



# KPPA

Kentucky Public Pensions Authority

# Public Pensions Oversight Board

April 28, 2025

## KPPA Investments, Cash Flows & Legislative Update

Ryan Barrow, Executive Director

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**KPPA**  
Kentucky Public Pensions Authority

# Investment

Data for the Quarter ending March 31, 2025

# PENSION – PRELIMINARY INVESTMENT RETURNS

PERIODS ENDING MARCH 31, 2025



## NET OF FEES RATES OF RETURN

	MARKET VALUE (\$ IN MILLIONS)	QTR	FYTD	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS	AROR
KERS NH	\$4,710.2	1.26%	5.62%	5.22%	9.33%	6.52%	6.39%	7.61%	5.25%
PLAN BENCHMARK		0.95%	5.09%	5.03%	9.16%	6.36%	6.35%	7.61%	
KERS HAZ	\$1,077.2	0.58%	5.25%	5.87%	10.51%	7.15%	6.69%	7.81%	6.25%
PLAN BENCHMARK		0.43%	5.20%	5.82%	10.81%	7.10%	6.73%	7.87%	
SPRS	\$696.7	1.01%	5.31%	5.51%	9.46%	6.48%	6.36%	7.59%	5.25%
PLAN BENCHMARK		0.95%	5.09%	5.03%	9.16%	6.31%	6.33%	7.60%	
CERS NH	\$9,972.5	0.45%	5.01%	6.08%	10.74%	7.30%	6.77%	7.87%	6.50%
PLAN BENCHMARK		0.37%	5.22%	6.33%	11.04%	7.21%	6.79%	7.91%	
CERS HAZ	\$3,572.4	0.42%	5.00%	6.11%	10.71%	7.29%	6.76%	7.86%	6.50%
PLAN BENCHMARK		0.37%	5.22%	6.33%	11.04%	7.21%	6.78%	7.91%	

## INSURANCE – PRELIMINARY INVESTMENT RETURNS

PERIODS ENDING MARCH 31, 2025



## NET OF FEES RATES OF RETURN

	MARKET VALUE (\$ IN MILLIONS)	QTR	FYTD	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS	AROR
<b>KERS NH</b>	<b>\$1,733.2</b>	0.33%	5.11%	6.06%	10.63%	6.97%	6.25%	6.98%	6.50%
<b>PLAN BENCHMARK</b>		0.43%	5.20%	5.82%	10.69%	7.07%	6.51%	7.39%	
<b>KERS HAZ</b>	<b>\$686.8</b>	0.43%	4.85%	5.91%	10.46%	7.17%	6.40%	7.08%	6.50%
<b>PLAN BENCHMARK</b>		0.43%	5.20%	5.82%	10.59%	7.05%	6.51%	7.38%	
<b>SPRS</b>	<b>\$275.5</b>	0.43%	4.83%	5.88%	10.50%	7.34%	6.49%	7.14%	6.50%
<b>PLAN BENCHMARK</b>		0.43%	5.20%	5.82%	10.59%	7.06%	6.51%	7.39%	
<b>CERS NH</b>	<b>\$3,668.9</b>	0.34%	4.73%	6.11%	10.55%	7.29%	6.46%	7.12%	6.50%
<b>PLAN BENCHMARK</b>		0.37%	5.22%	6.33%	10.77%	7.15%	6.56%	7.42%	
<b>CERS HAZ</b>	<b>\$1,747.1</b>	0.32%	4.68%	6.06%	10.54%	7.35%	6.49%	7.14%	6.50%
<b>PLAN BENCHMARK</b>		0.37%	5.22%	6.33%	10.77%	7.15%	6.56%	7.42%	

