on the member's years of hazardous service at the time of death.

Surviving Spouse of a Retiree A surviving spouse of a retiree, who is in receipt of a pension allowance, will receive a premium subsidy based on the member's years of hazardous service.

Hazardous employees who retired prior to August 1, 1998 System's contribution for spouse and dependents is based on total service.

Insurance: Participation began on or after 7/1/2003

Benefit Eligibility	Recipient of a retirement allowance with at least 120 months of service at retirement (180 months if participation began on or after 9/1/2008)
Hazardous Subsidy	Monthly contribution of $15 for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. As of July 1, 2026, the Hazardous monthly contribution was $22.60/year of service. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of $10 ($15.07 as of July 1, 2026) for each year of hazardous service. Effective January 1, 2023, members will receive an additional dollar contribution of $5 for every year of hazardous service a Tier 1 member attains over 20 years and a Tier 2 member attains over 25 years. This additional dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Also, it is only payable when the applicable insurance fund is at least 90% funded on an actuarial value of asset basis as of the last actuarial valuation.
Duty Disability Retirement	If disability was a result of injuries sustained while in the line of duty or was duty-related, the member receives a benefit based on at least 20 years of service. This benefit is provided to members in the Non-Hazardous and Hazardous plans alike. If the disability is deemed to be Total and Permanent, the insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position.
Duty Death in Service	If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a fully subsidized health insurance benefit.
Non-Duty Death in Service	If the surviving spouse is in receipt of a pension allowance, he or she is eligible for continued health coverage. The percentage of the premium paid for by the retirement system is based on the member's years of hazardous service at the time of death.

Monthly Health Plan Premiums – Effective January 1, 2027

Non-Medicare Plan Options					
Plan Option	Single	Parent Plus	Couple	Family	Family X-Ref
LivingWell PPO	$1,194.62	$1,629.22	$2,397.02	$2,622.26	$1,401.38
LivingWell CDHP	1,180.16	1,593.22	2,307.72	2,564.34	1,348.58
LivingWell Basic	1,148.42	1,566.54	2,318.24	2,569.32	1,348.14
LivingWell HDHP	1,066.12	1,454.08	2,152.06	2,358.16	1,249.94

Medicare Plan Options	
Medical Only Plan	$199.52
Essential Mirror Plan	264.56
Premium Mirror Plan	404.67
Essential Medical Advantage Plan	18.08
Premium Medical Advantage Plan	200.95

Essential and Premium Mirror Plans have an additional Dental Fee of $5.29
Contribution plan selected by the Board was the LivingWell PPO plan option for non-Medicare retirees.
Contribution plan selected by the Board was the Premium Medical Advantage Plan for the Medicare retirees.

Dollar Contribution Amount for Participation on or after 7/1/2003

Monthly contribution amounts per year of service as of July 1, 2026.

Hazardous Service
$22.60

APPENDIX C

GLOSSARY

Glossary

Actuarial Accrued Liability (AAL): That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Plan Benefits which is not provided for by future Normal Costs. It is equal to the Actuarial Present Value of Future Plan Benefits minus the actuarial present value of future Normal Costs.

Actuarial Assumptions: Assumptions as to future experience under the Fund. These include assumptions about the occurrence of future events affecting costs or liabilities, such as:

- mortality, withdrawal, disablement, and retirement;
- future increases in salary;
- future rates of investment earnings and future investment and administrative expenses;
- characteristics of members not specified in the data, such as marital status;
- characteristics of future members;
- future elections made by members; and
- other relevant items.

Actuarial Cost Method or ***Funding Method:*** A procedure for allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability. These items are used to determine the ADC.

Actuarial Gain or ***Actuarial Loss:*** A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., the fund's assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results that produce actuarial liabilities which are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)

b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and

c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of those benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members either entitled to a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial valuation for a governmental retirement system typically also includes calculations that provide the financial information of the plan, such as the funded ratio, unfunded actuarial accrued liability and the ADC.

Actuarial Value of Assets or ***Valuation Assets:*** The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly actuaries use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.

Actuarially Determined: Values which have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Actuarially Determined Contribution (ADC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and the Amortization Payment.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.

