



# Teachers' Retirement System of the State of Kentucky

## Public Pension Oversight Board

**June 24, 2021**

**Gary L. Harbin, CPA**  
Executive Secretary

# Experience Study

Covers Five Years ended June 30, 2020



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TEACHERS'  
Retirement System



TEACHERS' RETIREMENT SYSTEM  
OF THE STATE OF KENTUCKY  
STATEMENT OF RESULTS OF THE  
EXPERIENCE INVESTIGATION  
PREPARED AS OF JUNE 30, 2020

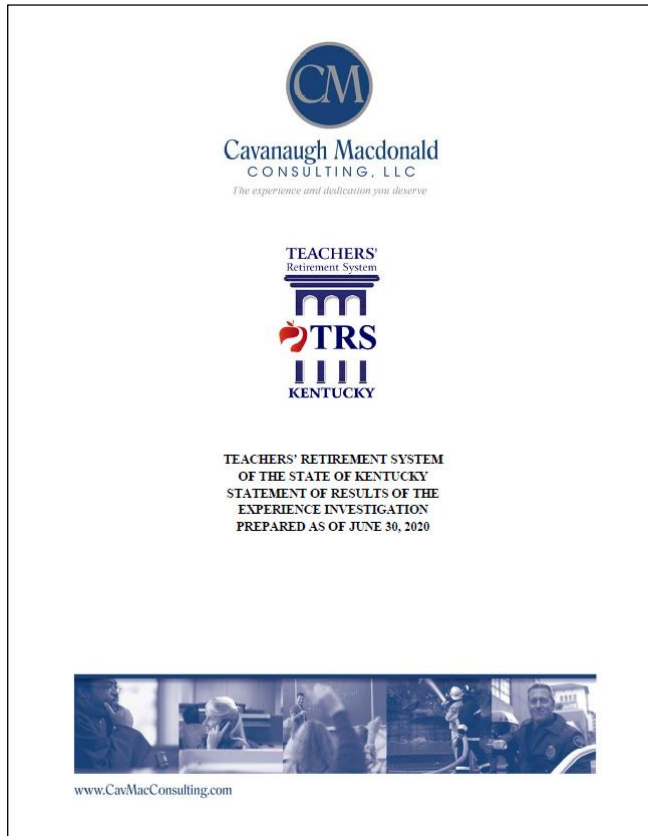


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# 2021 Experience Study

## Summary of Changes



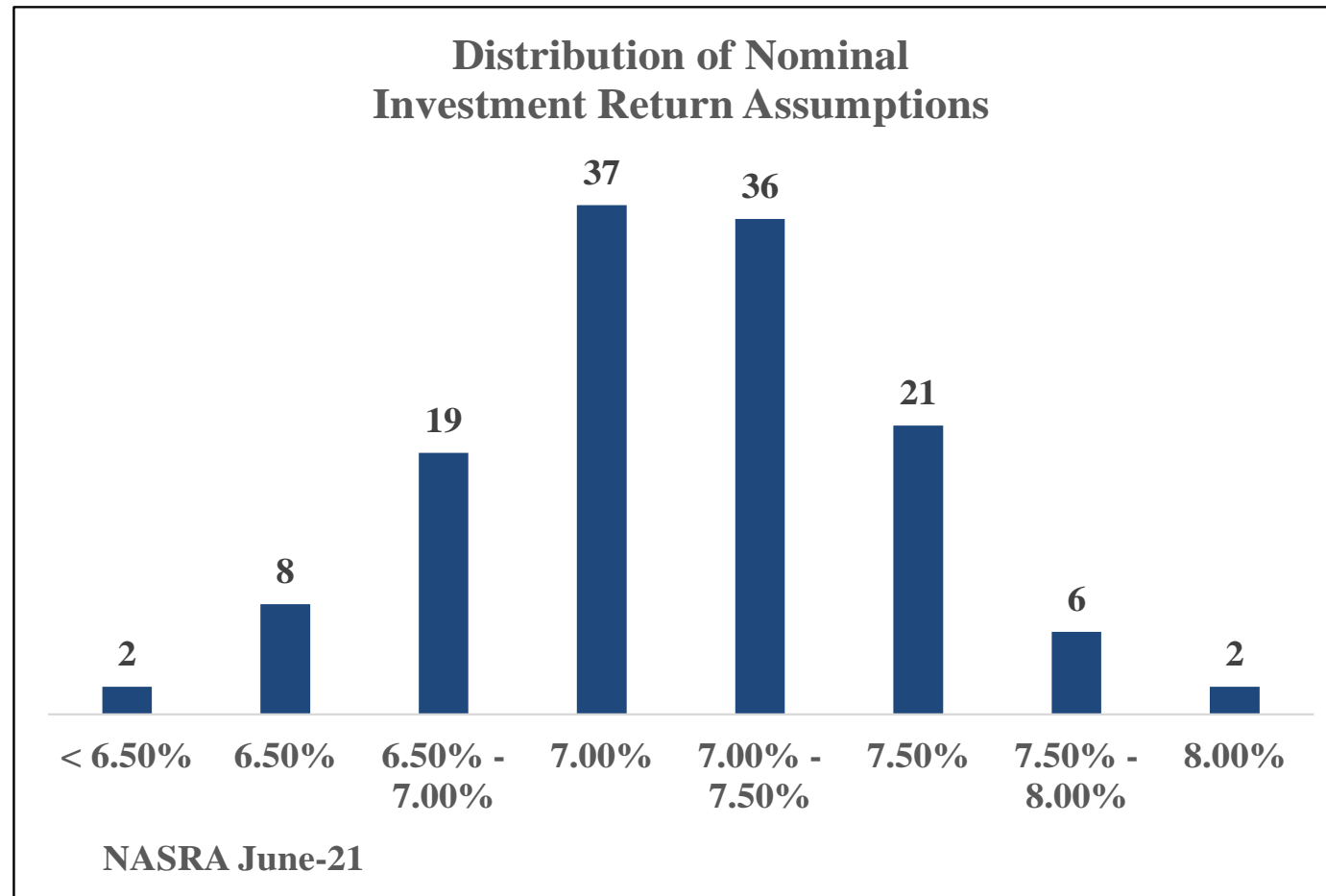
- Lower the investment return assumption for all plans to 7.1% (from 7.5%)
- Lower the payroll growth assumption to 2.75%
- Update to new teacher-specific mortality tables

# Economic Assumptions

## Investment Return



### ➤ Peer Comparison:



# Experience Study

## Summary of Changes for Retirement Annuity Trust

Total Liabilities as of June 30, 2020 (in billions)			\$35.58
	Increase	Decrease	
Member withdrawals	0.07		
Service retirements	0.05		
Mortality tables	1.49		
Salary changes		0.40	
Sick leave	0.12		
Lowering discount factor to 7.1%	1.65		
<b>Net Change</b>			<b>\$2.95</b>



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# Experience Study

## Summary of Changes for Health Insurance Trust

Total Liabilities as of June 30, 2020 (in billions)			\$2.76
