KPPA
Kentucky Public Pensions Authority

Public Pensions Oversight Board

August 18, 2026

Investment Returns and Cash Flows as of June 30, 2026

Ryan Barrow, Executive Director
Erin Surratt, Deputy Executive Director

Kentucky Public Pensions Authority

Fiscal 2026 Highlights

- All Funds **exceeded** their Actuarial **Assumed Rates** of Return.
- All Pension and Insurance Funds **exceeded** their respective Total Fund **Benchmarks** for Fiscal Year 2026.
- All Funds produced **top decile or top quartile risk adjusted performance** (Sharpe Ratios) within the Wilshire All Public Pans Peer Universe over the latest three and five year periods.
- **Positive Net Contributions** for all Pension Funds.
- Asset Allocations for all **Funds are in the ranges prescribed** in the Investment Policy Statements.
- Focus continues on our **reduction of accounts receivable**.
- Strategic investment staff hires with **opportunity for growth**.

PENSION – INVESTMENT RETURNS

PERIODS ENDING JUNE 30, 2026

NET OF FEES RATES OF RETURN

	MARKET VALUE ($ IN MILLIONS)	1 YEAR	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS
KERS NH	**$6,049.8**	12.3%	11.0%	6.8%	8.3%	6.7%	7.4%
PLAN BENCHMARK		11.4%	9.8%	6.1%	7.6%	6.5%	7.3%
KERS HAZ	**$1,296.5**	13.6%	12.2%	7.8%	9.1%	7.1%	7.7%
PLAN BENCHMARK		12.7%	11.2%	7.4%	8.8%	7.1%	7.7%
SPRS	**$842.4**	12.1%	10.9%	6.9%	8.3%	6.6%	7.4%
PLAN BENCHMARK		11.0%	9.8%	6.2%	7.8%	6.5%	7.3%
CERS NH	**$11,764.7**	13.8%	12.3%	8.0%	9.3%	7.2%	7.7%
PLAN BENCHMARK		13.3%	11.9%	7.9%	9.1%	7.2%	7.7%
CERS HAZ	**$4,301.5**	13.8%	12.4%	8.0%	9.3%	7.2%	7.7%
PLAN BENCHMARK		13.3%	11.9%	7.9%	9.1%	7.2%	7.7%

Assumed Rates of Return for Fiscal Year 2026 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, 2026

NET OF FEES RATES OF RETURN

	MARKET VALUE ($ IN MILLIONS)	1 YEAR	3 YEARS	5 YEARS	10 YEARS	20 YEARS	30 YEARS
KERS NH	**$2,014.1**	13.3%	12.0%	7.7%	9.0%	6.5%	7.1%
PLAN BENCHMARK		12.4%	11.1%	7.8%	8.9%	6.8%	7.4%
KERS HAZ	**$798.7**	13.0%	11.8%	7.8%	9.1%	6.7%	7.1%
PLAN BENCHMARK		11.8%	10.8%	7.3%	8.7%	6.7%	7.3%
SPRS	**$310.1**	12.9%	11.7%	7.8%	9.2%	6.7%	7.2%
PLAN BENCHMARK		11.9%	10.8%	7.4%	8.7%	6.7%	7.4%
CERS NH	**$4,286.7**	13.4%	12.2%	8.0%	9.2%	6.8%	7.2%
PLAN BENCHMARK		12.7%	11.6%	7.8%	8.9%	6.8%	7.4%
CERS HAZ	**$1,980.8**	13.2%	12.0%	8.0%	9.3%	6.8%	7.2%
PLAN BENCHMARK		12.7%	11.6%	7.8%	8.9%	6.8%	7.4%

Assumed Rates of Return for Fiscal Year 2026 is 6.50% for All Insurance Plans.

Asset Allocation vs. IPS Targets & Ranges
June 30, 2026

KPPA
Kentucky Public Pensions Authority

	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	35.3%	31.6%	20.8%-41.6%	50.5%	45.0%	30%-55%	45.4%	40.0%	25-50%	50.5%	45.0%	30%-55%
PRIVATE EQUITY	4.1%	6.3%	3.2%-9.6%	4.5%	8.0%	4%-12%	5.1%	8.0%	4%-12%	4.6%	8.0%	4%-12%
FIXED INCOME												
SPECIALTY CREDIT	20.4%	20.9%	15.8%-25.8%	19.3%	20.0%	16%-24%	24.4%	25.0%	20%-30%	19.4%	20.0%	16%-24%
CORE FIXED INCOME	24.0%	24.2%	19.8%-31.8%	12.4%	13.0%	10%-20%	9.7%	10.0%	8%-15%	12.5%	13.0%	10%-20%
CASH	2.4%	2.0%	0%-5%	2.1%	2.0%	0%-5%	1.7%	2.0%	0%-5%	1.7%	2.0%	0%-5%
INFLATION PROTECTED												
REAL RETURN	9.3%	9.7%	6.7%-12.7%	6.7%	7.0%	4%-10%	8.1%	8.0%	5%-11%	6.7%	7.0%	4%-10%
REAL ESTATE	4.5%	5.3%	3.2%-7.5%	4.0%	5.0%	3%-7%	5.6%	7.0%	4%-10%	4.6%	5.0%	3%-7%

