

# #freeCERS

## INDEPENDENT CERS GOVERNANCE

A proposal to create a separate County Employees Retirement System (CERS) Board of Trustees within the Kentucky Retirement Systems (KRS) ensures decisions made for the local pension system are based solely on what is best for the CERS trust while allowing for legislative oversight and shared administrative responsibilities with the state's pension systems.

### CERS BOARD OF TRUSTEES

Responsible for CERS pension and insurance, including investment decisions, actuarial data, auditing, asset allocations, medical and other professional or technical services.

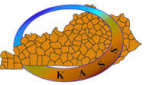
### KRS BOARD OF TRUSTEES

Responsible for Kentucky Employees Retirement System (KERS) and State Police Retirement System (SPRS) pension and insurance, including investment decisions, actuarial data, auditing, asset allocations, medical and other professional or technical services.

Members from the CERS and KRS Boards would combine to create the Kentucky Public Pensions Authority (KPPA).

- ☑ **KRS and CERS will report their actuarial valuations no later than November 15. In addition, CERS will report a summary of their actuarial valuation which shall include employer contribution rates, assumptions and trends to PPOB by Dec 31.**
- ☑ **A municipality could not file for bankruptcy protection if it is in default or delinquent in the payment of pension contributions.**
- ☑ **The governor could not reorganize, replace, amend or abolish any board.**
- ☑ **CERS investment, actuarial and allocation decisions would be made by trustees with a fiduciary duty to CERS, free from political influence regardless of future administrations.**

### THIS PROPOSAL IS SUPPORTED BY...



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- \* Three elected by members
- \* KLC, KACo and KSBA submit lists to the governor for two appointments each (Three with 10+ yrs investment experience) (Three with 10+ yrs retirement experience)



- \* Chairs of CERS and KRS Boards of Trustees
- \* Chairs of CERS and KRS Investment Committees
- \* Two additional CERS and two additional KRS Trustees
- \* Legislative Research Commission submits a list to the governor for an appointee (Would only vote in event of a tie)



- \* Three elected by members (Two KERS and one SPRS)
- \* Six appointed by governor (Three with 10+ yrs investment experience) (Three with 10+ yrs retirement experience)

CERS Questions and Components	Under Current Law	With Separation Proposal
<b>What happens if one employer leaves CERS?</b>	Liability is shared with other 1,140 CERS employers	NO CHANGE
<b>What happens if a CERS employer declares bankruptcy?</b>	Liability is shared with other 1,140 CERS employers, but Commonwealth is responsible for inviolable contract	NO CHANGE Added protection prohibits municipalities from discharging pension liability in bankruptcy.
<b>Change in benefits for CERS members</b>	Changes must be made through legislation enacted by the General Assembly	NO CHANGE
<b>Rates set by CERS Board are out of alignment with comparable systems</b>	Rates are set by KRS Board of Trustees for both CERS, KERS and SPRS	Rates would be set by CERS Board of Trustees for the CERS system and reported to the General Assembly by December 31. Legislators could intervene if rates are out of alignment.
<b>Inviolable contract</b>	Benefits cannot be reduced or impaired for members who began participating prior to January 1, 2014	NO CHANGE