



# KPPA

Kentucky Public Pensions Authority

# Public Pensions Oversight Board

August 26, 2025

**Investment Returns and Cash Flows as of June 30, 2025**  
**Projected Employer Costs for FY 26, FY 27 and FY 28**

Ryan Barrows, Executive Director  
Steve Willer, Chief Investment Officer



# KPPA

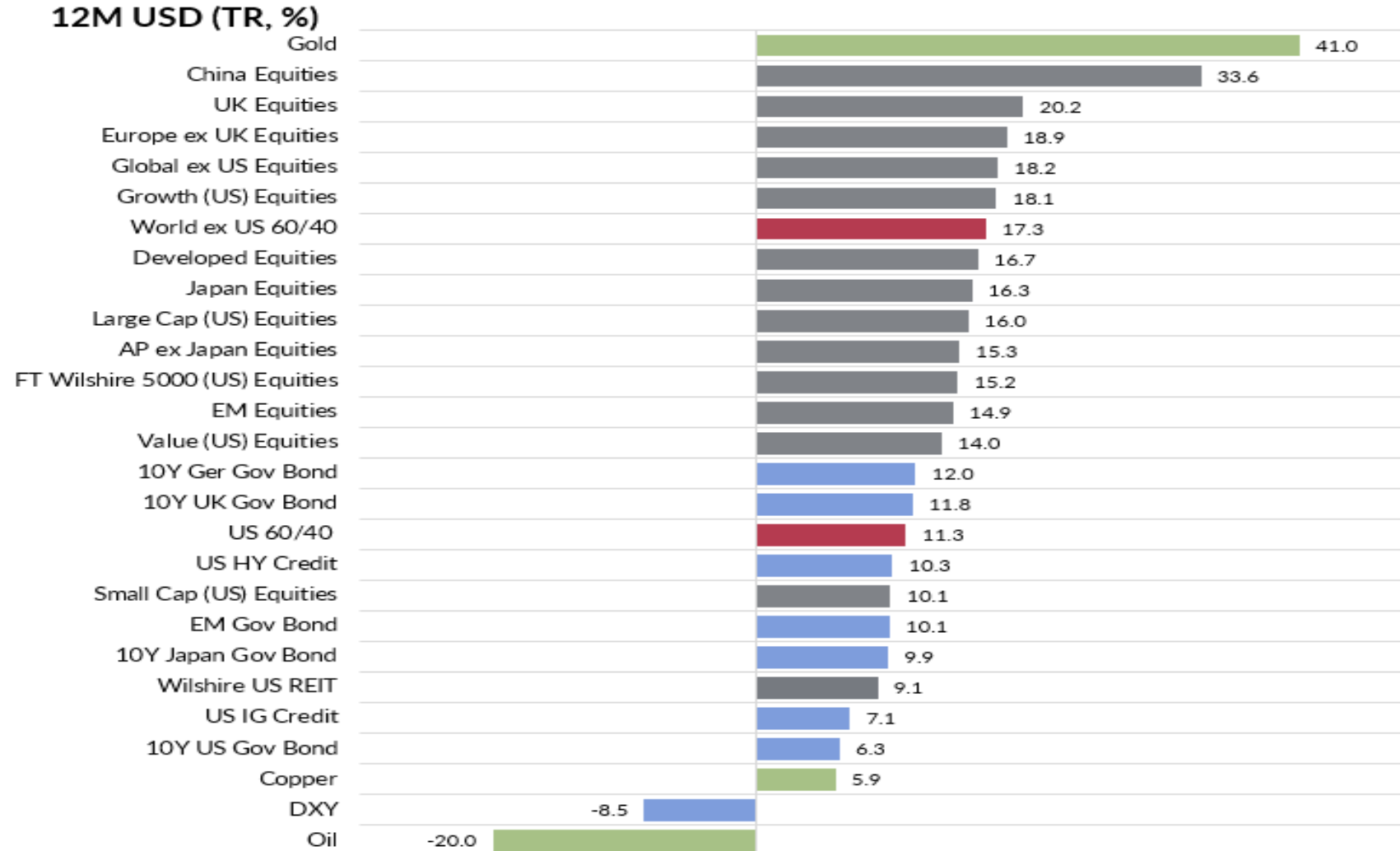
Kentucky Public Pensions Authority

## Fiscal 2025 Highlights

- All Funds exceeded their Actuarial Assumed Rates of Return.
- All Pension Funds exceeded their respective Total Fund Benchmarks.
- All Insurance Funds met or exceeded their respective Total Fund Benchmarks for Fiscal Year 2025.
- All Funds produced top decile risk adjusted performance (Sharpe Ratios) within the Wilshire Peer Universe over the 1, 3 and 5 Year Periods.
- Positive Net Contributions for all Pension Funds.
- Asset Allocations for all Funds are in the ranges prescribed in the Investment Policy Statements.
- Major initiative and success in reduction of accounts receivable.
- Increase in investment staff with opportunity for growth.



## Market Asset Class Returns For year ending June 30, 2025



# PENSION – INVESTMENT RETURNS

PERIODS ENDING JUNE 30, 2025



## NET OF FEES RATES OF RETURN

	MARKET VALUE (\$ IN MILLIONS)	1 YEAR	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS
<b>KERS NH</b>	<b>\$5,058.5</b>	11.2%	9.2%	8.6%	7.0%	6.5%	7.6%
<b>PLAN BENCHMARK</b>		9.6%	8.9%	8.2%	6.7%	6.5%	7.5%
