



# JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY UPDATE

PUBLIC PENSION OVERSIGHT BOARD – NOVEMBER 22, 2021

**JOHN R. GRISE, CHAIR**  
BOARD OF TRUSTEES

**STEPHEN F. LELAURIN, CHAIR**  
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

**JOE BOWEN, CHAIR**  
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

**BO CRACRAFT**  
EXECUTIVE DIRECTOR



# INVESTMENT PERFORMANCE



Investment Performance								
As of June 30, 2021								
		MV	FY2021	3 Years	5 Years	10 Years	20 Years	ITD <sup>1</sup>
JRP	Defined Benefit	\$577.6M	37.2%	17.9%	15.2%	13.5%	8.5%	9.3%
	Cash Balance	\$3.0M	28.8%	15.1%	13.5%	-	-	11.3%
Benchmark <sup>2</sup>			27.5%	14.7%	13.2%	11.3%	7.5%	-
LRP	Defined Benefit	\$165.6M	37.2%	17.8%	15.1%	13.5%	8.4%	9.3%
	Cash Balance	\$0.8M	28.5%	15.1%	13.5%	-	-	11.3%
Benchmark <sup>2</sup>			27.5%	14.7%	13.2%	11.3%	7.5%	-

Returns are Net of Fees with exception of 20-year and Since Inception

<sup>1</sup> Inception to Date performance: January 1, 1993 (Legacy DB) and June 1, 2015 (Cash Balance)

<sup>2</sup> Benchmark is 70% S&P 500 Index + 30% Barclays Intermediate Government/Credit Index (compounded monthly)

# CASH FLOW

Fiscal Year ended June 30, 2021  
compared to June 30, 2020

	Judicial Retirement Plan		Legislators Retirement Plan	
12 Months ending June 30	FY 2020	FY2021	FY 2020	FY2021
<i>Member Contributions</i>	\$1.931	\$2.128	\$0.250	\$0.303
<i>Employer Contributions/Appropriations</i>	\$8.732	\$7.148	\$0.000	\$0.000
<i>Investment Income (Net of Inv. Expense)</i>	<u>\$10.299</u>	<u>\$10.002</u>	<u>\$3.308</u>	<u>\$2.538</u>
<b>Total Cash Inflows</b>	<b>\$20.963</b>	<b>\$19.278</b>	<b>\$3.558</b>	<b>\$2.841</b>
<i>Benefit Payments/Refunds</i>	\$26.389	\$26.215	\$5.844	\$5.964
<i>Admin. Expense</i>	<u>\$0.392</u>	<u>\$0.377</u>	<u>\$0.294</u>	<u>\$0.226</u>
<b>Total Cash Outflows</b>	<b>\$26.781</b>	<b>\$26.592</b>	<b>\$6.138</b>	<b>\$6.190</b>
<b>NET Cash Flow Before Asset Gain/(Losses)</b>	<b>(\$5.818)</b>	<b>(\$7.314)</b>	<b>(\$2.580)</b>	<b>(\$3.349)</b>
<i>Realized/Unrealized Asset Gains/(Losses)</i>	\$14.740	\$148.961	\$4.239	\$43.340
<b>Change in Net Position</b>	<b>\$9.319</b>	<b>\$141.647</b>	<b>\$1.659</b>	<b>\$39.991</b>
<i>Beginning of Period</i>	\$431.159	\$440.477	\$127.245	\$128.904
<i>End of Period</i>	\$440.477	\$582.124	\$128.904	\$168.895



# VALUATION RESULTS



*As of July 1, 2021*



## FUNDING:

Total Liability

## Pension

\$379.5M

## Health

\$39.4M

## Pension

\$72.6M

## Health

\$15.7M

Actuarial Assets

\$359.4M

\$107.3M

\$79.0M

\$56.8M

**Accrued Liability**

**\$20.1M**

**(\$67.9M)**

**(\$6.5M)**

**(\$41.1M)**

**Funding Level**

**94.7%**

**272.5%**

**108.9%**

**362.6%**

## EMPLOYER COST:

Normal Cost

## Pension

3,165,905

## Health

623,271

## Pension

510,862

## Health

132,464

UAL Cost

1,511,813

(5,094,677)

