



Teachers' Retirement System of the State of Kentucky

Public Pension Oversight Board

Dec. 12, 2025

Gary L. Harbin, CPA
Executive Secretary

Actuarial Valuations

Key Findings for June 30, 2025

Retirement annuity and health insurance trusts received full funding.

Retirement Annuity Trust funded ratio improved to 61%.

TRS 4 continues to be fully funded.

Health Insurance Trust funded ratio improved to 89.1%.

Both trusts on track for full funding with amortization periods.

Contributions increase for the next three years before leveling off

Reflects direct-rate smoothing from last experience study that resulted in lower assumed return rate.

Actuarial Valuations

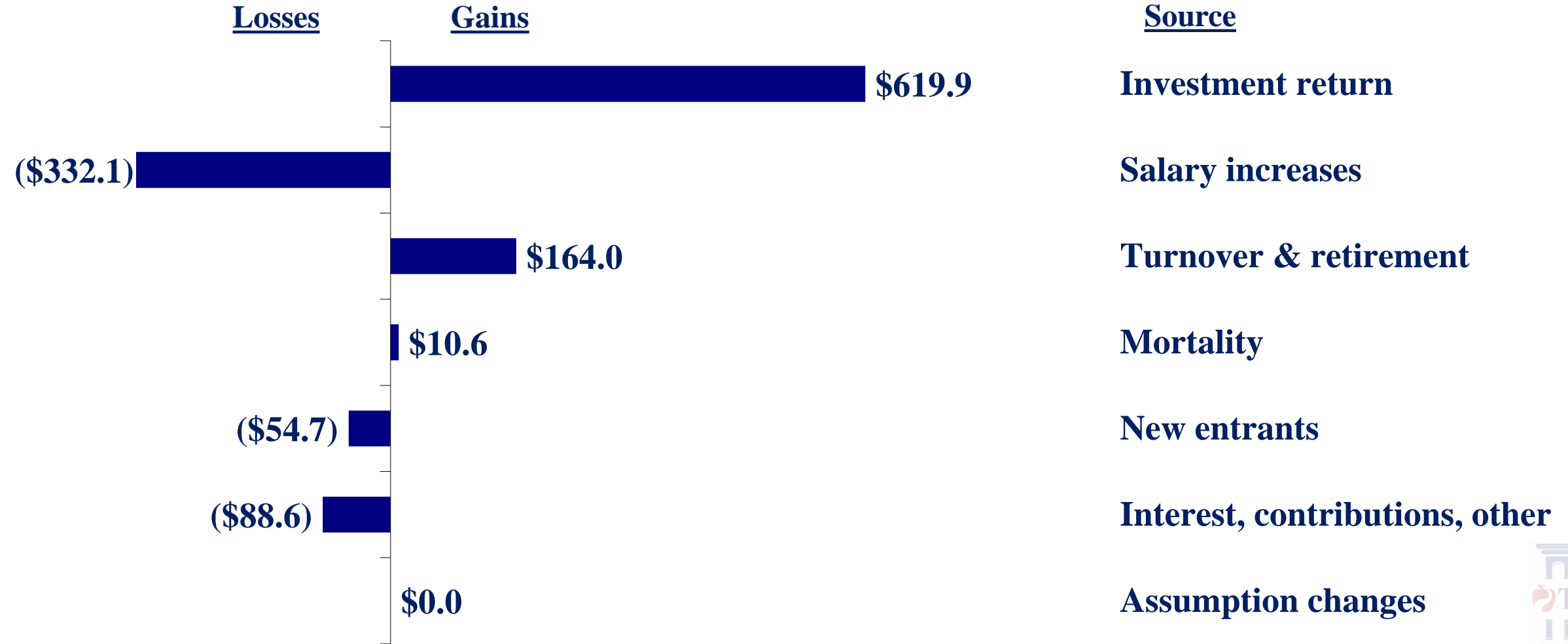
Summary

Retirement Annuity	Assets	Liabilities	Unfunded	Ratio
June 30, 2024	\$ 25.7 b	\$ 43.5 b	\$ 17.8 b	59.1%
June 30, 2025	\$ 27.4 b	\$ 44.9 b	\$ 17.5 b	61%

