

161.400 Duties of actuary -- Actuarial investigations, valuations, and analyses.

- (1) (a) The board of trustees shall designate as actuary a competent person who shall be a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. He or she shall be the technical adviser of the board on matters regarding the operation of the funds of the system and shall perform such other duties as are required in connection therewith.
- (b)
 1. At least once in each two (2) year period, the board shall cause an actuarial investigation to be made of all of the economic experience under the retirement system, including but not limited to the inflation rate, investment return, and payroll growth assumptions, relative to the economic assumptions and funding methods previously adopted by the board.
 2. At least once in each five (5) year period, the actuary shall make an actuarial investigation into all of the demographic actuarial assumptions used, including but not limited to mortality tables, withdrawal rates, and retirement rate assumptions, relative to the demographic actuarial assumptions previously adopted by the board.
 3. Each actuarial investigation shall include at a minimum a summary of the changes in actuarial assumptions and funding methods recommended in the investigation and the projected impact of the recommended changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a thirty (30) year period.
- (c) At least annually the actuary shall make an actuarial valuation of the retirement system. The valuation shall include:
 1. A description of the actuarial assumptions used, and the assumptions shall be reasonably related to the experience of the system and represent the actuary's best estimate of anticipated experience;
 2. A description of any funding methods utilized or required by state law in the development of the actuarial valuation results;
 3. A description of any changes in actuarial assumptions and methods from the previous year's actuarial valuation;
 4. The actuarially recommended contribution rate for employers for the upcoming budget periods;
 5. A thirty (30) year projection of the funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers based upon the actuarial assumptions, funding methods, and experience of the system as of the valuation date;
 6. A sensitivity analysis that evaluates the impact of changes in system assumptions, including but not limited to the investment return assumption, payroll growth assumption, and medical inflation rates, on employer contribution rates, funding levels, and unfunded liabilities;
 7. The full actuarial cost of the sick leave program established by KRS 161.155(10) and the full actuarial costs of annual leave program

established by KRS 161.540(1)(f), including the total actuarially accrued liabilities of the sick leave program and the annual leave program determined and reported separately, and the total actuarial costs to annually finance each program as a percentage of payroll and in total dollars broken down by each funding source; and

8. A breakdown of each individual employer's share of the actuarially accrued liability as determined solely by the system's consulting actuary and assigned to each employer based upon the last participating employer of the member or annuitant as of the valuation date. The breakdown shall include a value for each individual employer, including but not limited to each individual school district, each university, each state agency, and every other individual employer who participates in the system.
- (d) On the basis of the results of the valuations, the board of trustees shall make necessary changes in the retirement system within the provisions of law and shall establish the contributions payable by employers and the state specified in KRS 161.550, including changes prescribed by KRS 161.633, 161.634, 161.635, and 161.636, as applicable.
 - (e) For any change in actuarial assumptions, funding methods, retiree health insurance premiums and subsidies, or any other decisions made by the board that impact system liabilities and actuarially recommended contribution rates for employers and that are not made in conjunction with the actuarial investigations required by paragraph (b) of this subsection, an actuarial analysis shall be completed showing the projected impact of the changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a thirty (30) year period.
- (2) Actuarial factors and actuarial cost factor tables in use by the retirement system for all purposes shall be determined by the actuary of the retirement system and approved by the board of trustees by resolution and implemented without the necessity of an administrative regulation.
 - (3) A copy of each actuarial investigation, actuarial analysis, and valuation required by subsection (1) of this section shall be forwarded electronically to the Legislative Research Commission no later than ten (10) days after receipt by the board, and the Legislative Research Commission shall distribute the information received to the committee staff and co-chairs of any committee that has jurisdiction over the Teachers' Retirement System. The actuarial valuation required by subsection (1)(c) of this section shall be submitted no later than November 15 following the close of the fiscal year.

Effective: June 27, 2025

History: Amended 2025 Ky. Acts ch. 64, sec. 2, effective June 27, 2025; and ch. 138, sec. 5, effective March 31, 2025. -- Amended 2022 Ky. Acts ch. 165, sec. 4, effective July 14, 2022. -- Amended 2021 Ky. Acts ch. 64, sec. 4, effective June 29, 2021; and repealed, reenacted, and amended ch. 157, sec. 12, effective January 1, 2022. -- Ky. Acts ch. 64, sec. 4, effective June 29, 2021. Amended 2018 Ky. Acts ch. 107, sec. 46, effective July 14, 2018. -- Amended 2016 Ky. Acts ch. 133, sec. 6, effective July 15, 2016. -- Amended 2002 Ky. Acts ch. 275, sec. 7, effective July 1,

2002. -- Amended 2000 Ky. Acts ch. 498, sec. 7, effective July 1, 2000. -- Amended 1990 Ky. Acts ch. 442, sec. 19, effective July 1, 1990; and ch. 476, Pt. V, sec. 497, effective July 13, 1990. -- Amended 1980 Ky. Acts ch. 246, sec. 3, effective July 15, 1980. -- Amended 1978 Ky. Acts ch. 152, sec. 2, effective March 28, 1978. -- Amended 1976 Ky. Acts ch. 351, sec. 4, effective July 1, 1976. -- Amended 1962 Ky. Acts ch. 64, sec. 3. -- Amended 1960 Ky. Acts ch. 44, sec. 5. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4506b-20.

Legislative Research Commission Note (6/27/2025). This statute was amended by 2025 Ky. Acts chs. 64 and 138, which do not appear to be in conflict and have been codified together.

Legislative Research Commission Note (12/13/2018). On December 13, 2018, the Kentucky Supreme Court ruled that the passage of 2018 SB 151 (2018 Ky. Acts ch. 107), did not comply with the three-readings rule of Kentucky Constitution Section 46 and that the legislation is, therefore, constitutionally invalid and declared void. That ruling applies to changes made to this statute in that Act.

Legislative Research Commission Note (7/13/90). The Act amending this section prevails over the repeal and reenactment in House Bill 940, Acts Ch. 476, pursuant to Section 653(1) of Acts Ch. 476.