Kentucky Public Pensions Authority

Cash Flows

Data for the fiscal years ended June 30, 2025 and 2026

PENSION FUND CONTRIBUTION REPORT (KERS NHZ, KERS HAZ, & SPRS)

FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2026 AND JUNE 30, 2025 ($ IN MILLIONS)

*NET CONTRIBUTIONS ARE LESS NET INVESTMENT INCOME

	KERS NONHAZARDOUS Kentucky Employees Retirement System		KERS HAZARDOUS Kentucky Employees Retirement System		SPRS State Police Retirement System	
CONTRIBUTIONS	**FY26**	**FY25**	**FY26**	**FY25**	**FY26**	**FY25**
MEMBER CONTRIBUTIONS	$110.7	$104.8	$24.1	$22.1	$6.0	$6.0
EMPLOYER CONTRIBUTIONS	165.2	154.4	78.6	70.7	56.3	53.0
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	865.7	864.5	-	-	-	-
GENERAL FUND APPROPRIATIONS	300.00	300.00	-	-	25.0	25.0
NET INVESTMENT INCOME	154.6	129.3	32.4	28.8	22.3	20.0
CONTRIBUTION INFLOWS	1,596.2	1,553.0	135.1	121.6	109.6	104.0
BENEFIT PAYMENTS/REFUNDS	1,067.6	1,057.2	100.8	93.8	72.8	66.0
ADMINISTRATIVE EXPENSES	14.6	14.1	1.7	1.6	0.3	0.3
CONTRIBUTION OUTFLOWS	1,082.2	1,071.3	102.5	95.4	73.1	66.3
NET CONTRIBUTIONS	514.0	481.7	32.6	26.2	36.5	37.7
REALIZED AND UNREALIZED GAIN/(LOSS)	488.3	364.0	122.7	92.6	67.9	52.0
CHANGE IN NET POSITION	1,002.3	845.7	155.3	118.8	104.4	89.7
BEGINNING OF PERIOD	5,143.3	4,297.6	1,148.7	1,029.9	742.9	653.2
END OF PERIOD	$6,145.6	$5,143.3	$1,304.0	$1,148.7	$847.3	$742.9
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	$359.4	$352.4	$0.2	($2.6)	$14.2	$17.7
CASH FLOW AS % OF ASSETS	5.85%	6.85%	0.02%	-0.23%	1.68%	2.39%
NET INVESTMENT INCOME	$154.6	$129.3	$32.4	$28.8	$22.3	$20.0
YIELD AS % OF ASSETS	2.52%	2.51%	2.48%	2.51%	2.63%	2.69%

PENSION FUND CONTRIBUTION REPORT (CERS NHZ AND CERS HAZ)

FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2026 AND JUNE 30, 2025 ($ IN MILLIONS)

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

	CERS NONHAZARDOUS County Employees Retirement System		CERS HAZARDOUS County Employees Retirement System	
CONTRIBUTIONS	**FY26**	**FY25**	**FY26**	**FY25**
MEMBER CONTRIBUTIONS	$176.6	$167.1	$70.0	$65.8
EMPLOYER CONTRIBUTIONS	674.6	677.4	309.0	306.0
NET INVESTMENT INCOME	262.3	234.8	97.2	85.6
CONTRIBUTION INFLOWS	1,113.5	1,079.3	476.2	457.4
BENEFIT PAYMENTS/REFUNDS	1,050.0	1,017.7	394.4	384.4
ADMINISTRATIVE EXPENSES	27.3	25.9	2.4	2.3
CONTRIBUTION OUTFLOWS	1,077.3	1,043.6	396.8	386.7
NET CONTRIBUTIONS	36.2	35.7	79.4	70.7
REALIZED AND UNREALIZED GAIN/(LOSS)	1,179.0	872.2	423.9	311.4
CHANGE IN NET POSITION	1,215.2	907.9	503.3	382.1
BEGINNING OF PERIOD	10,625.5	9,717.6	3,822.0	3,439.9
END OF PERIOD	11,840.7	10,625.5	4,325.3	3,822.0
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	($226.1)	($199.1)	($17.8)	($14.9)
CASH FLOW AS % OF ASSETS	-1.91%	-1.87%	-0.41%	-0.39%
NET INVESTMENT INCOME	$262.3	$234.8	$97.2	$85.6
YIELD AS % OF ASSETS	2.22%	2.21%	2.25%	2.24%