Health Insurance	Assets	Liabilities	Unfunded	Ratio
June 30, 2024	\$ 3.2 b	\$ 4 b	\$ 0.8 b	80.4%
June 30, 2025	\$ 3.8 b	\$ 4.2 b	\$ 0.5 b	89.1%

Actuarial Findings

Retirement Annuity Trust Experience Gain/(Loss) Analysis



Dollars in millions

Five-year History

Retirement Annuity Trust Contribution Detail

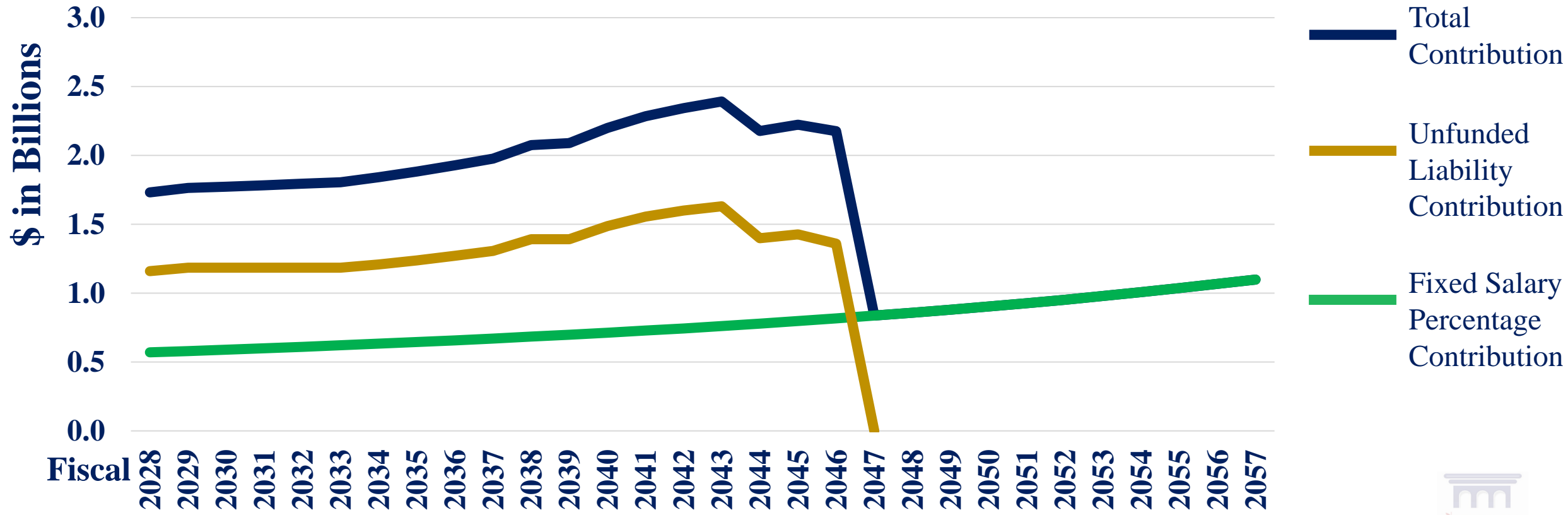
Fiscal	State Unfunded Liability Payment	Employer Fixed (SEEK)	Employers Fixed (Non-SEEK)	Members Fixed
2021	\$ 669	\$ 392	\$ 87	\$ 328
2022	1,172	398	109	357
2023	632	410	102	367
2024	646	436	94	386
2025	846	465	84	404

In millions.

In 2022, TRS received 140% of actuarially determined employer contribution for retirement annuity because of \$479 million in additional funding to pay off previously awarded benefits.

