



Teachers' Retirement System of the State of Kentucky

Public Pension Oversight Board

Nov. 25, 2019

Gary L. Harbin, CPA
Executive Secretary

Investment Performance

Retirement Annuity Trust Returns as of Sept. 30, 2019 (unaudited)

	Quarter	1-year	3-year	5-year	10-year	20-year
Gross	0.73%	3.56%	9.3%	7.33%	9.2%	6.21%
<i>Benchmarks</i>	0.99%	4.59%	9.19%	7.38%	9.04%	N/A
<i>Aon Index</i>	0.8%	4.3%	8.1%	6.5%	8.4%	N/A
<i>Rankings</i>	Top 56%	Top 71%	Top 7%	Top 13%	Top 6%	N/A
Net	0.73%	3.26%	9%	7.07%	8.96%	6.06%

30-year compounded gross return
8.03%

Investment Performance

Retirement Annuity Trust Since Great Recession

TRS's investment performance above the average pension plan from 2008 to 2019 resulted in an additional \$3 billion.



Cash Flow Update

Retirement Annuity Trust – Preliminary and Unaudited

	FY 2020 (Q1)	FY 2019 (Q1)
Cash Inflows		
Member contributions	\$ 66,673,000	\$ 61,856,000
Employer contributions/appropriations	260,503,000	249,559,000
Investment income (Net of any asset gains/losses)	<u>96,974,000</u>	<u>84,996,000</u>
Total Cash Inflows	424,150,000	396,411,000
Cash Outflows		
Benefit payments/refunds	551,033,000	535,107,000
Administrative expense	<u>2,763,000</u>	<u>2,801,000</u>
Total Outflows	553,796,000	537,908,000
Net cash flow before asset gain/(losses)*	(129,646,000)	(141,497,000)
Investment gains or losses (realized and unrealized)	43,825,000	494,104,000
Net plan assets	\$ 20,286,089,000	\$ 20,334,826,000

*Appreciation/depreciation in fair value does not generate cash inflows or outflows.

Cash Flow Update

Health Insurance Trust – Preliminary and Unaudited

	FY 2020 (Q1)	FY 2019 (Q1)
Cash Inflows		
Member contributions	\$ 42,062,000	\$ 39,645,000
Employer contributions/appropriations	96,922,000	38,866,000
Recovery income	21,247,000	12,726,000
Investment income (net of any asset gains/losses)	<u>3,131,000</u>	<u>1,532,000</u>
Total Cash Inflows	163,362,000	92,769,000
Cash Outflows		
Benefit payments/refunds	77,720,000	82,376,000
Administrative expense	<u>0</u>	<u>0</u>
Total Outflows	77,720,000	82,376,000
Net cash flow before asset gain/(losses)*	85,642,000	10,393,000
Investment gains or losses (realized and unrealized)	4,126,000	32,551,000
Net plan assets	\$ 1,503,789,000	\$ 1,233,225,000

*Appreciation/depreciation in Fair Value does not generate cash inflows or outflows.

Actuarial Valuations

Pension	Assets	Liabilities	Unfunded	Ratio
June 30, 2018	\$19.496B	\$33.796B	\$14.300B	57.7%
June 30, 2019	\$20.154B	\$34.677B	\$14.523B	58.1%

Health	Assets	Liabilities	Unfunded	Ratio
June 30, 2018	\$1.214B	\$3.341B	\$2.127B	36.3%
June 30, 2019	\$1.442B	\$3.133B	\$1.691B	46%