<b>KERS HAZ</b>	<b>\$1,145.9</b>	11.9%	10.8%	9.9%	7.7%	6.9%	7.8%
<b>PLAN BENCHMARK</b>		10.8%	10.6%	10.0%	7.7%	6.9%	7.8%
<b>SPRS</b>	<b>\$740.1</b>	11.0%	9.4%	8.7%	7.0%	6.5%	7.5%
<b>PLAN BENCHMARK</b>		9.6%	8.9%	8.2%	6.7%	6.5%	7.5%
<b>CERS NH</b>	<b>\$10,549.8</b>	11.6%	11.2%	10.2%	7.9%	7.0%	7.9%
<b>PLAN BENCHMARK</b>		11.3%	11.6%	10.3%	7.7%	7.0%	7.9%
<b>CERS HAZ</b>	<b>\$3,798.7</b>	11.7%	11.3%	10.2%	7.9%	7.0%	7.8%
<b>PLAN BENCHMARK</b>		11.3%	11.6%	10.3%	7.7%	7.0%	7.9%

Assumed Rates of Return for Fiscal Year 2025 for Pension Plans: KERS NH and SPRS 5.25%, KERS Haz 6.25% and All CERS Plans 6.50%

# INSURANCE – INVESTMENT RETURNS

PERIODS ENDING JUNE 30, 2025



## NET OF FEES RATES OF RETURN

	MARKET VALUE (\$ IN MILLIONS)	1 YEAR	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS
<b>KERS NH</b>	<b>\$1,828.1</b>	11.8%	10.9%	9.9%	7.6%	6.5%	7.0%
<b>PLAN BENCHMARK</b>		10.8%	10.6%	9.9%	7.6%	6.7%	7.3%
<b>KERS HAZ</b>	<b>\$723.6</b>	11.2%	10.5%	10.0%	7.7%	6.6%	7.1%
<b>PLAN BENCHMARK</b>		10.8%	10.6%	9.9%	7.5%	6.7%	7.3%
<b>SPRS</b>	<b>\$289.2</b>	11.3%	10.6%	10.1%	7.9%	6.7%	7.1%
<b>PLAN BENCHMARK</b>		10.8%	10.6%	9.9%	7.6%	6.7%	7.3%
<b>CERS NH</b>	<b>\$3,870.9</b>	11.3%	11.1%	10.1%	7.9%	6.7%	7.1%
<b>PLAN BENCHMARK</b>		11.3%	11.6%	10.2%	7.7%	6.8%	7.4%
<b>CERS HAZ</b>	<b>\$1,834.6</b>	11.2%	11.0%	10.2%	7.9%	6.7%	7.1%
<b>PLAN BENCHMARK</b>		11.3%	11.6%	10.2%	7.7%	6.8%	7.4%

Assumed Rates of Return for Fiscal Year 2025 is 6.50% for All Insurance Plans.

