

6.350 Actuarial analysis required for bill before General Assembly to increase benefits or participation in state-administered retirement system. (Effective April 1, 2021)

- (1) A bill which would increase or decrease the benefits or increase or decrease participation in the benefits or change the actuarial accrued liability of any state-administered retirement system shall not be reported from a legislative committee of either house of the General Assembly for consideration by the full membership of that house unless the bill is accompanied by an actuarial analysis.
- (2)
 - (a) An actuarial analysis required by this section shall show the economic effect of the bill on the state-administered retirement system over a twenty (20) year period, including:
 1. An estimate of the effect on the unfunded actuarial accrued liabilities and funding levels of the affected systems; and
 2. A projection of the annual employer costs to the systems of implementing the legislation over the twenty (20) year period. The annual employer cost projection shall include the effect on the contributions of participating employers as a percentage of total payroll and in total dollars of contributions.
 - (b) If a bill affects more than one (1) state-administered retirement system, the actuarial analysis shall project costs for each affected state-administered retirement system.
 - (c) A statement that the cost is negligible or indeterminable shall not be considered in compliance with this section. If a cost cannot be determined by the actuary in accordance with paragraph (a) of this subsection, then the systems shall certify in writing:
 1. The estimated number of individuals affected;
 2. The estimated change in benefit payments;
 3. The estimated change to employer costs; and
 4. The estimated change to administrative expenses.
 - (d) An actuarial analysis shall state the actuarial assumptions and methods of computation used in the analysis and shall state whether or not the bill or resolution, if enacted, would, in the opinion of the actuary, make the affected state-administered retirement system actuarially unsound or, in the case of a system already actuarially unsound, more unsound. Actuarial cost methods and assumptions that meet actuarial standards of practice established by the Actuarial Standards Board shall be used in all cost projections.
 - (e) An actuarial analysis required by this section shall be prepared by an actuary who is a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries.
- (3)
 - (a) An actuary commissioned to make an actuarial analysis that is required by this section, or for the purpose of seeking appropriations for a state-administered retirement system, shall include in the analysis a complete definition of each

actuarial term used in the analysis and, either in the analysis or in a separate actuarial valuation report made available as a public record, an enumeration and explanation of each actuarial assumption used to complete the actuarial analysis.

- (b) If the actuary commissioned to complete the actuarial analysis is relying upon assumptions that have not been previously established by the actuary in an actuarial valuation of the affected state-administered retirement system, the actuary shall clearly note and describe the new assumption and the basis for selecting the assumption.
- (4) The actuarial analysis required by this section shall be completed by the actuary retained by the affected state-administered retirement system. The state-administered retirement systems shall provide the analysis without cost to the General Assembly.
- (5) For purposes of this section, the terms:
 - (a) "State-administered retirement system" shall include:
 1. The Kentucky Employees Retirement System and the State Police Retirement System administered by the Kentucky Retirement Systems and established under the provisions of KRS 16.505 to 16.652 and 61.510 to 61.705;
 2. The Kentucky Teachers' Retirement System established under KRS 161.220 to 161.716;
 3. The Judicial Retirement Plan established under KRS 21.345 to 21.580;
 4. The Legislators' Retirement Plan established under KRS 6.500 to 6.577; and
 5. The County Employees Retirement System established under KRS 78.510 to 78.852; and
 - (b) "Funding level" means the actuarial value of assets divided by the actuarially accrued liability expressed as a percentage.

Effective: April 1, 2021

History: Amended 2020 Ky. Acts ch. 79, sec. 9, effective April 1, 2021. -- Amended 2017 Ky. Acts ch. 12, sec. 11, effective March 10, 2017. -- Amended 2016 Ky. Acts ch. 133, sec. 1, effective July 15, 2016. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 1, effective June 27, 2008. -- Created 1980 Ky. Acts ch. 246, sec. 1, effective July 15, 1980.

Legislative Research Commission Note (10/19/2004). 2004 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 19, provides, "The provisions of this Act shall be effective, KRS 6.350 to the contrary notwithstanding."