



PERFORMANCE AND CASH FLOW REPORT DATA AS OF MARCH 31, 2021

Public Pension Oversight Board

May 24, 2021

David Eager, Executive Director
Kentucky Public Pensions Authority (KPPA)

Performance and Cash Flow Highlights

KERS, CERS and SPRS as of March 31, 2021

Performance

- ▶ All Pension YTD performance was 18.44% resulting in a net increase of \$2.3B in assets.
 - ▶ Performance above the benchmark* was 106 bps which is equal to \$134.9M
- ▶ All Insurance YTD performance was 18.74% resulting in a net increase of \$1.0B in assets.
 - ▶ Performance above the benchmark* was 102 bps which is equal to \$55.9M

Cash Flow

(\$ in Millions)	Net Cash Flow w/o Investment Income**	Net Cash Flow w/ Investment Income**
KERS	\$13.5	\$48.0
CERS	(\$187.7)	(\$88.8)

*Benchmark returns equal targeted allocations investment in the respective indices.

**Dividends and interest

Pension - Investment Update 3/31/21

Net of Fees Rates of Return




	Market Value (in \$millions)	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
KERS Non-Hazardous	\$2,706.3	16.4%	26.5%	8.2%	9.0%	7.2%	6.5%	8.1%
<i>Plan Index</i>		15.1%	25.5%	7.6%	8.6%	7.1%	6.5%	8.0%
KERS Hazardous	\$825.6	18.7%	29.8%	8.5%	9.6%	7.5%	6.7%	8.2%
<i>Plan Index</i>		17.9%	29.4%	8.2%	9.5%	7.4%	6.6%	8.1%
CERS Non-Hazardous	\$8,201.9	19.0%	29.7%	8.6%	9.7%	7.5%	6.7%	8.2%
		17.9%	29.4%	8.2%	9.5%	7.4%	6.6%	8.1%
CERS Hazardous	\$2,780.1	19.0%	29.7%	8.6%	9.7%	7.5%	6.7%	8.2%
		17.9%	29.4%	8.2%	9.5%	7.4%	6.6%	8.1%
SPRS	\$331.5	16.1%	26.6%	8.1%	9.0%	7.1%	6.4%	8.1%
<i>Plan Index</i>		15.1%	25.5%	7.5%	8.8%	7.1%	6.5%	8.0%

Insurance - Investment Update 3/31/21



Net of Fees Rates of Return

	Market Value (in \$millions)	FYTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
KERS Non-Hazardous	\$1,230.5	19.0%	30.9%	8.3%	9.5%	6.8%	5.9%	7.4%
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
KERS Hazardous	\$596.8	18.7%	28.4%	8.2%	9.5%	7.0%	6.0%	7.4%
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
CERS Non-Hazardous	\$2,966.8	18.6%	28.5%	8.3%	9.7%	7.1%	6.0%	7.4%
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
CERS Hazardous	\$1,529.0	18.7%	28.2%	8.4%	9.7%	7.1%	6.0%	7.5%
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
SPRS	\$233.7	18.9%	28.5%	8.5%	9.8%	7.2%	6.0%	7.5%
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%




Pension Fund Contribution Report
KERS Non-Hazardous, KERS Hazardous & SPRS
March 31, 2021 (compared to March 31, 2020)
(\$ in millions)

						
Contributions	FY21	FY20	FY21	FY20	FY21	FY20
<i>Member Contributions</i>	\$66.9	\$75.4	\$15.1	\$14.8	\$3.6	\$3.6
<i>Employer Contributions</i>	719.2	756.8	46.8	47.7	44.9	48.1
<i>Net Investment Income</i>	34.5	29.0	10.1	9.7	4.2	4.0
Contribution Inflows	820.6	861.2	72.0	72.2	52.7	55.7
<i>Benefit Payments/Refunds</i>	764.2	759.4	58.3	56.4	47.6	46.8
<i>Administrative Expenses</i>	8.4	8.7	0.9	0.9	0.2	0.2
Contribution Outflows	772.6	768.1	59.2	57.3	47.8	47.0
NET Contributions	48.0	93.1	12.8	14.9	4.9	8.7
<i>Realized and Unrealized Gain/(Loss)</i>	345.4	(158.4)	119.7	(62.1)	41.8	(21.3)
Change in Net Position	393.4	(65.3)	132.5	(47.2)	46.7	(12.6)
<i>Beginning of Period</i>	2,362.2	2,286.6	697.4	687.9	295.0	287.2
<i>End of Period</i>	\$2,755.6	\$2,221.3	\$829.9	\$640.7	\$341.7	\$274.6



Pension Fund Contribution Report
CERS Non-Hazardous and CERS Hazardous
March 31, 2021 (compared to March 31, 2020)
(\$ in millions)

	 CERS NON-HAZARDOUS County Employees Retirement System		 CERS HAZARDOUS County Employees Retirement System	
Contributions	FY21	FY20	FY21	FY20
<i>Member Contributions</i>	\$119.4	\$125.8	\$46.9	\$48.7
<i>Employer Contributions</i>	338.6	345.7	129.6	127.1
<i>Net Investment Income</i>	98.8	97.7	33.4	33.8
Contribution Inflows	556.8	569.2	209.9	209.6
<i>Benefit Payments/Refunds</i>	629.4	608.6	220.4	208.6
<i>Administrative Expenses</i>	16.2	16.2	1.5	1.4
Contribution Outflows	645.6	624.8	221.8	210.1
NET Contributions	(88.8)	(55.6)	(11.9)	(0.5)
<i>Realized and Unrealized Gain/(Loss)</i>	1,224.4	(623.6)	413.3	(213.5)
Change in Net Position	1,131.6	(679.2)	401.4	(214.0)
<i>Beginning of Period</i>	7,110.9	7,243.0	2,395.7	2,429.6
<i>End of Period</i>	\$8,246.5	\$6,563.8	\$2,797.1	\$2,215.6