# Asset Allocation vs. IPS Targets & Ranges

## June 30, 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	34.5%	31.7%	20.8%-41.7%	48.4%	45.0%	30%-55%	43.3%	40.0%	25-50%	48.5%	45.0%	30-55%
	PRIVATE EQUITY	4.5%	6.3%	3.2%-9.5%	5.7%	8.0%	4%-12%	6.4%	8.0%	4-12%	6.2%	8.0%	4-12%
	SPECIALTY CREDIT	20.7%	20.8%	15.8%-25.8%	19.6%	20.0%	16%-24%	24.6%	25.0%	20-30%	20.0%	20.0%	16-24%
	CORE FIXED INCOME	23.6%	24.2%	19.7%-31.7%	12.6%	13.0%	10%-20%	10.1%	10.0%	8-15%	12.5%	13.0%	10-20%
	CASH	2.5%	2.0%	0%-5%	3.3%	2.0%	0%-5%	2.0%	2.0%	0-5%	2.0%	2.0%	0-5%
	REAL RETURN	9.4%	9.7%	6.7%-12.7%	5.5%	7.0%	4%-10%	7.8%	8.0%	5-11%	5.4%	7.0%	4-10%
	REAL ESTATE	4.8%	5.3%	3.2%-7.5%	5.0%	5.0%	3%-7%	5.8%	7.0%	4-10%	5.3%	5.0%	3-7%



**KPPA**  
Kentucky Public Pensions Authority

# Cash Flows

Data for the fiscal years ended June 30, 2024 and 2025



**PENSION FUND CONTRIBUTION REPORT (KERS NHZ, KERS HAZ, & SPRS)**  
FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2025 AND JUNE 30, 2024 (\$ IN MILLIONS)

**\*NET CONTRIBUTIONS ARE LESS NET INVESTMENT INCOME**



CONTRIBUTIONS	FY25	FY24	FY25	FY24	FY25	FY24
MEMBER CONTRIBUTIONS	\$104.8	\$96.6	\$22.1	\$21.6	\$6.0	\$5.6
EMPLOYER CONTRIBUTIONS	154.4	156.0	70.7	89.9	53.0	62.0
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	864.5	899.7	-	-	-	-
GENERAL FUND APPROPRIATIONS	300.00	240.0	-	-	25.0	-
NET INVESTMENT INCOME	129.3	112.4	28.8	26.1	20.0	18.7
CONTRIBUTION INFLOWS	1,553.0	1,504.7	121.6	137.6	104.0	86.3
BENEFIT PAYMENTS/REFUNDS	1,057.2	1,043.8	93.8	84.7	66.0	64.0
ADMINISTRATIVE EXPENSES	14.1	14.1	1.6	1.5	0.3	0.3
CONTRIBUTION OUTFLOWS	1,071.3	1,057.9	95.4	86.2	66.3	64.3
NET CONTRIBUTIONS	481.7	446.8	26.2	51.4	37.7	22.0
REALIZED AND UNREALIZED GAIN/(LOSS)	364.0	243.6	92.6	76.0	52.0	38.4
CHANGE IN NET POSITION	845.7	690.4	118.8	127.4	89.7	60.4
BEGINNING OF PERIOD	4,297.6	3,607.2	1,029.9	902.5	653.2	592.8
END OF PERIOD	\$5,143.3	\$4,297.6	\$1,148.7	\$1,029.9	\$742.9	\$653.2
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	\$352.4	\$334.4	(\$2.6)	\$25.3	\$17.7	\$3.3
CASH FLOW AS % OF ASSETS	6.85%	7.77%	-0.23%	2.46%	2.39%	0.50%
NET INVESTMENT INCOME	\$129.3	\$112.4	\$28.8	\$26.1	\$20.0	\$18.7
YIELD AS % OF ASSETS	2.51%	2.62%	2.51%	2.53%	2.69%	2.85%





**PENSION FUND CONTRIBUTION REPORT (CERS NHZ AND CERS HAZ)**  
FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2025 AND JUNE 30, 2024 (\$ IN MILLIONS)

**\*NET CONTRIBUTIONS ARE LESS NET INVESTMENT INCOME**



CONTRIBUTIONS	FY25	FY24	FY25	FY24
MEMBER CONTRIBUTIONS	\$167.1	\$161.1	\$65.8	\$61.4
EMPLOYER CONTRIBUTIONS	677.4	764.7	306.0	321.3
NET INVESTMENT INCOME	234.8	217.4	85.6	77.9
CONTRIBUTION INFLOWS	1,079.3	1,143.2	457.4	460.6
BENEFIT PAYMENTS/REFUNDS	1,017.7	965.8	384.4	352.1
ADMINISTRATIVE EXPENSES	25.9	26.5	2.3	2.3
CONTRIBUTION OUTFLOWS	1,043.6	992.3	386.7	354.4
NET CONTRIBUTIONS	35.7	150.9	70.7	106.2
REALIZED AND UNREALIZED GAIN/(LOSS)	872.2	785.2	311.4	277.9
CHANGE IN NET POSITION	907.9	936.1	382.1	384.1
BEGINNING OF PERIOD	9,717.6	8,781.4	3,439.9	3,055.8
END OF PERIOD	10,625.5	9,717.5	3,822.0	3,439.9
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	(\$199.1)	(\$66.5)	(\$14.9)	\$28.3
CASH FLOW AS % OF ASSETS	-1.87%	-0.68%	-0.39%	0.82%
NET INVESTMENT INCOME	\$234.8	\$217.4	\$85.6	\$77.9
YIELD AS % OF ASSETS	2.21%	2.24%	2.24%	2.27%



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

FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2025 AND JUNE 30, 2024 (\$ IN MILLIONS)

\*NET CONTRIBUTIONS ARE LESS NET INVESTMENT INCOME



CONTRIBUTIONS	FY25	FY24	FY25	FY24	FY25	FY24
EMPLOYER CONTRIBUTIONS	\$30.3	\$41.4	-	-	\$1.9	\$10.2
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	1.9	87.8	-	-	-	-
INSURANCE PREMIUMS	-	0.1	(0.1)	-	-	-
HUMANA GAIN SHARE	-	8.4	-	0.6	-	0.4
RETIRED REEMPLOYED HEALTHCARE	8.6	7.5	2.2	1.9	-	-
HEALTH INSURANCE CONTRIBUTIONS (HB1)	12.3	10.6	2.2	2.1	0.4	0.4
NET INVESTMENT INCOME	47.7	43.4	16.9	15.7	6.9	6.5
CONTRIBUTION INFLOW	100.8	199.2	21.2	20.3	9.2	17.5
HEALTHCARE PREMIUMS	105.6	95.1	21.6	20.4	14.6	12.4
ADMINISTRATIVE EXPENSES	0.7	0.7	0.1	0.1	0.1	0.1
CONTRIBUTION OUTFLOW	106.3	95.8	21.7	20.5	14.7	12.5
NET CONTRIBUTIONS	(5.5)	103.4	(0.5)	(0.2)	(5.5)	5.0
REALIZED AND UNREALIZED GAIN/(LOSS)	147.3	123.3	56.7	51.7	22.9	20.3
CHANGE IN NET POSITION	141.8	226.7	56.2	51.5	17.4	25.3
BEGINNING OF PERIOD	1,692.1	1,465.5	667.9	616.3	272.1	246.8
ENDING OF PERIOD	\$1,833.9	\$1,692.2	\$724.1	\$667.8	\$289.5	\$272.1
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	\$(53.1)	\$60.0	\$(17.3)	\$(16.0)	\$(12.5)	\$(1.5)
CASH FLOW AS % OF ASSETS	-2.90%	3.55%	-2.39%	-2.39%	-4.30%	-0.56%
NET INVESTMENT INCOME	\$47.7	\$43.4	\$16.9	\$15.7	\$6.9	\$6.5
YIELD AS % OF ASSETS	2.60%	2.57%	2.33%	2.36%	2.48%	2.41%



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

FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2025 AND JUNE 30, 2024 (\$ IN MILLIONS)

\*NET CONTRIBUTIONS ARE LESS NET INVESTMENT INCOME



CONTRIBUTIONS	FY25	FY24	FY25	FY24
EMPLOYER CONTRIBUTIONS	\$0.8	\$2.8	\$17.7	\$20.6
INSURANCE PREMIUMS	0.1	0.3	(0.3)	(0.2)
HUMANA GAIN SHARE	-	10.4	-	1.6
RETIRED REEMPLOYED HEALTHCARE	12.0	7.4	2.2	2.1
HEALTH INSURANCE CONTRIBUTIONS (HB1)	22.8	20.7	5.7	5.0
NET INVESTMENT INCOME	86.3	81.7	39.2	37.8
CONTRIBUTION INFLOW	122.0	123.3	64.5	66.9
HEALTHCARE PREMIUMS	142.1	124.8	105.1	96.2
ADMINISTRATIVE EXPENSES	0.9	0.9	0.5	0.5
CONTRIBUTION OUTFLOW	143.0	125.7	105.6	96.7
NET CONTRIBUTIONS	(21.0)	(2.4)	(41.1)	(29.8)
REALIZED AND UNREALIZED GAIN/(LOSS)	311.0	298.8	148.1	145.6
CHANGE IN NET POSITION	290.0	296.4	107.0	115.8
BEGINNING OF PERIOD	3,585.9	3,289.5	1,729.4	1,613.6
ENDING OF PERIOD	\$3,875.9	\$3,585.9	\$1,836.4	\$1,729.4
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	(\$107.3)	(\$84.1)	(\$80.3)	(\$67.6)
CASH FLOW AS % OF ASSETS	-2.77%	-2.35%	-4.37%	-3.91%
NET INVESTMENT INCOME	\$86.3	\$81.7	\$39.2	\$37.8
YIELD AS % OF ASSETS	2.22%	2.28%	2.13%	2.18%



# KPPA

Kentucky Public Pensions Authority

## Projected Employer Costs (\$ in Millions)



	SALARY	TOTAL EMPLOYER	NORMAL COST	AALC	RATE
2021	1,450.8	1,119.4		-	84.43%/49.47%
2022	1,433.4	1,160.0	145.6	1,014.3	10.10%
2023	1,666.7	1,151.5	165.3	986.2	9.97%
2024	1,944.6	1,181.5	194.1	987.4	9.97%
2025	2,121.5	1,045.3	178.9	866.4	8.44%
2026	2,121.5	1,035.7	179.1	856.6	8.44%
2027	2,121.5	998.31	169.5	828.8	7.99%
2028	2,121.5	998.31	169.5	828.8	7.99%



	SALARY	EMPLOYER	RATE
	2,603.8	626.4	24.06%
	2,824.4	761.1	26.95%
	2,974.0	796.7	26.79%
	3,220.5	752.4	23.34%
	3,430.2	676.5	19.71%
	3,498.8	651.5	18.62%
	3,568.8	640.6	17.95%
	3,640.2	653.4	17.95%

\*Salaries and contributions for FY 2021-2025 are actual, all others are estimates using actuarial assumptions.

\*Projected Employer costs for CERS Hazardous, KERS Hazardous and SPRS are noted Appendix A of this presentation.

\*FY 21-FY 28: Normal Cost is calculated as a % of payroll. The AALC for FY26 is based on the 2024 valuation. FY 27-28 is based on the 2024 valuation rolled forward.

\*CERS assumes a 2% increase in salary for 2026-2028.



**KPPA**

Kentucky Public Pensions Authority

# Appendix



# KPPA

Kentucky Public Pensions Authority

## Projected Employer Costs (\$ in Millions)



**KERS**  
HAZARDOUS  
Kentucky Employees Retirement System



**SPRS**  
State Police Retirement System



**CERS**  
HAZARDOUS  
County Employees Retirement System

	SALARY	EMPLOYER	RATE
2021	183.2	65.9	36.00%
2022	188.5	63.0	33.43%
2023	223.9	71.3	31.82%
2024	279.8	89.1	31.82%
2025	289.5	68.8	23.74%
2026	289.5	68.7	23.74%
2027	289.5	56.3	19.46%
2028	289.5	56.3	19.46%

	SALARY	EMPLOYER	RATE
	47.0	67.5	143.48%
	47.8	69.9	146.06%
	65.5	65.2	99.43%
	72.0	71.6	99.43%
	75.1	51.2	68.10%
	75.1	51.2	68.10%
	75.1	39.9	53.13%
	75.1	39.9	53.13%

	SALARY	EMPLOYER	RATE
	609.8	241.4	39.58%
	664.9	294.6	44.33%
	717.6	355.6	49.59%
	769.7	336.4	43.69%
	837.6	323.5	38.61%
	854.4	305.3	35.73%
	871.5	307.72	35.31%
	888.9	313.9	35.31%

\*Salaries and contributions for FY 2021-2025 are actual, all others are estimates using actuarial assumptions.



# KPPA

Kentucky Public Pensions Authority

## Current Asset Class Assumptions

	Equity						Fixed Income						Real Assets						
	U.S. Stock	Dev ex-U.S. Stock	Emg Stock	Global ex-U.S. Stock	Global Stock	Private Equity	Cash	Core Bond	LT Core Bond	TIPS	High Yield	Private Credit	Dev ex-U.S. Bond (Hdg)	Real Estate			Cmdty	Real Assets	U.S. CPI
Compound Return (%)	4.30	5.30	5.55	5.65	4.85	6.20	3.55	5.05	5.25	4.45	6.30	7.70	3.05	5.65	5.80	6.45	4.80	6.85	2.30
Arithmetic Return (%)	5.65	6.80	8.55	7.30	6.20	9.95	3.55	5.15	5.70	4.60	6.75	8.45	3.15	7.05	7.05	7.35	6.00	7.60	2.30
Risk (%)	17.00	18.00	26.00	19.05	17.00	29.65	0.75	4.75	9.90	6.00	10.00	12.75	4.00	17.50	16.55	13.95	16.00	12.60	1.75
Yield (%)	1.25	2.95	2.40	2.80	1.75	0.00	3.55	5.75	5.80	5.05	9.90	4.90	4.30	3.95	3.95	2.90	3.55	3.75	0.00
Growth Factor Exposure	8.00	8.00	8.00	8.00	8.00	14.00	0.00	-0.95	-2.55	-3.00	4.00	5.10	-1.00	6.00	6.00	3.70	0.00	2.85	0.00
Inflation Factor Exposure	-3.00	-1.00	3.00	0.15	-1.95	-4.25	0.00	-2.60	-6.95	2.50	-1.00	-1.50	-3.00	1.00	1.65	1.00	12.00	5.20	1.00

### Correlations

U.S. Stock	1.00																		
Dev ex-U.S. Stock (USD)	0.81	1.00																	
Emerging Mkt Stock	0.74	0.74	1.00																
Global ex-U.S. Stock	0.84	0.96	0.89	1.00															
Global Stock	0.98	0.90	0.83	0.93	1.00														
Private Equity	0.72	0.63	0.61	0.66	0.73	1.00													
Cash Equivalents	-0.05	-0.09	-0.05	-0.08	-0.06	0.00	1.00												
Core Bond	0.27	0.13	0.00	0.08	0.21	0.30	0.18	1.00											
LT Core Bond	0.30	0.15	0.00	0.10	0.24	0.31	0.11	0.95	1.00										
TIPS	-0.05	0.00	0.15	0.06	-0.01	-0.03	0.20	0.60	0.47	1.00									
High Yield Bond	0.54	0.39	0.49	0.46	0.53	0.31	-0.10	0.24	0.32	0.05	1.00								
Private Credit	0.68	0.55	0.58	0.60	0.68	0.44	0.00	0.23	0.30	0.00	0.76	1.00							
Dev ex-U.S. Bond (Hdg)	0.16	0.25	-0.01	0.16	0.17	0.26	0.10	0.68	0.66	0.39	0.26	0.22	1.00						
U.S. RE Securities	0.57	0.47	0.44	0.49	0.56	0.49	-0.05	0.17	0.22	0.10	0.56	0.62	0.05	1.00					
Global RE Securities	0.62	0.55	0.52	0.58	0.63	0.54	-0.05	0.17	0.21	0.11	0.61	0.67	0.04	0.99	1.00				
Private Real Estate	0.55	0.45	0.45	0.48	0.55	0.50	-0.05	0.18	0.24	0.09	0.58	0.63	0.05	0.79	0.79	1.00			
Commodities	0.25	0.34	0.39	0.38	0.31	0.28	0.00	-0.03	-0.04	0.25	0.29	0.29	-0.10	0.25	0.28	0.25	1.00		
Real Assets	0.62	0.63	0.65	0.68	0.67	0.57	-0.03	0.24	0.25	0.32	0.64	0.69	0.06	0.79	0.83	0.77	0.63	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.12	-0.10	0.10	-0.12	-0.12	0.15	-0.08	0.00	-0.08	0.05	0.04	0.05	0.44	0.21	1.00