Amortization Payment: The portion of the pension plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Closed Amortization Period: A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: A retirement plan that is not a Defined Contribution Plan. Typically a defined benefit plan is one in which benefits are defined by a formula applied to the member's compensation and/or years of service.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, and the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund which may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA.

Funding Period or ***Amortization Period:*** The term "Funding Period" is used two ways. In the first sense, it is the period used in calculating the Amortization Payment as a component of the ADC. This funding period is specified in State statute. In the second sense, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on a statutory employer contribution rate, and assuming no future actuarial gains or losses.

GASB: Governmental Accounting Standards Board.

GASB 67 and ***GASB 68***: Governmental Accounting Standards Board Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting and reporting rules for public retirement systems and the employers that sponsor, participate in, or contribute to them. Statement No. 67 sets the accounting rules for the financial reporting of the retirement systems, while Statement No. 68 sets the rules for the employers that sponsor, participate in, or contribute to public retirement systems.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits which are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability or retirement.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but may not decrease by exactly one year in the subsequent year's actuarial valuation. For instance, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

P: 469.524.0000 | www.grsconsulting.com

November 10, 2026

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: Sensitivity Analysis Based on Results of the June 30, 2026 Actuarial Valuation – SPRS

Dear Members of the Board:

Per Kentucky State Statute 61.670, we are providing this supplemental information regarding the sensitivity of the valuation results to changes in some of the economic assumptions. Specifically, the enclosed tables show the impact for the **State Police Retirement System (SPRS)** due to changes in the investment return assumption, the inflation rate assumption, and the payroll growth rate assumption.

Background

Investment Assumption

The investment return assumption is used to discount future expected benefit payments to the valuation date in order to determine the liabilities of the plans. The lower the investment return assumption, the less the benefit payments are discounted and the higher the valuation liability. The current investment return assumption is 5.25% for the retirement fund and 6.50% for the insurance fund. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the investment return assumption. For purposes of this sensitivity analysis, the inflation assumption and payroll growth assumption remain unchanged from the valuation assumption.

Inflation Assumption

The inflation assumption underlies most of the other economic assumptions, including the investment return, salary increases, and payroll growth rate. This is a macroeconomic assumption and as such the same assumption is used in the valuation of each of the retirement systems. The current assumption is 2.50% for all funds. The sensitivity analysis shows the financial impact of a 0.25% increase and a 0.25% decrease in the inflation assumption. Note, the change in the inflation assumption results in a corresponding change in the investment return assumption, the individual salary increase assumption for projecting members' benefit amounts, the payroll growth rate assumption, and the healthcare trend assumption that is used in the valuation of the health insurance funds.

Payroll Growth Assumption

Participating employers of SPRS make contributions to the system as a percentage of covered payroll. Therefore, as payroll changes over time these amortization payments will also change. If actual covered payroll increases at a rate that is less than assumed, then the retirement system receives fewer contribution dollars than expected to finance the unfunded liability, which means the contribution rates in future years will be required to increase in order to finance the unfunded liability over the same time period. The current payroll growth assumption is 0.00% for both the retirement and insurance funds. The analysis shows the impact of a 1.00% increase and a 1.00% decrease in the payroll growth assumption.

Please note that the payroll growth assumption does not impact the valuation liabilities, unfunded liability, or funded status of the system. Rather, this assumption only impacts the amortization rate for financing the existing unfunded actuarial accrued liability and the actuarially determined employer contribution. For purposes of this analysis, the investment return assumption and the inflation assumption are held at their current valuation assumptions.

Certification

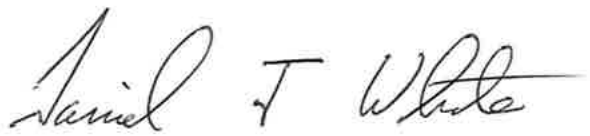
The information provided in this letter compliments the information provided in the June 30, 2026 actuarial valuation report. Please refer to the June 30, 2026 actuarial valuation report for additional discussion of the actuarial valuation, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

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 rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making. The purpose of this information is to provide stakeholders the financial sensitivity of the unfunded liability and contribution rates to changes in the inflation, assumed rate of return, and payroll growth assumption.