Actuary's 30-Year Projections

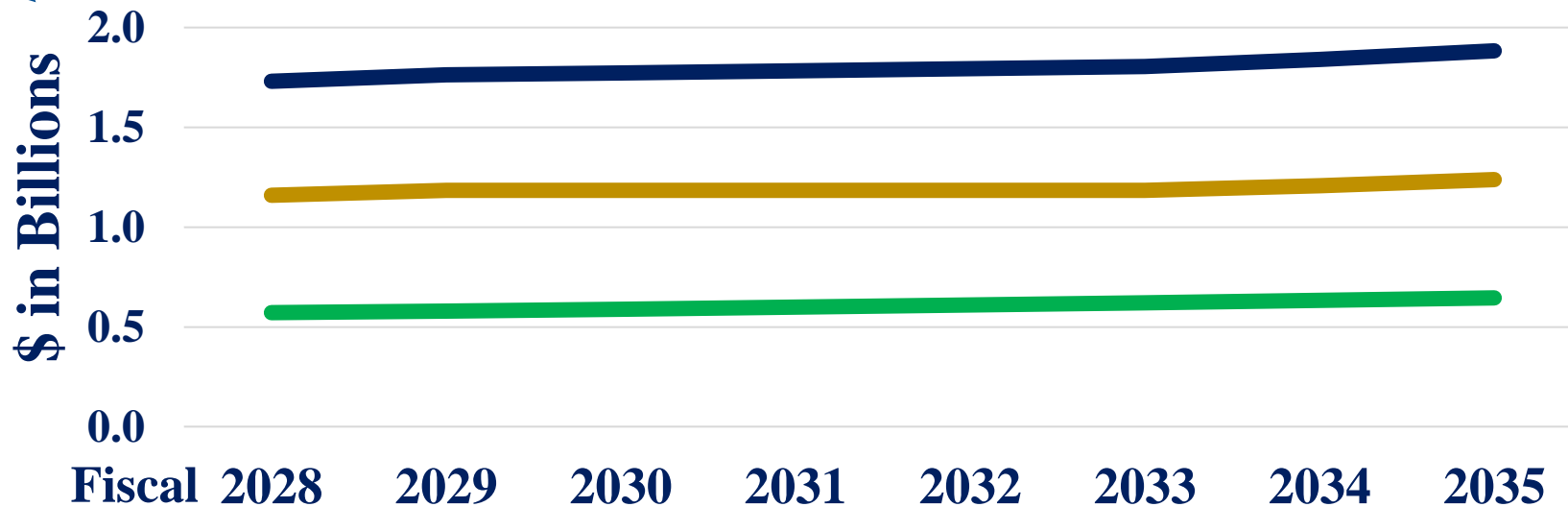
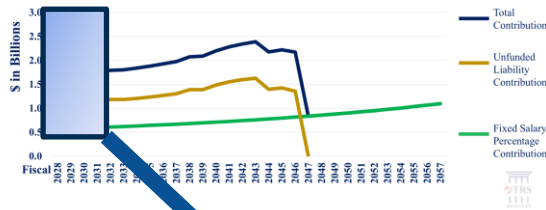
At Full Funding, TRS Required Contributions Decrease



Actuary's 30-Year Projections

Focusing On First Eight Years

Actuary's 30-Year Projections
At Full Funding, TRS Required Contributions Decrease



- Total Contribution
- Unfunded Liability Contribution
- Fixed Salary Percentage Contribution

Five-year History

Health Insurance Trust Contribution Detail

Fiscal	State	Non-SEEK Employers	Members/ Retirees
2021	\$ 78	\$ 107	\$ 128
2022	31	120	146
2023	85	123	149
2024	96	128	155
2025	105	133	161

In millions.

2026-28 Budget Request

<i>In millions</i>	Actual FY 2025	Actual FY 2026	<i>FY 2027</i>	<i>FY 2028</i>
Pension	\$ 769.8	\$ 953.0	\$ 1,124.7	\$ 1,152.8
State's Shared Responsibility Portion	\$ 76.9	\$ 84.2	\$ 100.6	\$ 112.4

KDE SEEK request (pension and Shared Responsibility) is \$529.4 million for FY 2027 and \$541.3 million for FY 2028.

Pension amounts reflect reduction of investment return assumption to 7.1% from 7.5%.

2026 Legislation Request

161.605	Adjust base daily wage threshold (DWT) that return-to-work retirees can earn for inflation; current limit hasn't been adjusted since 2002 enactment of law. Reinstate waiver program.
161.608	Clarify reciprocity statute on how the member's account type is based on entry date and reinstatement or refund of other accounts.
161.620	Allow a member parent to apply for and receive the existing adult handicapped child monthly allowance without a court order.
161.635 and 161.636	Authorize the board to provide TRS 4 members with index fund investment options for the supplemental benefit component.



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