

PUBLIC PENSION OVERSIGHT BOARD

Minutes

September 23, 2025

Call to Order and Roll Call

The sixth meeting of the Public Pension Oversight Board (PPOB) was held on September 23, 2025, at 2:30 PM in Room 154 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Greg Elkins, Shelley Funke Frommeyer, Gerald A. Neal, Michael J. Nemes, and Mike Wilson; Representatives David Hale, Adrielle Camuel, Ken Fleming, DJ Johnson, and James Tipton; and Allison Ball (Jeremy Sylvester, by proxy) and Victor Maddox.

Guests: Beau Barnes, Deputy Executive Secretary and General Counsel, Teachers' Retirement System (TRS); Ryan Barrow, Executive Director, Kentucky Public Pensions Authority (KPPA); Erin Surratt, Executive Director, Office of Benefits, KPPA; Chris Biddle, Executive Director, Kentucky Deferred Compensation Authority (KDCA); and Scarlet Murphy, KDCA.

LRC Staff: Brad Gross, Michael Clancy, Shawn Sparks, and Angela Rhodes.

Approval of Minutes

A motion was made by Representative Tipton and seconded by Representative Johnson to approve the minutes of the August 26, 2025, meeting. Minutes were approved by voice vote without objection.

Deferred Compensation Authority Update

Chris Biddle, Executive Director, KDCA, updated members on asset levels, participant counts, and the continued participant growth due to auto-enrollment. He also discussed the KDCA's 2025 Commonwealth Increase Campaign to increase contribution amounts and KDCA's planned enhancements, which include self-directed brokerage accounts, financial planning program, and financial education tools.

In response to Senator Funke Frommeyer, Mr. Biddle stated the financial planning service is included in KDCA's package with Nationwide, the plan's vendor.

Co-Chair Higdon commented KDCA is a success story with 94 percent of new members auto-enrolled continuing to contribute.

In response to Chair Thomas, Mr. Biddle stated there is a fee cap of \$237 per year.

Retiree Health Update - TRS

Beau Barnes, Deputy Executive Secretary and General Counsel, TRS, first addressed a question posed during the August 26, 2025, PPOB meeting regarding the impact of reduced federal funding for the TRS retirement annuity trust. Mr. Barnes explained that TRS receives money for federally funded positions in school districts, but the annual amount fluctuates and is projected to trend downward. He said if those contributions are not coming in from the federal government, they would need to be paid by state funding in the SEEK formula.

Mr. Barnes provided a retiree health update for the 2026 Kentucky Employees' Health Plan (KEHP) and the Medicare Eligible Health Plan for retired teachers. He discussed how the Medicare Part D prescription drug plan will continue with Express Scripts and the Medicare Advantage (MA) plan will change to Humana. He also discussed the 2026 premiums, shared responsibility, and health insurance funded status.

Mr. Barnes discussed TRS programs that offer free counseling with live pharmacists and a personalized medicine partnership.

In response to Chair Thomas, Mr. Barnes stated the health fund is projected to be fully funded by 2027.

In response to Senator Funke Frommeyer, Mr. Barnes agreed that lower prescription use meant lower plan costs. KEHP offers optional plans with one being a higher deductible plan with a health reimbursement account to save on cost.

In response to Representative Tipton, Mr. Barnes stated the board approved maximum premium amounts paid are based on the LivingWell Consumer Driven Health Plan with the member continuing to pay the Medicare Part B premium subsidy and cost of the plan. He noted the premium increases in the 2026 KEHP plans, the historical costs to cover dependents, and how premium increases can deter the health plan becoming fully funded by 2027. He further commented that once the health fund is 100 percent funded, the normal cost should be about 3 to 4 percent.

In response to Co-Chair Higdon, Mr. Barnes stated the \$800 million bonded and repaid is not reflected in the shared responsibility slide provided. A portion of the repaid bonded payment went into the retirement annuity trust.

Retiree Health Update – KPPA

Ryan Barrow, Executive Director, KPPA, and Erin Surratt, Executive Director, Office of Benefits, KPPA, provided retiree health updates for the KEHP and MA plans. Ms. Surratt discussed current and historical premiums, the impacts to premiums as a result of the Inflation Reduction Act, actuarial statistics of the retiree health funds, and how premium increases may potentially impact actuarial statistics of the fund in the upcoming actuarial valuation.

In response to Senator Funke Frommeyer, Ms. Surratt stated a high deductible health plan and health reimbursement account are available and offered to retirees through KEHP.

In response to Co-Chair Higdon, Ms. Surratt discussed 2022 RS SB 209, which provided additional retiree health premium subsidies to those career members who have a participation date after July 1, 2003. For each year worked beyond the career threshold, the member will get an additional \$5 contributed to their monthly premium subsidy prior to Medicare eligibility provided the respective retiree health fund is above 90 percent.

Ms. Surratt gave an update on 2025 RS SB 10, which increased the premium subsidy amount for members in the County Employees Retirement System who entered the system on or after July 1, 2003, and who meet the career threshold. Implementation is going well with open enrollment starting October 1. Retirees who are eligible for enhanced benefits will be able to see that increased amount in their self-service portal and information has been communicated and made available to members.

Next Meeting - October 21, 2025

Adjournment

There being no further business, the meeting was adjourned.