(483,854)

(3,085,371)

**ADEC <sup>1</sup>**

**4,677,718**

**-**

**27,008**

**-**

**% of Payroll**

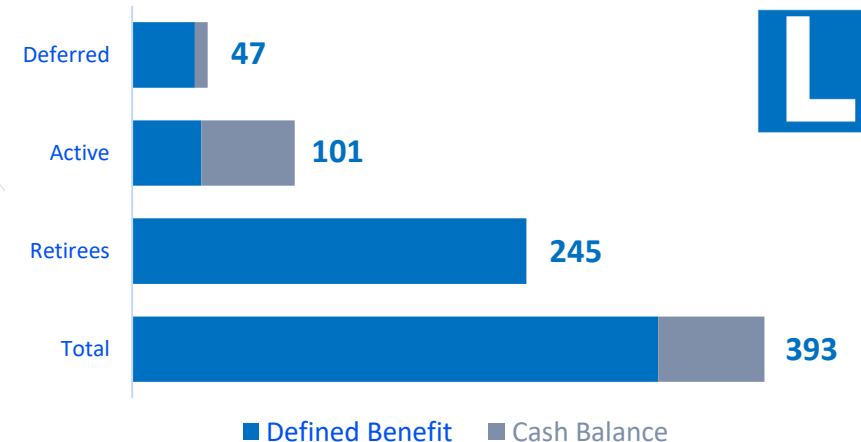
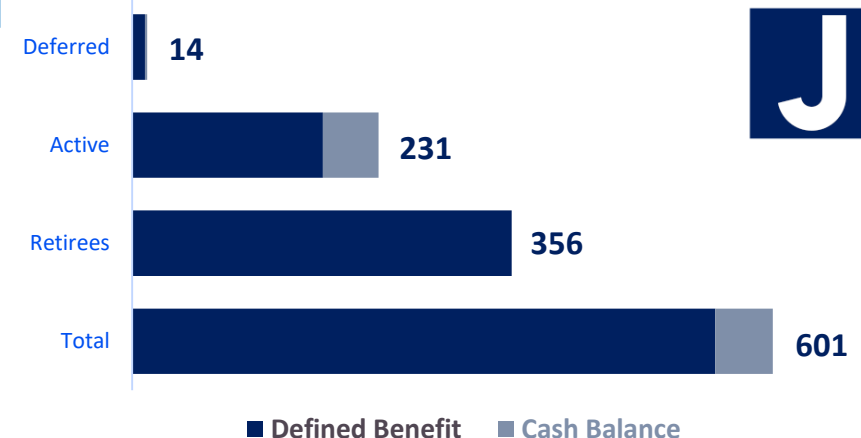
**15.84%**

**-**

**0.64%**

**-**

## PLAN MEMBERSHIP



<sup>1</sup> Actuarially Determined Employer Contribution



# HOUSEKEEPING REQUESTS



## Three Primary Goals:

- Amend KRS 21.525 to revise UAL Amortization Policy
  - Modernize from dated “1% Plus Interest” model currently required by statute.
  - Transition to layered amortization base approach, mirroring KPPA and TRS.
  - Given healthy funding status, impact will be minimal, if not positive.
- Amend KRS 21.540 to clarify budget request process for Administrative Expenses
  - Administrative expenses are paid out of trust funds on prorated basis
  - Projected administrative expenses have been incorporated into the biennial funding valuations
  - Seeking to add language to better clarify how funds are requested during budget process
- Technical/Clean up of KRS Chapter 6 and 21
  - KRS Chapter 6 and 21 have a few sections with language that has since been voided
  - Seeking to revise for clarification and more efficient administration of benefits