Asset Allocation vs. IPS Targets & Ranges

March 31, 2025

	KRS PENSION COMPOSITE			CERS PENSION COMPOSITE			KRS INSURANCE COMPOSITE			CERS INSURANCE COMPOSITE		
	ACTUAL	TARGET	RANGE	ACTUAL	TARGET	RANGE	ACTUAL	TARGET	RANGE	ACTUAL	TARGET	RANGE
EQUITY												
PUBLIC EQUITY	31.9%	31.7%	20.9%-41.7%	45.8%	45.0%	30%-55%	40.4%	40.0%	25%-50%	45.7%	45.0%	30%-55%
PRIVATE EQUITY	4.7%	6.3%	3.2%-9.5%	6.2%	8.0%	4%-12%	6.8%	8.0%	4%-12%	6.8%	8.0%	4%-12%
FIXED INCOME												
SPECIALTY CREDIT	21.3%	20.9%	15.9%-25.9%	20.7%	20.0%	16%-24%	25.7%	25.0%	20%-30%	21.2%	20.0%	16%-24%
CORE FIXED INCOME	24.6%	24.0%	19.5%-31.5%	13.3%	13.0%	10%-20%	11.0%	10.0%	8%-15%	13.3%	13.0%	10%-20%
CASH	2.8%	2.0%	0%-5%	3.2%	2.0%	0%-5%	2.2%	2.0%	0%-5%	1.9%	2.0%	0%-5%
INFLATION PROTECTED												
REAL RETURN	9.6%	9.6%	6.7%-12.7%	5.7%	7.0%	4%-10%	7.9%	8.0%	5%-11%	5.6%	7.0%	4%-10%
REAL ESTATE	5.1%	5.3%	3.2%-7.5%	5.2%	5.0%	3%-7%	6.0%	7.0%	4%-10%	5.5%	5.0%	3%-7%



**KPPA**  
Kentucky Public Pensions Authority

# KPPA Cash Flows

Data for the quarter ending March 31, 2025



**PENSION FUND CONTRIBUTION REPORT (KERS NHZ, KERS HAZ, & SPRS)**  
FOR THE NINE MONTHS ENDING MARCH 31, 2025, AND MARCH 31, 2024 (\$ IN MILLIONS)



CONTRIBUTIONS	FY25	FY24	FY25	FY24	FY25	FY24
MEMBER CONTRIBUTIONS	\$78.3	\$71.6	\$16.5	\$16.1	\$4.5	\$4.3
EMPLOYER CONTRIBUTIONS	113.2	115.8	52.8	67.1	38.7	46.5
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	648.1	673.7	-	-	-	-
GENERAL FUND APPROPRIATIONS	225.0	180.0	-	-	18.7	-
NET INVESTMENT INCOME	91.5	80.3	20.8	18.6	14.2	13.6
TOTAL INFLOWS	1,156.1	1,121.4	90.1	101.8	76.1	64.4
BENEFIT PAYMENTS/REFUNDS	795.4	781.2	71.4	62.8	49.9	47.7
ADMINISTRATIVE EXPENSES	10.3	10.3	1.2	1.2	0.2	0.2
TOTAL OUTFLOWS	805.7	791.5	72.6	64.0	50.1	47.9
NET FLOWS	350.4	329.9	17.5	37.8	26.0	16.5
REALIZED AND UNREALIZED GAIN/(LOSS)	148.0	226.9	32.8	71.0	20.4	36.6
CHANGE IN NET POSITION	498.4	556.8	50.3	108.8	46.4	53.1
BEGINNING NET POSTION	4,297.6	3,607.2	1,029.9	902.6	653.2	592.8
ENDING NET POSITION	\$4,796.0	\$4,164.0	\$1,080.2	\$1,011.4	\$699.6	\$645.9
NET FLOWS (WITHOUT INVESTMENT INCOME)	\$258.9	\$249.6	(\$3.3)	\$19.2	\$11.8	\$2.9
CASH FLOW AS % OF ASSETS	5.40%	5.99%	(0.31%)	1.90%	1.69%	0.45%
NET INVESTMENT INCOME	\$91.5	\$80.3	\$20.8	\$18.6	\$14.2	\$13.6
YIELD AS % OF ASSETS	1.91%	1.93%	1.93%	1.84%	2.03%	2.11%



**PENSION FUND CONTRIBUTION REPORT (CERS NHZ AND CERS HAZ)**  
FOR THE NINE MONTHS ENDING MARCH 31, 2025, AND MARCH 31, 2024 (\$ IN MILLIONS)