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

FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2026 AND JUNE 30, 2025 ($ IN MILLIONS)

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

	KERS NONHAZARDOUS Kentucky Employees Retirement System		KERS HAZARDOUS Kentucky Emloyees Retirement System		SPRS State Police Retirement System	
CONTRIBUTIONS	**FY26**	**FY25**	**FY26**	**FY25**	**FY26**	**FY25**
EMPLOYER CONTRIBUTIONS	$32.2	$30.3	-	-	$1.8	$1.9
ACTUARIALLY ACCRUED LIABILITY CONTRIBUTIONS	2.0	1.9	-	-	-	-
INSURANCE PREMIUMS	0.1	-	-	(0.1)	-	-
HUMANA GAIN SHARE	-	-	-	-	-	-
RETIRED REEMPLOYED HEALTHCARE	10.0	8.6	2.3	2.2	-	-
HEALTH INSURANCE CONTRIBUTIONS (HB1)	13.7	12.3	2.5	2.2	0.5	0.4
NET INVESTMENT INCOME	50.5	47.7	18.5	16.9	7.6	6.9
CONTRIBUTION INFLOW	108.5	100.8	23.3	21.2	9.9	9.2
HEALTHCARE PREMIUMS	111.0	105.6	22.5	21.6	17.8	14.6
ADMINISTRATIVE EXPENSES	0.6	0.7	0.2	0.1	0.1	0.1
CONTRIBUTION OUTFLOW	111.6	106.3	22.7	21.7	17.9	14.7
NET CONTRIBUTIONS	(3.1)	(5.5)	0.6	(0.5)	(8.0)	(5.5)
REALIZED AND UNREALIZED GAIN/(LOSS)	189.4	147.3	74.3	56.7	28.9	22.9
CHANGE IN NET POSITION	186.3	141.8	74.9	56.2	20.9	17.4
BEGINNING OF PERIOD	1,833.9	1,692.1	724.1	667.9	289.5	272.1
ENDING OF PERIOD	$2,020.2	$1,833.9	$799.0	$724.1	$310.4	$289.5
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	$(53.6)	$(53.2)	$(17.9)	$(17.4)	$(15.6)	$(12.4)
CASH FLOW AS % OF ASSETS	-2.66%	-2.90%	-2.24%	-2.39%	-5.03%	-4.30%
NET INVESTMENT INCOME	$50.5	$47.7	$18.5	$16.9	$7.6	$6.9
YIELD AS % OF ASSETS	2.50%	2.60%	2.32%	2.33%	2.45%	2.48%

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

FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2026 AND JUNE 30, 2025 ($ IN MILLIONS)

*NET CONTRIBUTIONS ARE LESS NET INVESTMENT INCOME

	CERS NONHAZARDOUS County Employees Retirement System		CERS HAZARDOUS County Employees Retirement System	
CONTRIBUTIONS	FY26	FY25	FY26	FY25
EMPLOYER CONTRIBUTIONS	$0.7	$0.8	$15.7	$17.7
INSURANCE PREMIUMS	0.1	0.1	(0.3)	(0.3)
HUMANA GAIN SHARE	-	-	-	-
RETIRED REEMPLOYED HEALTHCARE	13.6	12.0	2.5	2.2
HEALTH INSURANCE CONTRIBUTIONS (HB1)	25.2	22.8	6.6	5.7
NET INVESTMENT INCOME	96.1	86.3	43.3	39.2
CONTRIBUTION INFLOW	135.7	122.0	67.8	64.5
HEALTHCARE PREMIUMS	133.1	142.1	114.3	105.1
ADMINISTRATIVE EXPENSES	0.6	0.9	0.5	0.5
CONTRIBUTION OUTFLOW	133.7	143.0	114.8	105.6
NET CONTRIBUTIONS	2.0	(21.0)	(47.0)	(41.1)
REALIZED AND UNREALIZED GAIN/(LOSS)	415.4	311.0	193.4	148.1
CHANGE IN NET POSITION	417.4	290.0	146.4	107.0
BEGINNING OF PERIOD	3,875.9	3,585.9	1,836.4	1,729.4
ENDING OF PERIOD	$4,293.3	$3,875.9	$1,982.8	$1,836.4
NET CONTRIBUTIONS (WITHOUT INVESTMENT INCOME)	($94.1)	($107.3)	($90.3)	($80.3)
CASH FLOW AS % OF ASSETS	-2.19%	-2.77%	-4.55%	-4.37%
NET INVESTMENT INCOME	$96.1	$86.3	$43.3	$39.2
YIELD AS % OF ASSETS	2.24%	2.22%	2.18%	2.13%

