



Teachers' Retirement System of the State of Kentucky

Public Pension Oversight Board

Nov. 20, 2023

Gary L. Harbin, CPA
Executive Secretary

Actuarial Valuations

Key Findings for June 30, 2023

Both the retirement annuity and health insurance trusts received full funding.

Retirement Annuity Trust funded ratio was flat at just under 60%, which is as anticipated by the actuary in the 30-year projections over the next several years.

TRS 4 continues to be fully funded.

Health Insurance Trust funded ratio topped 70% (71.3%).

Both trusts on track for full funding with amortization periods.

Actuarial Valuations

Summary

Retirement Annuity	Assets	Liabilities	Unfunded	Ratio
June 30, 2022	\$ 24.1 b	\$ 41 b	\$ 16.9 b	58.8%
June 30, 2023	\$ 24.7 b	\$ 42.2 b	\$ 17.5 b	58.6%

Health Insurance	Assets	Liabilities	Unfunded	Ratio
June 30, 2022	\$ 2.4 b	\$ 3.8 b	\$ 1.4 b	63.7%
June 30, 2023	\$ 2.8 b	\$ 3.9 b	\$ 1.1 b	71.3%

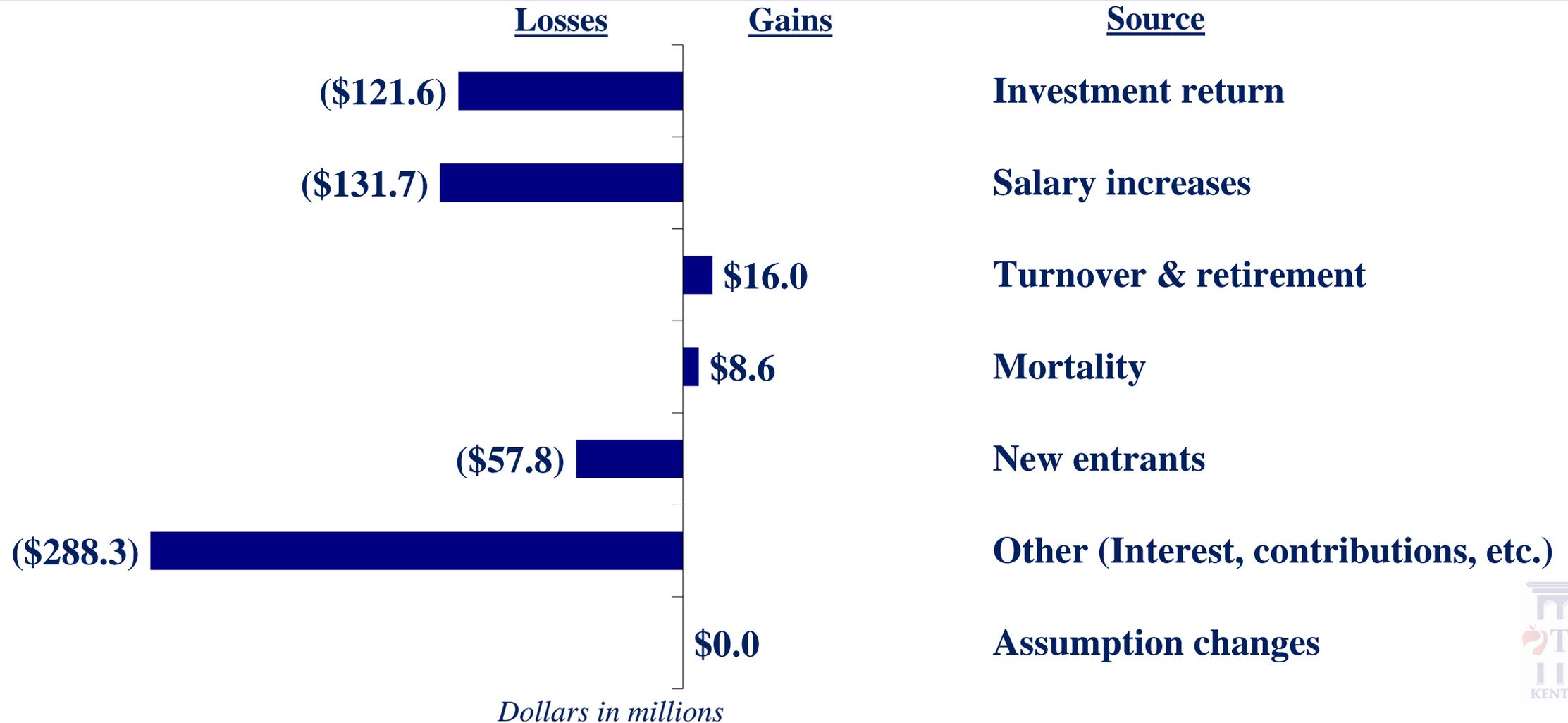
Actuarial Findings

Annuity Trust for Year Ended June 30, 2023

- Negative cash flow for 2023 as a percentage of assets was (4.02)%.
 - 2022: (1.19)%
 - 2021: (3.85)%
 - 2020: (3.68)%
 - 2019: (3.48)%
 - 2018: (3.63)%
- TRS received 140% of actuarially determined employer contribution for retirement annuity in 2022 because of \$479 million in additional funding to pay off previously awarded benefits