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 & Company



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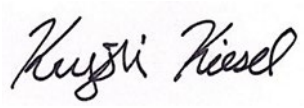

Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary

Sensitivity Analysis - Discount Rate

(Dollar amounts expressed in thousands)

	Decrease Discount Rate	Valuation Results	Increase Discount Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	0.00%	0.00%	0.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	4.25%	5.25%	6.25%
Discount Rate - Insurance	5.50%	6.50%	7.50%
Retirement			
Actuarial Accrued Liability	$ 1,305,269	$ 1,158,069	$ 1,036,872
Actuarial Value of Assets	769,786	769,786	769,786
Unfunded Actuarial Accrued Liability	535,483	388,283	267,086
Funded Ratio	59.0%	66.5%	74.2%
Actuarially Determined Contribution Rate	72.40%	51.79%	33.87%
Insurance			
Actuarial Accrued Liability	$ 310,091	$ 279,582	$ 254,155
Actuarial Value of Assets	284,185	284,185	284,185
Unfunded Actuarial Accrued Liability	25,906	(4,603)	(30,030)
Funded Ratio	91.6%	101.6%	111.8%
Actuarially Determined Contribution Rate	6.27%	1.21%	0.00%
Combined			
Actuarial Accrued Liability	$ 1,615,360	$ 1,437,651	$ 1,291,027
Actuarial Value of Assets	1,053,971	1,053,971	1,053,971
Unfunded Actuarial Accrued Liability	561,389	383,680	237,056
Funded Ratio	65.2%	73.3%	81.6%
Actuarially Determined Contribution Rate	78.67%	53.00%	33.87%

Sensitivity Analysis - Inflation Rate

(Dollar amounts expressed in thousands)

(1)	Decrease Inflation Rate (2)	Valuation Results (3)	Increase Inflation Rate (4)
Payroll Growth Rate	-0.25%	0.00%	0.25%
Inflation Rate	2.25%	2.50%	2.75%
Discount Rate - Retirement	5.00%	5.25%	5.50%
Discount Rate - Insurance	6.25%	6.50%	6.75%
Retirement			
Actuarial Accrued Liability	$ 1,191,001	$ 1,158,069	$ 1,126,721
Actuarial Value of Assets	769,786	769,786	769,786
Unfunded Actuarial Accrued Liability	421,215	388,283	356,935
Funded Ratio	64.6%	66.5%	68.3%
Actuarially Determined Contribution Rate	57.09%	51.79%	46.77%
Insurance			
Actuarial Accrued Liability	$ 281,359	$ 279,582	$ 277,879
Actuarial Value of Assets	284,185	284,185	284,185
Unfunded Actuarial Accrued Liability	(2,826)	(4,603)	(6,306)
Funded Ratio	101.0%	101.6%	102.3%
Actuarially Determined Contribution Rate	1.71%	1.21%	0.73%
Combined			
Actuarial Accrued Liability	$ 1,472,360	$ 1,437,651	$ 1,404,600
Actuarial Value of Assets	1,053,971	1,053,971	1,053,971
Unfunded Actuarial Accrued Liability	418,389	383,680	350,629
Funded Ratio	71.6%	73.3%	75.0%
Actuarially Determined Contribution Rate	58.80%	53.00%	47.50%

Sensitivity Analysis - Payroll Growth

(Dollar amounts expressed in thousands)

(1)	Decrease Payroll Growth (2)	Valuation Results (3)	Increase Payroll Growth (4)
Payroll Growth Rate	-1.00%	0.00%	1.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	5.25%	5.25%	5.25%
Discount Rate - Insurance	6.50%	6.50%	6.50%
Retirement			
Actuarial Accrued Liability	$ 1,158,069	$ 1,158,069	$ 1,158,069
Actuarial Value of Assets	769,786	769,786	769,786
Unfunded Actuarial Accrued Liability	388,283	388,283	388,283
Funded Ratio	66.5%	66.5%	66.5%
Actuarially Determined Contribution Rate	55.89%	51.79%	47.97%
Insurance			
Actuarial Accrued Liability	$ 279,582	$ 279,582	$ 279,582
Actuarial Value of Assets	284,185	284,185	284,185
Unfunded Actuarial Accrued Liability	(4,603)	(4,603)	(4,603)
Funded Ratio	101.6%	101.6%	101.6%
Actuarially Determined Contribution Rate	1.23%	1.21%	1.20%
Combined			
Actuarial Accrued Liability	$ 1,437,651	$ 1,437,651	$ 1,437,651
Actuarial Value of Assets	1,053,971	1,053,971	1,053,971
Unfunded Actuarial Accrued Liability	383,680	383,680	383,680
Funded Ratio	73.3%	73.3%	73.3%
Actuarially Determined Contribution Rate	57.12%	53.00%	49.17%

