



# 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**
<b>KERS</b>	<b>\$13.5</b>	<b>\$48.0</b>
<b>CERS</b>	<b>(\$187.7)</b>	<b>(\$88.8)</b>

\*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
<b>KERS Non-Hazardous</b>	<b>\$2,706.3</b>	<b>16.4%</b>	<b>26.5%</b>	<b>8.2%</b>	<b>9.0%</b>	<b>7.2%</b>	<b>6.5%</b>	<b>8.1%</b>
<i>Plan Index</i>		15.1%	25.5%	7.6%	8.6%	7.1%	6.5%	8.0%
<b>KERS Hazardous</b>	<b>\$825.6</b>	<b>18.7%</b>	<b>29.8%</b>	<b>8.5%</b>	<b>9.6%</b>	<b>7.5%</b>	<b>6.7%</b>	<b>8.2%</b>
<i>Plan Index</i>		17.9%	29.4%	8.2%	9.5%	7.4%	6.6%	8.1%
<b>CERS Non-Hazardous</b>	<b>\$8,201.9</b>	<b>19.0%</b>	<b>29.7%</b>	<b>8.6%</b>	<b>9.7%</b>	<b>7.5%</b>	<b>6.7%</b>	<b>8.2%</b>
		17.9%	29.4%	8.2%	9.5%	7.4%	6.6%	8.1%
<b>CERS Hazardous</b>	<b>\$2,780.1</b>	<b>19.0%</b>	<b>29.7%</b>	<b>8.6%</b>	<b>9.7%</b>	<b>7.5%</b>	<b>6.7%</b>	<b>8.2%</b>
		17.9%	29.4%	8.2%	9.5%	7.4%	6.6%	8.1%
<b>SPRS</b>	<b>\$331.5</b>	<b>16.1%</b>	<b>26.6%</b>	<b>8.1%</b>	<b>9.0%</b>	<b>7.1%</b>	<b>6.4%</b>	<b>8.1%</b>
<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
<b>KERS Non-Hazardous</b>	<b>\$1,230.5</b>	<b>19.0%</b>	<b>30.9%</b>	<b>8.3%</b>	<b>9.5%</b>	<b>6.8%</b>	<b>5.9%</b>	<b>7.4%</b>
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
<b>KERS Hazardous</b>	<b>\$596.8</b>	<b>18.7%</b>	<b>28.4%</b>	<b>8.2%</b>	<b>9.5%</b>	<b>7.0%</b>	<b>6.0%</b>	<b>7.4%</b>
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
<b>CERS Non-Hazardous</b>	<b>\$2,966.8</b>	<b>18.6%</b>	<b>28.5%</b>	<b>8.3%</b>	<b>9.7%</b>	<b>7.1%</b>	<b>6.0%</b>	<b>7.4%</b>
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
<b>CERS Hazardous</b>	<b>\$1,529.0</b>	<b>18.7%</b>	<b>28.2%</b>	<b>8.4%</b>	<b>9.7%</b>	<b>7.1%</b>	<b>6.0%</b>	<b>7.5%</b>
<i>Plan Index</i>		17.8%	28.6%	8.0%	9.5%	7.4%	6.2%	7.7%
<b>SPRS</b>	<b>\$233.7</b>	<b>18.9%</b>	<b>28.5%</b>	<b>8.5%</b>	<b>9.8%</b>	<b>7.2%</b>	<b>6.0%</b>	<b>7.5%</b>
<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)

	 <b>KERS</b> NON-HAZARDOUS <small>Kentucky Employees Retirement System</small>		 <b>KERS</b> HAZARDOUS <small>Kentucky Employees Retirement System</small>		 <b>SPRS</b> State Police Retirement System	
<b>Contributions</b>	<b>FY21</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20</b>
<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
<b>Contribution Inflows</b>	<b>820.6</b>	<b>861.2</b>	<b>72.0</b>	<b>72.2</b>	<b>52.7</b>	<b>55.7</b>
<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
<b>Contribution Outflows</b>	<b>772.6</b>	<b>768.1</b>	<b>59.2</b>	<b>57.3</b>	<b>47.8</b>	<b>47.0</b>
<b>NET Contributions</b>	<b>48.0</b>	<b>93.1</b>	<b>12.8</b>	<b>14.9</b>	<b>4.9</b>	<b>8.7</b>
<i>Realized and Unrealized Gain/(Loss)</i>	345.4	(158.4)	119.7	(62.1)	41.8	(21.3)
<b>Change in Net Position</b>	<b>393.4</b>	<b>(65.3)</b>	<b>132.5</b>	<b>(47.2)</b>	<b>46.7</b>	<b>(12.6)</b>
<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)

