



Kentucky Retirement Systems

Public Pension Oversight Board

November 25, 2019



Cash Flow Trends

Pension Fund Cash Flows:




- All plans ended the quarter with a positive cash flow except CERS Non-Hazardous.
- Member contributions remained relatively consistent with the prior year for all plans.
- Employer contributions increased due to higher contribution rates for CERS.
- Net Investment Income was up compared to prior year as a result of increase interest income from Core Fixed Income and partnership income from Private Equity.
- Benefit payments increased slightly across all plans.

Insurance Fund Cash Flows:

- All plans ended the quarter with a positive cash flow except KERS Hazardous.
- Total Inflows increased slightly for all plans with the addition of the 1% contribution for Health Insurance Contributions (HB 1).
- Outflows remained relatively flat with a slight decline in some plans due to lower healthcare premiums than the prior year.





CASH FLOW – Pension Fund
(KERS Non-Haz, KERS Haz & SPRS)
September 30, 2019 (compared to September 30, 2018)
 (\$ in millions)

						
Contributions	FY19	FY20	FY19	FY20	FY19	FY20
<i>Member Contributions</i>	\$25.4	\$26.1	\$4.8	\$4.3	\$1.3	\$1.4
<i>Employer Contributions/Appropriations</i>	248.8	302.0	15.7	19.9	10.2	14.6
<i>Investment Income (Net of Expenses)</i>	6.3	11.4	2.7	3.6	1.0	1.4
Total Cash Inflows	280.5	339.5	23.2	27.8	12.5	17.4
<i>Benefit Payments/Refunds</i>	247.6	252.9	17.5	18.7	15.1	15.5
<i>Administrative Expenses</i>	2.8	3.1	0.2	0.3	-	0.1
Total Cash Outflows	250.4	256.0	17.7	19.0	15.1	15.6
NET CASH FLOW	30.1	83.5	5.5	8.8	(2.6)	1.8
<i>Change in Market Value</i>	78.9	1.1	13.2	2.3	13.8	6.9
Net Change in Assets	\$109.0	\$84.6	\$18.7	\$11.1	\$11.2	\$8.7






**CASH FLOW – Pension Fund
(CERS-Haz and CERS-Haz)
September 30, 2019 (compared to September 30, 2018)
(\$ in millions)**

				
	FY19	FY20	FY19	FY20
Contributions				
<i>Member Contributions</i>	\$41.2	\$41.1	\$16.0	\$16.0
<i>Employer Contributions</i>	95.6	112.4	34.0	40.4
<i>Investment Income (Net of Expenses)</i>	28.7	36.4	9.7	12.4
Contribution Inflow	165.5	189.9	59.7	68.8
<i>Benefit Payments/Refunds</i>	191.9	201.9	63.9	68.1
<i>Administrative Expenses</i>	6.6	5.9	0.3	0.5
Contribution Outflow	198.5	207.8	64.2	68.6
NET CASH FLOW	(33.0)	(17.9)	(4.5)	0.2
<i>Change in Market Value</i>	118.4	40.5	44.8	18.1
Net Change in Assets	\$85.4	\$22.6	\$40.3	\$18.3





CASH FLOW – Insurance Fund
(KERS Non-Haz, KERS Haz & SPRS)
September 30, 2019 (compared to September 30, 2018)
(\$ in millions)

						
Contributions	FY19	FY20	FY19	FY20	FY19	FY20
<i>Employer Contributions</i>	\$40.3	\$43.4	\$0.7	\$1.0	\$3.1	\$3.5
<i>Insurance Premiums</i>	0.1	0.1	-	-	-	-
<i>Retired Reemployed Healthcare</i>	1.0	1.1	0.3	0.3	-	-
<i>Health Insurance Contributions (HB1)</i>	-	1.0	-	0.2	-	-
<i>Investment Income (Net of Expenses)</i>	4.3	5.1	2.4	2.4	0.8	0.8
Contribution Inflow	45.7	50.7	3.4	3.9	3.9	4.3
<i>Healthcare Premiums</i>	33.6	30.8	4.8	4.8	3.5	3.5
<i>Administrative Expenses</i>	-	-	-	-	-	-
Contribution Outflow	33.6	30.8	4.8	4.8	3.5	3.5
NET CASH FLOW	12.1	19.9	(1.4)	(0.9)	0.4	0.8
<i>Change in Market Value</i>	16.8	4.9	8.8	2.9	3.8	0.4
Net Change in Assets	\$28.9	\$24.8	\$7.4	\$2.0	\$4.2	\$1.2



**CASH FLOW – Insurance Fund
(CERS Non-Haz and CERS-Haz)
September 30, 2019 (compared to September 30, 2018)
(in \$millions)**

				
	FY19	FY20	FY19	FY20
Contributions				
<i>Employer Contributions</i>	\$31.9	\$30.9	\$15.0	\$15.6
<i>Insurance Premiums</i>	0.1	0.2	-	-
<i>Retired Reemployed Healthcare</i>	1.4	1.7	0.3	0.3
<i>Health Insurance Contributions (HB1)</i>	-	1.9	-	0.5
<i>Investment Income (Net of Expenses)</i>	10.5	10.6	5.6	5.6
Contribution Inflow	43.9	45.3	20.9	22.0
<i>Healthcare Premiums</i>	35.2	33.4	19.5	19.7
<i>Administrative Expenses</i>	0.2	0.2	0.1	0.6
Contribution Outflow	35.4	33.6	19.6	20.3
NET CASH FLOW	8.5	11.7	1.3	1.7
<i>Change in Market Value</i>	39.1	15.8	23.4	9.4
Net Change in Assets	\$47.6	\$27.5	\$24.7	\$11.1