KPPA

Kentucky Public Pensions Authority

Legislative Update

2026 Regular Session

Retirement-Related Bills

Five (5) KPPA-related bills of note passed this Session.

1. **House Bill 500** – Executive Branch Budget Bill

   -Allocates $78.5 million from the permanent pension fund in FY 2027 to reduce KERS Nonhazardous Pension unfunded liability.

   -Includes KPPA's Additional Budget Request and Capital Project funding.

   -Sets employer contribution rates for KERS and SPRS:

   KERS Hazardous: 18.83%
   SPRS: 54.33%
   KERS Nonhazardous: Normal cost rate at 7.76% plus the Actuarially Accrued Liability Contribution (AALC).

Retirement-Related Bills

2. **House Bill 220** – Pension Spiking; makes amendments in 25 RS HB 30 retroactive for members who retired on or July 1, 2022.

   25 RS HB 30 amended 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).

Retirement-Related Bills

3. **<u>House Bill 213</u>** – Reemployment of Retired Police Officers

   -Allows cities, counties, and postsecondary institutions to offer employer health insurance to reemployed police officers if approved by the governing body.

   -Updates reemployment exemption limits so that cities will now use prior-year staffing levels instead of a fixed 2015 benchmark.

Retirement-Related Bills

4. **<u>Senate Bill 85</u>** – Special Needs Trust

   -Allows a Special Needs Trust to be named as a beneficiary.

   -Enables Special Needs Trusts to select lifetime survivor payment options previously limited to individual beneficiaries.

Retirement-Related Bills

5. **Senate Bill 102** – Reemployment of Kentucky State Troopers & Commercial Vehicle Enforcement Officers

   -Updates appointment processes for Trooper R Class and Commercial Vehicle Enforcement Officer R (CVER) Class positions.

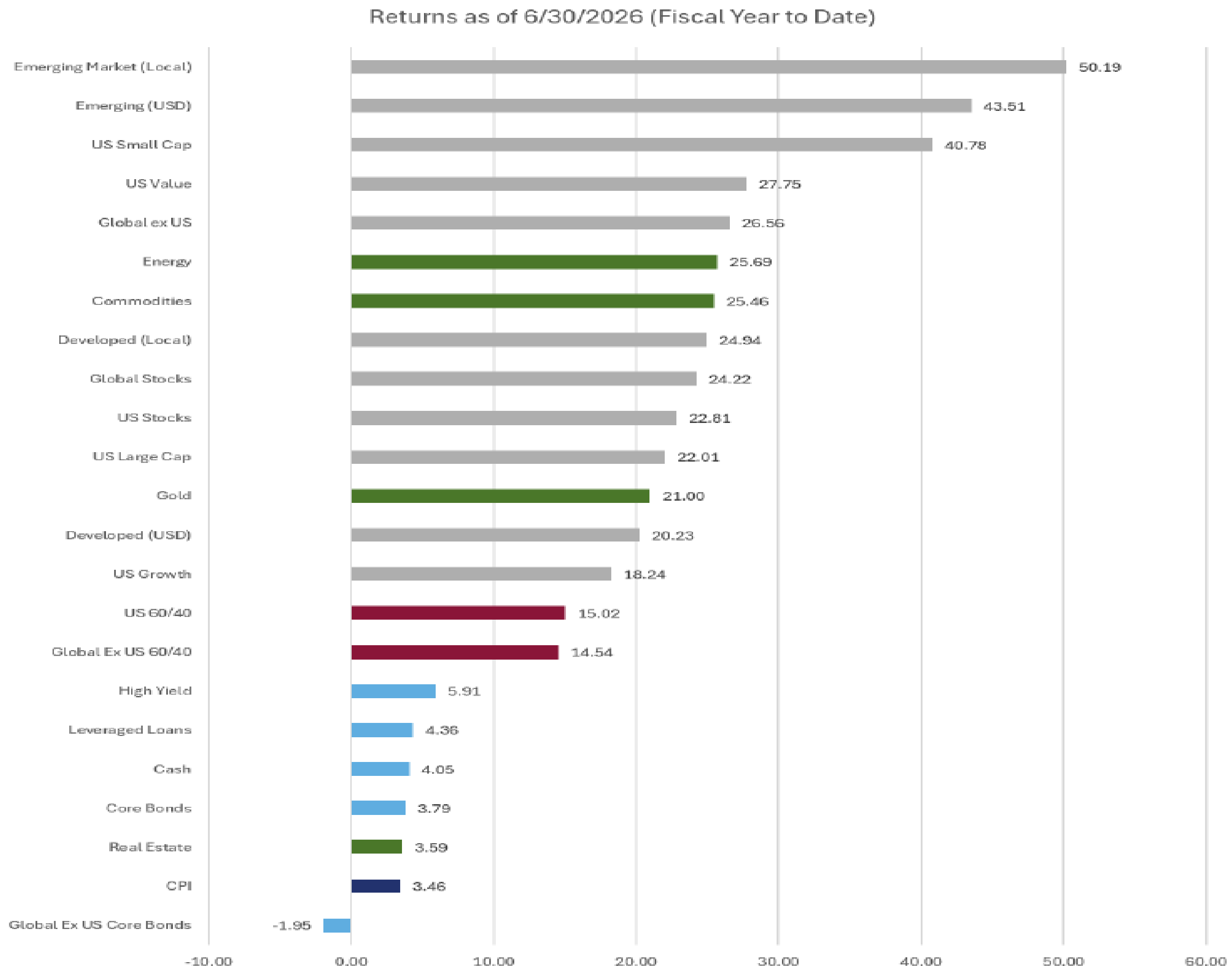
   -Allows Trooper R & CVER to return to service with the Department of Kentucky State Police after 1 month of separation from service but no more than 60 months following the latest separation date from service.