CONTRIBUTIONS	FY25	FY24	FY25	FY24
MEMBER CONTRIBUTIONS	\$120.1	\$115.5	\$49.0	\$45.0
EMPLOYER CONTRIBUTIONS	487.1	550.2	227.2	234.9
NET INVESTMENT INCOME	167.9	155.0	61.1	55.4
TOTAL INFLOWS	775.1	820.7	337.3	335.3
BENEFIT PAYMENTS/REFUNDS	764.9	720.7	288.5	262.2
ADMINISTRATIVE EXPENSES	19.4	19.3	1.7	1.7
TOTAL OUTFLOWS	784.3	740.0	290.2	263.9
NET FLOWS	(9.2)	80.7	47.1	71.4
REALIZED AND UNREALIZED GAIN/(LOSS)	312.1	722.5	108.2	255.5
CHANGE IN NET POSITION	302.9	803.2	155.3	326.9
BEGINNING NET POSITION	9,717.6	8,781.4	3,439.9	3,055.8
ENDING NET POSITION	\$10,020.5	\$9,584.6	\$3,595.2	\$3,382.7
NET FLOWS (WITHOUT INVESTMENT INCOME)	(\$177.1)	(\$74.3)	(\$14.0)	\$16.0
CASH FLOW AS % OF ASSETS	(1.77%)	(0.78%)	(0.39%)	0.47%
NET INVESTMENT INCOME	\$167.9	\$155.0	\$61.1	\$55.4
YIELD AS % OF ASSETS	1.68%	1.62%	1.70%	1.64%





# INSURANCE FUND CONTRIBUTION REPORT (KERS NHZ, KERS HAZ, & SPRS)

FOR THE NINE MONTHS ENDING MARCH 31, 2025, AND MARCH 31, 2024 (\$ IN MILLIONS)



CONTRIBUTIONS	FY25	FY24	FY25	FY24	FY25	FY24
EMPLOYER CONTRIBUTIONS	\$22.5	\$30.7	\$-	\$-	\$1.4	\$7.6
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	1.4	65.7	-	-	-	-
INSURANCE PREMIUMS	-	0.1	-	-	-	-
HUMANA GAIN SHARE	-	8.4	-	0.6	-	0.4
RETIRED REEMPLOYED HEALTHCARE	6.4	5.4	1.6	1.4	-	-
HEALTH INSURANCE CONTRIBUTIONS (HB1)	9.0	7.8	1.6	1.6	0.3	0.3
NET INVESTMENT INCOME	34.7	29.9	12.1	11.2	5.0	4.7
TOTAL INFLOWS	74.0	148.0	15.3	14.8	6.7	13.0
HEALTHCARE PREMIUMS	78.5	68.9	16.2	14.8	11.0	10.6
ADMINISTRATIVE EXPENSES	0.5	0.5	0.1	0.1	0.1	0.1
TOTAL OUTFLOWS	79.0	69.4	16.3	14.9	11.1	10.7
NET FLOWS	(5.0)	78.6	(1.0)	(0.1)	(4.4)	2.3
REALIZED AND UNREALIZED GAIN/(LOSS)	51.7	116.7	20.3	47.5	8.2	18.8
CHANGE IN NET POSITION	46.7	195.3	19.3	47.4	3.8	21.1
BEGINNING NET POSITION	1,692.1	1,465.5	667.9	616.3	272.1	246.8
ENDING NET POSITION	\$1,738.8	\$1,660.8	687.2	\$663.7	\$275.9	\$267.9
NET FLOWS (WITHOUT INVESTMENT INCOME)	(\$39.7)	\$48.7	(\$13.1)	(\$11.3)	(\$9.4)	(\$2.4)
CASH FLOW AS % OF ASSETS	(2.28%)	2.93%	(1.91%)	(1.70%)	(3.41%)	(0.90%)
NET INVESTMENT INCOME	\$34.7	\$29.9	\$12.1	\$11.2	\$5.0	\$4.7
YIELD AS % OF ASSETS	2.00%	1.80%	1.76%	1.69%	1.81%	1.75%



# INSURANCE FUND CONTRIBUTION REPORT (CERS NHZ & CERS HAZ)

FOR THE NINE MONTHS ENDING MARCH 31, 2025, AND MARCH 31, 2024 (\$ IN MILLIONS)