Insurance Fund Contribution Report
KERS Non-Hazardous, KERS Hazardous & SPRS
March 31, 2021 (compared to March 31, 2020)
(\$ in millions)

	 KERS NON-HAZARDOUS Kentucky Employees Retirement System		 KERS HAZARDOUS Kentucky Employees Retirement System		 SPRS State Police Retirement System	
Contributions	FY21	FY20	FY21	FY20	FY21	FY20
<i>Employer Contributions</i>	\$115.3	\$128.5	-	\$3.4	\$7.0	\$10.0
<i>Insurance Premiums</i>	17.3	0.1	1.2	-	0.8	-
<i>Retired Reemployed Healthcare</i>	3.4	3.4	1.0	1.0	-	-
<i>Health Insurance Contributions (HB1)</i>	4.7	4.6	0.9	0.8	0.2	0.1
<i>Net Investment Income</i>	14.1	13.7	6.3	7.0	2.3	2.6
Contribution Inflow	154.8	150.3	9.4	12.2	10.3	12.7
<i>Healthcare Premiums</i>	94.7	94.4	15.1	14.7	11.0	10.6
<i>Administrative Expenses</i>	0.6	0.6	0.1	0.1	0.1	-
Contribution Outflow	95.3	95.0	15.2	14.8	11.1	10.6
NET Contributions	59.5	55.3	(5.8)	(2.6)	(0.8)	2.1
<i>Realized and Unrealized Gain/(Loss)</i>	179.9	(92.3)	88.4	(45.5)	35.2	(16.4)
Change in Net Position	239.4	(37.0)	82.6	(48.1)	34.4	(14.3)
<i>Beginning of Period</i>	1,006.5	942.1	514.7	527.1	200.2	200.1
<i>Ending of Period</i>	\$1,245.9	\$905.1	\$597.3	\$479.0	\$234.6	\$185.8

Insurance Fund Contribution Report
CERS Non-Hazardous and CERS Hazardous
March 31, 2021 (compared to March 31, 2020)
(in \$millions)

	 CERS NON-HAZARDOUS County Employees Retirement System		 CERS HAZARDOUS County Employees Retirement System	
Contributions	FY21	FY20	FY21	FY20
<i>Employer Contributions</i>	\$89.3	\$90.7	\$43.9	\$42.9
<i>Insurance Premiums</i>	21.1	0.5	2.8	-
<i>Retired Reemployed Healthcare</i>	3.6	3.6	0.9	0.8
<i>Health Insurance Contributions (HB1)</i>	9.7	9.4	2.3	2.1
<i>Net Investment Income</i>	31.3	33.4	15.6	17.4
Contribution Inflows	155.0	137.6	65.5	63.2
<i>Healthcare Premiums</i>	107.7	103.5	63.7	61.1
<i>Administrative Expenses</i>	0.7	0.7	0.3	0.3
Contribution Outflows	108.4	104.2	64.0	61.4
NET Contributions	46.6	33.4	1.5	1.8
<i>Realized and Unrealized Gain/(Loss)</i>	434.3	(216.3)	226.7	(111.5)
Change in Net Position	480.9	(182.9)	228.2	(109.7)
<i>Beginning of Period</i>	2,498.1	2,486.5	1,305.1	1,324.8
<i>End of Period</i>	\$2,979.0	\$2,303.6	\$1,533.3	\$1,215.1



HOUSE BILL 8 APPEALS

Public Pension Oversight Board

May 24, 2021

David Eager, Executive Director
Kentucky Public Pensions Authority (KPPA)

Appeals Process

HB 8 Section 1 (1)(d)(5)

Now

Employers can request a list of the members who are attributed to their HB 8 percentage of liability



Prior to Dec 1, 2021

KPPA staff review the appeal documents and make a recommendation to the KRS Board



December 2021

KRS Board reviews the submitted documents and staff recommendation and makes final determination



On or Before July 1, 2021

Employers submit their appeal to the KRS Board before July 1, 2021. They can appeal based on:

- They are not the last KERS employer for the employee
- The employee was hired due to a contract between the agency and the executive branch
- The employee was reported as part of a mental health center that was contracted to provide services at a facility that was previously operated by the executive branch

January 2022

KRS Board sends summary of determination including:

- List of appeals received
- Number of employees affected
- Costs to be transferred to the executive branch

KPPA Providing KERS-Non Haz Participant Liabilities to Employers

- ▶ At the Employer's request, KPPA is providing a list of participant names, and social security numbers
 - ▶ Employers are requesting that KPPA also provide the associated liability for each member. They are attempting to verify their GRS liability even though GRS prevails
 - ▶ If they can establish a person needs to be removed, we will do so, but we have not provided the liability to employers who are eligible to cease participation
 - ▶ Based on the liability amount, employers contemplating ceasing participation could make decisions adverse to an employee before ceasing participation.
- ▶ HB 1 provisions allowing non-university employers to cease participation expired on May 1, 2021
- ▶ KPPA is now providing the liability information to employers who are no longer eligible to cease participation



KPPA

Kentucky Public Pensions Authority

Connect with Us

1-800-928-4646



KYRET.KY.GOV



[@KYretire](https://twitter.com/KYretire)



[@KYretirement](https://facebook.com/KYretirement)