KPPA
Kentucky Public Pensions Authority

Appendix

KPPA
Kentucky Public Pensions Authority

Market Asset Class Returns
For year ending June 30, 2026



Current Asset Class Assumptions

June 2026 Asset Class Assumptions

	Equity						Fixed Income							Real Assets					
														Real Estate					
	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)	U.S. RES	Global RES	Private RE	Cmdty	Real Assets	U.S. CPI
Compound Return (%)	4.70	5.70	5.70	6.00	5.25	6.55	3.40	5.20	5.35	4.70	6.30	7.65	3.40	5.35	5.50	6.35	4.80	6.70	2.25
Arithmetic Return (%)	6.05	7.20	8.70	7.65	6.60	10.35	3.40	5.35	5.80	4.85	6.75	8.35	3.50	6.75	6.75	7.20	6.00	7.40	2.25
Risk (%)	17.00	18.00	26.00	19.15	17.05	29.65	0.75	4.75	9.95	6.00	10.00	12.75	4.00	17.50	16.55	13.95	16.00	12.20	1.75
Yield (%)	1.10	2.60	1.70	2.30	1.55	0.00	3.40	5.85	5.90	5.20	9.90	4.80	4.45	3.65	3.65	2.75	3.40	3.60	0.00
Growth Factor Exposure	8.00	8.00	8.00	8.00	8.00	14.00	0.00	-1.00	-2.75	-3.00	4.00	5.10	-1.00	6.00	6.00	3.70	0.00	2.90	0.00
Inflation Factor Exposure	-3.00	-1.00	3.00	0.20	-1.85	-4.25	0.00	-2.65	-7.10	2.50	-1.00	-1.50	-3.00	2.00	2.45	1.50	12.00	5.45	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	0.90	1.00															
Global Stock	0.98	0.90	0.83	0.94	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	0.12	-0.01	0.08	0.20	0.29	0.18	1.00											
LT Core Bond	0.29	0.15	0.00	0.10	0.23	0.30	0.11	0.95	1.00										
TIPS	-0.05	0.00	0.15	0.06	-0.01	-0.03	0.20	0.59	0.47	1.00									
High Yield Bond	0.54	0.39	0.49	0.46	0.53	0.31	-0.10	0.24	0.31	0.05	1.00								
Private Credit	0.68	0.55	0.58	0.60	0.68	0.44	0.00	0.23	0.29	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	0.16	0.21	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	0.16	0.21	0.11	0.61	0.67	0.04	0.99	1.00				
Private Real Estate	0.55	0.45	0.45	0.49	0.54	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	0.62	0.64	0.67	0.66	0.57	-0.03	0.24	0.25	0.32	0.64	0.69	0.06	0.79	0.84	0.78	0.64	1.00	
Inflation (CPI)	-0.10	-0.15	-0.13	-0.15	-0.13	-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