



Teachers' Retirement System of the State of Kentucky

Public Pension Oversight Board

Nov. 15, 2022

Gary L. Harbin, CPA
Executive Secretary

Actuarial Valuations

Key Happenings for June 30, 2022

Investment Returns

- Annuity Trust: -10.68% gross, -10.89% net
- Insurance Trust: -9.43% gross, -9.67% net
- Impact reduced by smoothed gain from last year's record returns

Additional funding

- \$479 million provided to pay off previously awarded benefits

No assumption changes

Actuarial Valuations

Summary

Retirement Annuity	Assets	Liabilities	Unfunded	Ratio
June 30, 2021	\$ 22.6 B	\$ 39.6 B	\$ 17 B	57.2%
June 30, 2022	\$ 24.1 B	\$ 41 B	\$ 16.9 B	58.8%

Health Insurance	Assets	Liabilities	Unfunded	Ratio
June 30, 2021	\$ 2.1 B	\$ 3.5 B	\$ 1.4 B	60%
June 30, 2022	\$ 2.4 B	\$ 3.8 B	\$ 1.4 B	63.7%

Actuarial Findings

From Annual Valuation for Fiscal Year Ended June 30, 2022

- TRS received 140% of actuarially determined employer contribution for retirement annuity.
- Negative cash flow for 2022 as a percentage of assets was (1.19)%.
 - 2021: (3.85)%
 - 2020: (3.68)%
 - 2019: (3.48)%
 - 2018: (3.63)%

Actuarial Findings

Actuarial Experience Gain/(Loss) Analysis



2024-26 Budget Request

	Actual FY 2022	Actual FY 2023	Actual FY 2024	<i>Preliminary FY 2025</i>	<i>FY 2026</i>
Pension	682,300,000	690,225,500	690,031,100	805,700,000	<i>Based</i>
State's Shared Responsibility Portion		71,200,000	77,700,000	77,700,000	<i>on FY23</i>
Previously Awarded Benefits Payoff	479,000,000	-	-	-	<i>Valuation</i>
Percent of Actuarial Contribution Funded	140%				

Because of paying off the previously awarded benefits, the state contributed 140% of the actuarially determined employer contribution (ADEC) for FY 2022.

Because the ADEC is determined two years in advance, the appropriation for FY 2023 and FY 2024 will be less than 100% because it included the debt payment that no longer is necessary. This is a technicality. If you back out those amounts, the appropriations would be 100% of what the actuary determined.

Had the amortized payments not been paid off, the state's contribution to pension would increase about \$60 million.

The FY 2025 contribution was determined at \$805,700,000 for pension. The FY 2026 contribution will be determined in the valuation on June 30, 2023. The \$77.7 million for health insurance for FY 2025 is an estimate.



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Protecting & Preserving Teachers' Retirement Benefits