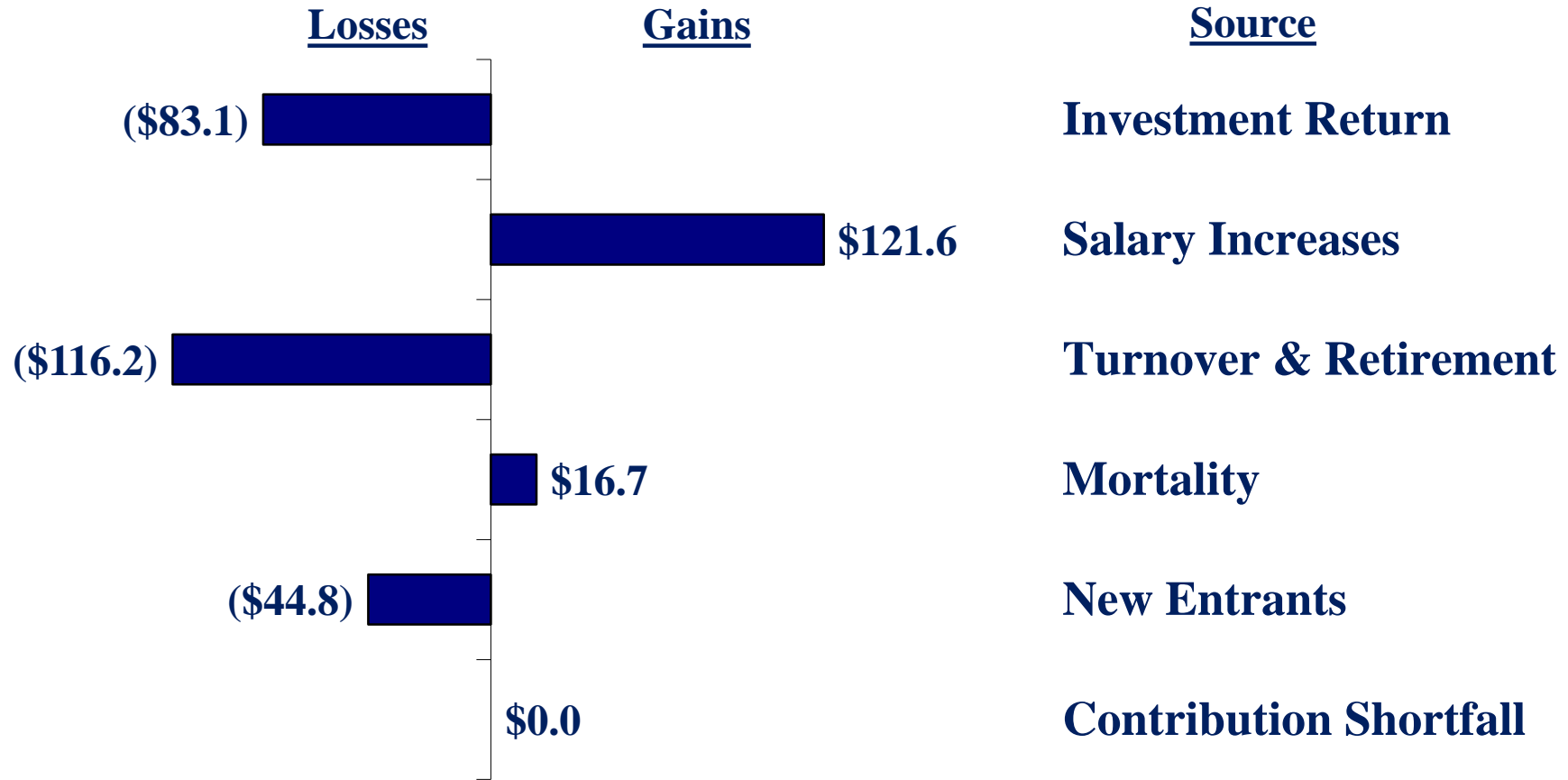
Actuarial Findings

From Annual Valuation for Year Ended June 30, 2019

- TRS received 100% of actuarially determined employer contribution
- Annuity trust increased by \$390 million
- Negative cash flow improved for 2019 as percentage of assets to (3.48)% from (3.63)%

Actuarial Findings

Actuarial Experience Gain/(Loss) Analysis



Dollars in millions



***Our Members
Come First!***

800-618-1687

**8 a.m. – 5 p.m. ET
Monday – Friday**

info@trs.ky.gov
<https://trs.ky.gov>

Protecting & Preserving Teachers' Retirement Benefits