Projection of Funded Status and Contribution Effort based on the June 30, 2026 Actuarial Valuation

Kentucky Public Pensions Authority
SPRS Retirement Fund
($ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2026	$ 1,158	$ 770	$ 388	67%	$ 38	$ 6	$ 73	51.84%	51.84%
2027	1,169	813	356	70%	38	6	74	51.84%	51.79%
2028	1,177	853	324	73%	36	6	76	47.34%	47.34%
2029	1,184	885	299	75%	37	6	77	47.34%	43.58%
2030	1,191	909	282	76%	32	6	79	40.40%	40.40%
2031	1,198	920	278	77%	32	6	80	40.40%	38.62%
2032	1,206	931	275	77%	31	7	82	37.92%	37.92%
2033	1,215	942	273	78%	32	7	84	37.92%	37.42%
2034	1,225	955	270	78%	31	7	85	36.91%	36.91%
2035	1,237	969	268	78%	32	7	87	36.91%	36.45%
2036	1,250	985	265	79%	32	7	89	35.98%	35.98%
2037	1,264	1,001	263	79%	33	7	90	35.98%	35.55%
2038	1,279	1,019	260	80%	32	7	92	35.10%	35.10%
2039	1,296	1,038	258	80%	33	8	94	35.10%	34.71%
2040	1,313	1,059	254	81%	32	8	96	33.84%	33.84%
2041	1,332	1,080	252	81%	33	8	98	33.84%	54.35%
2042	1,352	1,103	249	82%	54	8	100	53.95%	53.95%
2043	1,374	1,148	226	84%	55	8	102	53.95%	54.16%
2044	1,396	1,197	199	86%	58	8	104	55.95%	55.95%
2045	1,420	1,250	170	88%	59	8	106	55.95%	58.97%
2046	1,443	1,307	136	91%	63	9	108	58.68%	58.68%
2047	1,468	1,369	99	93%	65	9	110	58.68%	60.20%
2048	1,493	1,435	58	96%	69	9	112	61.46%	61.46%
2049	1,518	1,518	-	100%	20	9	115	17.70%	17.70%
2050	1,544	1,544	-	100%	21	9	117	17.70%	17.70%
2051	1,571	1,571	-	100%	21	10	119	17.70%	17.70%
2052	1,598	1,598	-	100%	22	10	122	17.70%	17.70%
2053	1,625	1,625	-	100%	22	10	124	17.70%	17.70%
2054	1,653	1,653	-	100%	22	10	127	17.70%	17.70%
2055	1,681	1,681	-	100%	23	10	129	17.70%	17.70%

Notes and assumptions:

The projection is based on the results of the June 30, 2026 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 5.25%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the full actuarially determined contribution rate.