	 <b>CERS</b> NON-HAZARDOUS County Employees Retirement System		 <b>CERS</b> HAZARDOUS County Employees Retirement System	
<b>Contributions</b>	<b>FY21</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20</b>
<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
<b>Contribution Inflows</b>	<b>556.8</b>	<b>569.2</b>	<b>209.9</b>	<b>209.6</b>
<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
<b>Contribution Outflows</b>	<b>645.6</b>	<b>624.8</b>	<b>221.8</b>	<b>210.1</b>
<b>NET Contributions</b>	<b>(88.8)</b>	<b>(55.6)</b>	<b>(11.9)</b>	<b>(0.5)</b>
<i>Realized and Unrealized Gain/(Loss)</i>	1,224.4	(623.6)	413.3	(213.5)
<b>Change in Net Position</b>	<b>1,131.6</b>	<b>(679.2)</b>	<b>401.4</b>	<b>(214.0)</b>
<i>Beginning of Period</i>	7,110.9	7,243.0	2,395.7	2,429.6
<i>End of Period</i>	<b>\$8,246.5</b>	<b>\$6,563.8</b>	<b>\$2,797.1</b>	<b>\$2,215.6</b>

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

	 <b>KERS</b> NON-HAZARDOUS Kentucky Employees Retirement System		 <b>KERS</b> HAZARDOUS Kentucky Employees Retirement System		 <b>SPRS</b> State Police Retirement System	
<b>Contributions</b>	<b>FY21</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20</b>
<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
<b>Contribution Inflow</b>	<b>154.8</b>	<b>150.3</b>	<b>9.4</b>	<b>12.2</b>	<b>10.3</b>	<b>12.7</b>
<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	-
<b>Contribution Outflow</b>	<b>95.3</b>	<b>95.0</b>	<b>15.2</b>	<b>14.8</b>	<b>11.1</b>	<b>10.6</b>
<b>NET Contributions</b>	<b>59.5</b>	<b>55.3</b>	<b>(5.8)</b>	<b>(2.6)</b>	<b>(0.8)</b>	<b>2.1</b>
<i>Realized and Unrealized Gain/(Loss)</i>	179.9	(92.3)	88.4	(45.5)	35.2	(16.4)
<b>Change in Net Position</b>	<b>239.4</b>	<b>(37.0)</b>	<b>82.6</b>	<b>(48.1)</b>	<b>34.4</b>	<b>(14.3)</b>
<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)

	 <b>CERS</b> NON-HAZARDOUS County Employees Retirement System		 <b>CERS</b> HAZARDOUS County Employees Retirement System	
<b>Contributions</b>	<b>FY21</b>	<b>FY20</b>	<b>FY21</b>	<b>FY20</b>
<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
<b>Contribution Inflows</b>	<b>155.0</b>	<b>137.6</b>	<b>65.5</b>	<b>63.2</b>
<i>Healthcare Premiums</i>	107.7	103.5	63.7	61.1
<i>Administrative Expenses</i>	0.7	0.7	0.3	0.3
<b>Contribution Outflows</b>	<b>108.4</b>	<b>104.2</b>	<b>64.0</b>	<b>61.4</b>
<b>NET Contributions</b>	<b>46.6</b>	<b>33.4</b>	<b>1.5</b>	<b>1.8</b>
<i>Realized and Unrealized Gain/(Loss)</i>	434.3	(216.3)	226.7	(111.5)
<b>Change in Net Position</b>	<b>480.9</b>	<b>(182.9)</b>	<b>228.2</b>	<b>(109.7)</b>
<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

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