CONTRIBUTIONS	FY25	FY24	FY25	FY24
EMPLOYER CONTRIBUTIONS	\$0.6	\$2.5	\$13.1	\$15.2
INSURANCE PREMIUMS	0.1	0.3	(0.2)	(0.1)
HUMANA GAIN SHARE	-	10.4	-	1.6
RETIRED REEMPLOYED HEALTHCARE	9.2	5.2	1.7	1.5
HEALTH INSURANCE CONTRIBUTIONS (HB1)	16.2	14.7	4.3	3.6
NET INVESTMENT INCOME	61.5	58.6	28.1	27.2
TOTAL INFLOWS	87.6	91.7	47.0	49.0
HEALTHCARE PREMIUMS	105.8	88.1	78.5	73.8
ADMINISTRATIVE EXPENSES	0.7	0.7	0.4	0.4
TOTAL OUTFLOWS	106.5	88.8	78.9	74.2
NET FLOWS	(18.9)	2.9	(31.9)	(25.2)
REALIZED AND UNREALIZED GAIN/(LOSS)	106.2	275.8	51.4	133.5
CHANGE IN NET POSITION	87.3	278.7	19.5	108.3
BEGINNING NET POSITION	3,585.9	3,289.5	1,729.4	1,613.6
ENDING NET POSITION	\$3,673.2	\$3,568.2	\$1,748.9	\$1,721.9
NET FLOWS (WITHOUT INVESTMENT INCOME)	(\$80.4)	(\$55.7)	(\$60.0)	(\$52.4)
CASH FLOW AS % OF ASSETS	(2.19%)	(1.56%)	(3.43%)	(3.04%)
NET INVESTMENT INCOME	61.5	58.6	28.1	27.2
YIELD AS % OF ASSETS	1.67%	1.64%	1.61%	1.58%



**KPPA**

Kentucky Public Pensions Authority

# Legislative Update

## 2025 Regular Session



# KPPA

Kentucky Public Pensions Authority

## Legislative Summary

### **Bills Requested by KPPA**

- HB 30 Public Employee Benefits/Pension Spiking
- HB 71 Reorganization (did not pass)

### **Other Bills Directly Affecting KPPA**

- SB 10 CERS Retiree Insurance
- SB 183 Fiduciary Duties and Proxy Advisors



# KPPA

Kentucky Public Pensions Authority

## Retirement-Related Bills

### Three (3) KPPA-related bills of note passed this Session.

1. **House Bill 30** – Pension Spiking; amends definition of *Bona Fide Promotion or Career Advancement* in KRS 61.598 to include:
  - Increases in creditable compensation due to increases in rates of pay given to all employees of a specified class , including increases in rates of pay that are mandated in a collective bargaining agreement, that are authorized or funded by the employer’s legislative or administrative body (Commonly referred to as “across-the-board” raises)
  - Bona Fide Promotion or Career Advancement is exempt from Pension Spiking calculation per KRS 61.598(4)
  - Applies to members of all systems administered by KPPA (CERS/KERS/SPRS)



## KPPA-related bills passed this Session (continued):

### 2. Senate Bill 10 – CERS Increased Health Insurance Subsidy

- Applies to CERS members only who are eligible for the dollar contribution health insurance subsidy

-Effective January 1, 2026 – Increases the non-Medicare dollar contribution amount for members who attain Career Threshold

▪ Hazardous Tier 1	20 years of service	\$50 per month/year of service
▪ Hazardous Tiers 2 & 3	25 years of service	\$50 per month/year of service
▪ Nonhazardous (All)	27 years of service	\$40 per month/year of service

-Effective July 1, 2026 - Extends and adjusts the employee non-refundable health insurance contribution (HIC)

- Tier 1 members with a participation date of July 1, 2003 - August 31, 2008, will now pay HIC
- Increases the hazardous HIC rate from one percent (1%) to two percent (2%)
- The nonhazardous HIC rate will remain at one percent (1%)



## KPPA-related bills passed this Session (continued):

### 3. Senate Bill 183 – Fiduciary Duties and Proxy Advisors

-Adds additional steps when utilizing a proxy advisor

- Primarily - Shareholder-sponsored proposals inconsistent with the Board of Directors' recommendations, an Economic Analysis is required

-Most requirements in this legislation are currently in existing proxy voting policies

- Proxy Voting Policies (currently ISS) - Only invest based on pecuniary factors
- KPPA posts annual Proxy Voting Reports to our webpage (under the Investments Section)

-Policies approved in March 2022 are under review to ensure compliance with the legislation for minor changes and updates