Actuarial Findings

Retirement Annuity Trust Experience Gain/(Loss) Analysis



Five-year History

Retirement Annuity Trust Contribution Detail

Fiscal	State Unfunded Liability Payment	State Employer Fixed	Other Employers Fixed	Members Fixed
2019	669	382	72	321
2020	658	391	86	325
2021	669	392	87	328
2022	1,172	398	109	357
2023	632	410	102	367

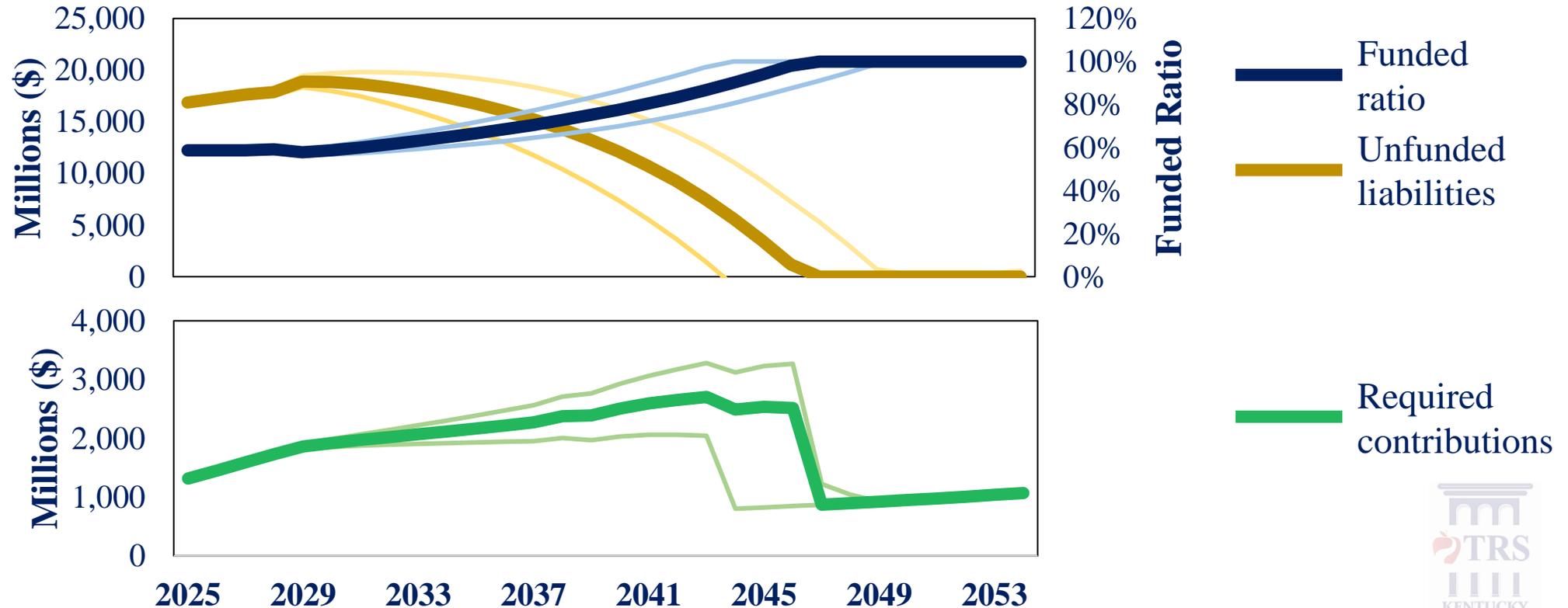
In millions.

Actuarial 30-Year Projections

At Full Funding, TRS Required Contributions Decrease

Actuary's retirement annuity projections at assumed 7.1% investment return.

Thick lines show projections; thin lines show projections adjusted for investment returns 1% higher and lower.



Five-year History

Health Insurance Trust Contribution Detail

Fiscal	State	Other Employers	Members/ Retirees
2019	76	107	132
2020	77	107	134
2021	78	107	128
2022	31	120	146
2023	85	123	149

In millions.

2024-26 Budget Request

	Actual FY 2024	<i>FY 2025</i>	<i>FY 2026</i>
Pension	650,706,000	769,840,000	953,031,000
State's Shared Responsibility Portion	77,700,000	76,900,000	84,200,000

Fiscal 2025 begins the assumed return reduction to 7.1% from 7.5%.

State Costs

(\$ in millions)	Fiscal 2024	Fiscal 2025	Fiscal 2026
State Statutory Fixed Rate (SEEK)			
Pension	\$ 421.0	\$ 430.0	\$ 439.1
Insurance	\$ 27.7	\$ 28.2	\$ 28.8
Total (SEEK)	\$ 448.7	\$ 458.2	\$ 467.9
State General Fund to TRS			
Pension (unfunded liability and other)	\$ 650.7	\$ 769.8	\$ 953.0
Insurance (Shared Responsibility)	\$ 77.7	\$ 76.9	\$ 84.2
Total	\$ 728.4	\$ 846.7	\$ 1,037.2
Total State Funding for TRS			
Pension	\$ 1,071.7	\$ 1,199.8	\$ 1,392.1
Insurance	\$ 105.4	\$ 105.1	\$ 113.0
Total	\$ 1,177.1	\$ 1,304.9	\$ 1,505.1



Our Members Come First!

800-618-1687

**8 a.m. – 5 p.m. ET
Monday – Friday**

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<https://trs.ky.gov>

Protecting & Preserving Teachers' Retirement Benefits