	Increase	Decrease	
Member withdrawals	0.01		
Retirements	0.01		
Mortality tables	0.14		
Salary changes	0.03		
Member participation		0.03	
Health care trends		0.13	
Lowering discount factor to 7.1%	0.32		
<b>Net Change</b>			<b>\$0.35</b>



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# Budget Impact

## Based on Annual Valuations

Budget request of additional funding for 2023 already has been determined at \$629.4 million.

The 2024 request will be determined based on the 2021 annual valuation.

# Experience Study

Timing Comes In Year That Could Help Offset Assumption Changes

Nominal Total Rate of Return		
Year Ending June 30	Actuarial Value	Market Value
2020	7.0%	5.5%
2019	7.1%	5.6%
2018	9.1%	10.5%
2017	9.3%	15.0%
2016	7.6%	-1.0%
Average	8.0%	7.1%



# Experience Study

## Timing Comes In Year That Could Help Offset Assumption Changes

### Retirement Annuity Trust

	FYTD 2021 (Q3)
Investment gains	4,460,600,000
Net plan assets	
Beginning of fiscal year	\$ 20,717,000,000
At end of period	\$ 24,742,500,000

### Health Insurance Trust

	FYTD 2021 (Q3)
Investment gains	367,400,000
Net plan assets	
Beginning of fiscal year	\$ 1,616,700,000
At end of period	\$ 2,126,000,000



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***Protecting & Preserving Teachers' Retirement Benefits***