

SENATE MEMBERS

Robert Stivers

President, LRC Co-Chair

David Givens

President Pro Tempore

Damon Thayer

Majority Floor Leader

Morgan McGarvey

Minority Floor Leader

Julie Raque Adams

Majority Caucus Chair

Johnny Ray Turner

Minority Caucus Chair

Mike Wilson

Majority Whip

Dennis Parrett

Minority Whip



LEGISLATIVE RESEARCH COMMISSION

State Capitol 700 Capital Avenue Frankfort KY 40601

502-564-8100

Capitol Fax 502-564-2922

Annex Fax 502-564-6543

legislature.ky.gov

Jay D. Hartz

Director

HOUSE MEMBERS

David W. Osborne

Speaker, LRC Co-Chair

David Meade

Speaker Pro Tempore

John Bam Carney

Majority Floor Leader

Joni L. Jenkins

Minority Floor Leader

Suzanne Miles

Majority Caucus Chair

Derrick Graham

Minority Caucus Chair

Chad McCoy

Majority Whip

Angie Hatton

Minority Whip

MEMO

TO: The Public Pension Oversight Board

FROM: Sen. Jimmy Higdon, Co-Chair, Public Pension Oversight Board; Rep. Jim Duplessis, Co-Chair, Public Pension Oversight Board

RE: Recommendation regarding AA standardized template and evaluation period

Background

Per KRS 6.350 an actuarial analysis (AA) is prepared by actuaries retained by the state-administered retirement systems on legislative proposals impacting pension benefits, participation, or liabilities. In 2019 the Public Pension Oversight Board (PPOB) recommended extending the AA evaluation period on pension bills from 20 years to 30 years, requiring the AA to include summary information at the beginning of the AA document, and having the Legislative Research Commission (LRC) establish a set format for AAs.

Recommendation

The co-chairs are requesting that the PPOB recommend that the LRC require the state-administered retirement systems to:

- Extend the evaluation period from 20 to 30 years on all actuarial analyses completed by their actuaries for the 2020 Regular Session and thereafter; and
- Utilize the attached format/summary on all actuarial analyses completed by their actuaries for the 2020 Regular Session and thereafter.

The template would still require the same level of detail provided in prior AAs but would allow for specific summary information to be at the front of the AA document¹ and establish a consistent format. The systems would also still be required to submit information required by KRS 6.350(2)(c) in the event the actuarial impact is indeterminable or negligible and has not been forwarded to their actuary for review.

¹ The template would be used on all funds administered by the state-administered retirement systems if those funds are impacted by a legislative proposal including but not limited to any pension fund, retiree health fund, or life insurance fund.