Kentucky Public Pensions Authority
SPRS Insurance Fund
($ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2026	$ 280	$ 284	$ (4)	101%	$ 2	$ -	$ 73	2.49%	2.49%
2027	282	297	(15)	105%	2	1	74	2.49%	1.21%
2028	282	308	(26)	109%	-	1	76	0.00%	0.00%
2029	281	313	(32)	111%	-	1	77	0.00%	0.00%
2030	279	315	(36)	113%	-	1	79	0.00%	0.00%
2031	276	312	(36)	113%	-	1	80	0.00%	0.00%
2032	272	309	(37)	114%	-	1	82	0.00%	0.00%
2033	268	305	(37)	114%	-	1	83	0.00%	0.00%
2034	264	302	(38)	114%	-	1	85	0.00%	0.00%
2035	260	298	(38)	115%	-	1	87	0.00%	0.00%
2036	255	294	(39)	115%	-	1	89	0.00%	0.00%
2037	251	290	(39)	116%	-	1	90	0.00%	0.00%
2038	248	287	(39)	116%	-	1	92	0.00%	0.00%
2039	245	285	(40)	116%	-	1	94	0.00%	0.00%
2040	242	283	(41)	117%	-	1	96	0.00%	0.00%
2041	240	282	(42)	118%	-	1	98	0.00%	0.00%
2042	239	281	(42)	118%	-	1	100	0.00%	0.00%
2043	239	282	(43)	118%	-	1	102	0.00%	0.00%
2044	240	283	(43)	118%	-	1	104	0.00%	0.00%
2045	242	285	(43)	118%	-	1	106	0.00%	0.00%
2046	244	288	(44)	118%	-	1	108	0.00%	0.00%
2047	246	291	(45)	118%	-	1	110	0.00%	0.00%
2048	249	294	(45)	118%	-	1	112	0.00%	0.00%
2049	252	297	(45)	118%	-	1	115	0.00%	0.00%
2050	255	301	(46)	118%	-	1	117	0.00%	0.00%
2051	258	304	(46)	118%	-	1	119	0.00%	0.00%
2052	261	308	(47)	118%	-	1	122	0.00%	0.00%
2053	263	311	(48)	118%	-	1	124	0.00%	0.00%
2054	266	314	(48)	118%	-	1	126	0.00%	0.00%
2055	268	316	(48)	118%	-	1	129	0.00%	0.00%

Notes and assumptions:

The projection is based on the results of the June 30, 2026 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 6.50%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the full actuarially determined contribution rate.

P: 469.524.0000 | www.grsconsulting.com

November 12, 2026

Mr. Ryan Barrow
Executive Director
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601

Re: Contribution Necessary to Fully Prefund a 1.5% Increase in Retiree Benefits on the Systems Operated by the Kentucky Public Pensions Authority on July 1, 2027

Dear Mr. Barrow:

The purpose of this letter is to communicate the financial cost if the General Assembly enacts an increase in monthly retirement allowances as permitted under KRS 61.691(2) and KRS 78.5518(2).

As of the June 30, 2026 actuarial valuation, there are no pension funds with a funding level greater than 100%, and therefore, no increase in monthly retirement allowance can be paid under KRS 61.691(2)(b)1 and KRS 78.5518(2)(b)1.

The contribution necessary to fully prefund a 1.5% increase in all monthly retirement allowances paid by the corresponding pension funds as of July 1, 2027 is provided below. The respective appropriations provided below are sufficient and appropriate to fund a 1.5% benefit increase and therefore, the benefit increase would not impact the on-going employer contribution requirement for the pension funds.

Pension Fund	Appropriation Necessary to Fully Prefund a 1.5% Increase in Retirement Allowances as of July 1, 2027
KERS Non-Hazardous	$165 million
KERS Hazardous	$14 million
SPRS	$13 million
CERS Non-Hazardous	$146 million
CERS Hazardous	$63 million

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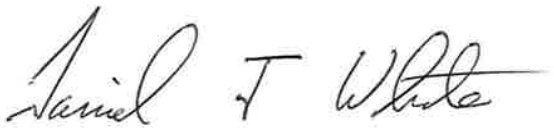
Basis of Calculations

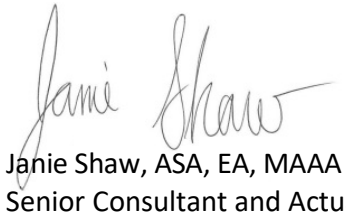
GRS based the calculations and analysis in this letter on the member and financial data provided by KPPA for use in performing the actuarial valuation as of June 30, 2026. Our calculations are based upon assumptions regarding future events, which may or may not materialize. Depending on actual plan experience, actual results could deviate significantly.

All of the undersigned are 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.

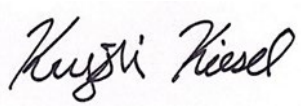
Sincerely,
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Senior Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary