

Teachers' Retirement System of the State of Kentucky

Public Pension Oversight Board

Aug. 25, 2025

Gary L. Harbin, CPA
Executive Secretary

Investment Performance

Retirement Annuity Trust Unaudited Returns as of June 30, 2025

Preliminary

	Qtr.	1-year	3-year	5-year	10-year	20-year
Gross	7.92%	12.34%	11.74%	10.12%	8.67%	7.81%
<i>Benchmark</i>	7.31%	12.06%	12.55%	10.75%	8.97%	N/A
<i>Aon Rank</i>	Top 1%	Top 6%	Top 6%	Top 23%	Top 6%	N/A
Net	7.77%	12.04%	11.41%	9.81%	8.36%	7.65%

30-year compounded gross return
7.95%

Investment Performance

Health Insurance Trust Unaudited Returns as of June 30, 2025

Preliminary

	Qtr.	1-year	3-year	5-year	10-year
Gross	7.71%	12.58%	12.42%	11.1%	8.57%
<i>Benchmark</i>	7.43%	12.16%	12.6%	10.79%	8.52%
Net	7.57%	12.3%	12.09%	10.78%	8.21%

Cash Flow Update

Retirement Annuity Trust

<i>Preliminary and unaudited</i>	FY 2025	FY 2024
Cash Inflows		
Member contributions	\$ 401,300,000	\$ 385,900,000
Employer contributions/appropriations	1,363,000,000	1,178,700,000
Investment income (Net of any asset gains/losses)	<u>383,800,000</u>	<u>432,600,000</u>
Total Cash Inflows	2,148,100,000	1,997,200,000
Cash Outflows		
Benefit payments/refunds	2,554,900,000	2,499,900,000
Administrative expense	<u>15,100,000</u>	<u>14,800,000</u>
Total Outflows	2,570,000,000	2,514,700,000
Net cash flow before asset gain/(losses)*	(421,900,000)	(517,500,000)
Investment gains or losses (realized and unrealized)	2,626,000,000	2,381,100,000
Net plan assets		
Beginning of fiscal year	\$ 26,108,100,000	\$ 24,244,600,000
At end of period	\$ 28,310,300,000	\$ 26,108,100,000

*Appreciation/depreciation in fair value does not generate cash inflows or outflows.

Cash Flow Update

Health Insurance Trust

<i>Preliminary and unaudited</i>	FY 2025	FY 2024
Cash Inflows		
Member contributions	\$ 160,400,000	\$ 155,300,000
Employer contributions/appropriations	237,200,000	224,300,000
Recovery income	180,600,000	156,800,000
Investment income (net of any asset gains/losses)	<u>53,200,000</u>	<u>52,100,000</u>
Total Cash Inflows	631,400,000	588,500,000
Cash Outflows		
Benefit payments/refunds	344,100,000	300,300,000
Administrative expense	<u>2,100,000</u>	<u>2,100,000</u>
Total Cash Outflows	346,200,000	302,400,000
Net cash flow before asset gain/(losses)*	285,200,000	286,100,000
Investment gains or losses (realized and unrealized)	345,700,000	288,200,000
Net plan assets		
Beginning of fiscal year	\$ 3,317,700,000	\$ 2,743,400,000
At end of period	\$ 3,673,600,000	\$ 3,317,700,000

*Appreciation/depreciation in Fair Value does not generate cash inflows or outflows.

Trends

Health Insurance Trust Shared Responsibility Contribution Detail

Fiscal	State	Employers	Members/ Retirees
2009	\$ 153	\$ 11	\$ 25
2010	147	12	26
2011	176	12	35
2012	154	20	44
2013	130	37	58
2014	105	52	74
2015	68	78	101
2016	74	104	128
2017	75	105	129

Fiscal	State	Employers	Members/ Retirees
2018	81	106	131
2019	76	107	132
2020	77	107	134
2021	78	107	128
2022	31	120	146
2023	85	123	149
2024	96	128	155
2025	104	133	160

In millions. Includes SEEK. Fiscal 2025 is unadjusted and unaudited.

Trends

Retirement Annuity Trust Contribution Detail

Fiscal	State Unfunded Liability Payment	State Fixed	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	643	399	102	367
2024	672	413	94	386
2025	815	463	85	401
2026	949	486	80	412
2027	1,077	496	80	423
2028	1,148	507	80	435

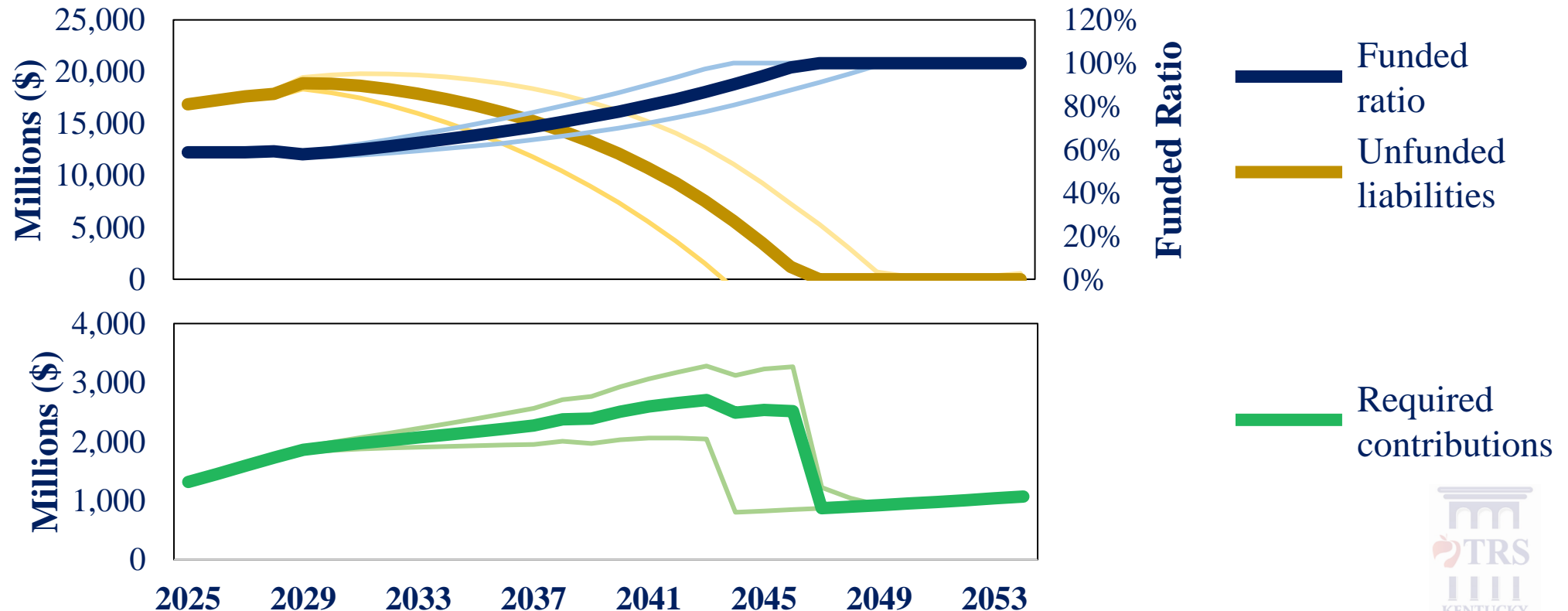
In millions. Includes SEEK. Fiscal 2025 is unadjusted and unaudited. FY 2026 through 2028 are based on budget and estimates.

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.



Trends

Ten-Year State/Employer Contributions

Fiscal	Retirement Annuity Trust		Health Insurance Trust		Total		
	State	Employers	State	Employers	State	Employers	Combined
2019	1,051	72	76	107	1,127	179	1,306
2020	1,048	86	77	107	1,125	193	1,318
2021	1,060	87	78	107	1,138	194	1,332
2022	1,570	109	31	120	1,601	229	1,830
2023	1,042	102	85	123	1,127	225	1,352
2024	1,085	94	96	128	1,181	222	1,403
2025	1,278	85	104	133	1,382	218	1,600
2026	1,434	80	114	136	1,548	216	1,764
2027	1,573	80	123	140	1,696	220	1,916
2028	1,655	80	133	144	1,788	224	2,012

In millions. Includes SEEK. Fiscal 2025 is unadjusted and unaudited. FY 2026 through 2028 are based on budget and estimates.

Does not include employee/retiree contributions.

2026-28 Budget Request

<i>In millions</i>	Actual FY 2024	Actual FY 2025	Actual FY 2026	<i>FY 2027</i>	<i>FY 2028</i>
Pension	\$ 650.7	\$ 769.8	\$ 953.0	\$ 1,125.3	\$ 1,152.8
State's Shared Responsibility Portion	\$ 77.7	\$ 76.9	\$ 84.2	\$ 93.3	\$ 103.1

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

TRS Account Types

TRS Has Four Account Types Set By Entry Date

TRS 1

Entry before
July 1, 2002

TRS 2

Entry on or
between
July 1, 2002, and
June 30, 2008

TRS 3

Entry on or
between
July 1, 2008, and
Dec. 31, 2021

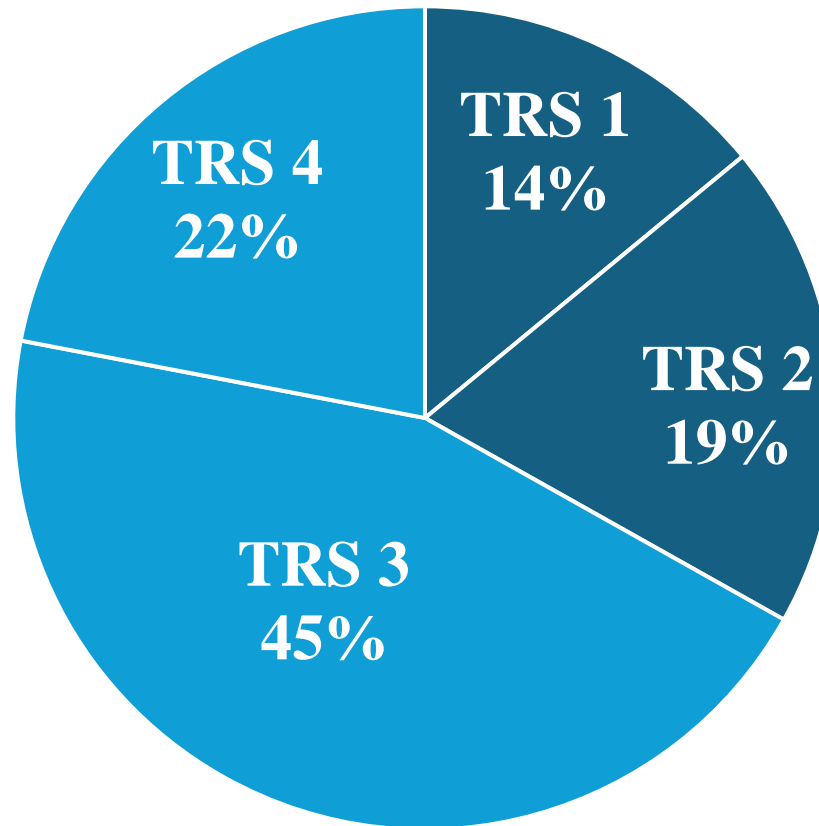
TRS 4

Entry on or after
Jan. 1, 2022

Membership Data

Fiscal 2025 Contributing Member Distribution

Preliminary and unaudited





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