

Kentucky Judicial Form Retirement System

JUDICIAL RETIREMENT PLAN LEGISLATORS RETIREMENT PLAN

Donna S. Early
Executive Director

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MEMORANDUM

To: Mary C. Yaeger, Office of Special Projects
From: Donna S. Early, Executive Director
RE: **2015 HB 306 GA/BR 213**
AA Statement 1 and 2 of 4
Date: February 9, 2015

I have examined **2015 HB 306** and have formed the opinion that it will not *increase or decrease the benefits or increase or decrease participation in the benefits or change the actuarial accrued liability* of the Judicial Retirement Plan or the Legislators Retirement Plan. Consequently, I have not requested an actuarial analysis by the System's independent actuary.

If HB 306 is enacted, it is highly likely that the administrative budget of each Plan will be increased; however, the specific increase is not determinable at this time.

Please let me know if you have any questions regarding this communication.



KENTUCKY RETIREMENT SYSTEMS

William A. Thielen, Executive Director

Perimeter Park West ▾ 1260 Louisville Road ▾ Frankfort, Kentucky 40601
kyret.ky.gov ▾ Phone: 502-696-8800 ▾ Fax: 502-696-8822



February 11, 2015

Mary C. Yaeger
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: HB 306 GA/BR 213
AA Statement 3 of 4

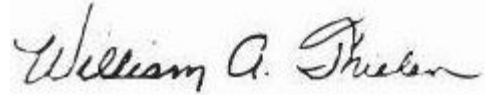
Dear Mary:

House Bill 306 amends KRS 6.350 to specify that the actuarial analysis required on retirement legislation shall include the impact on funding levels and unfunded liabilities over time; specifies the qualification requirements of the actuary completing the analysis; amends KRS 61.670 to provide that the Kentucky Retirement Systems (KRS) shall include in its actuarial valuations a description of funding methods utilized or required by state law in the development of the valuation, a description of any changes in actuarial assumptions and methods that have occurred since the last valuation, the actuarially recommended employer contribution rates for the upcoming budget period, a 20-year projection of employer contribution rates, funding levels, and unfunded liabilities, and a sensitivity analysis to evaluate the impact of changes in key assumptions on employer rates, funding levels, and unfunded liabilities; requires KRS to conduct an actuarial experience study at least once every 5 years and to perform a 20-year impact of the proposed changes to the systems employer rates, funding levels, and unfunded liabilities; requires KRS to perform a 20-year impact on employer rates, funding levels, and unfunded liabilities for any changes in assumptions, funding methods, retiree health subsidies, or other changes enacted by the KRS Board of Trustees that impact system liabilities; requires the actuary certifying the results of the annual actuarial valuation and the 5 year experience study to be a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries; requires electronic distribution of actuarial valuations, experience studies, or analysis on changes made by the KRS Board of Trustees to the Legislative Research Commission (LRC) and require LRC to distribute information to chairs and committee staff of committees with jurisdiction over the systems; makes technical amendments; amends KRS 48.040 to provides that on or before August 15 prior to a budget session, that KRS shall prepare a preliminary projection of the actuarially required contribution rates for the upcoming budget biennium and to provide updated values by December 31 of the same year once the actuarial valuation is completed; requires submission to the state budget director's office and the LRC and require LRC to distribute information to chairs and committee staff of committees with jurisdiction over the systems upon receipt.

KRS staff members have examined HB 306 and have determined that the bill will not increase or decrease benefits or the participation in benefits in any of the retirement systems administered by KRS. Furthermore, HB 306 will not change the actuarial liability of any of the retirement systems administered by KRS. Consequently, we have not requested any further actuarial analysis of HB 306 by the System's independent actuary.

Please let me know if you have any questions regarding our analysis of HB 306.

Sincerely,

A handwritten signature in black ink that reads "William A. Thielen". The signature is written in a cursive style with a large initial "W".

William A. Thielen
Executive Director
Kentucky Retirement Systems

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

GARY L. HARBIN, CPA
Executive Secretary
502/848-8500



SERVING KENTUCKY TEACHERS SINCE 1940

ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

February 11, 2014

Mary C. Yaeger
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: HB 306 GA/BR 213

AA Statement 4 of 4

Dear Mary:

HB 306, an Act relating to the public pension reporting, in part amends KRS 161.400 to require KTRS to include in its actuarial valuations a description of funding methods utilized or required by state law in the development of the valuation, a description of any changes in actuarial assumptions and methods that have occurred since the last valuation, the actuarially recommended employer contribution rates for the upcoming budget period, a 20-year projection of employer contribution rates, funding levels, and unfunded liabilities, and a sensitivity analysis to evaluate the impact of changes in key assumptions on employer rates, funding levels, and unfunded liabilities; require KTRS to conduct an actuarial experience study at least once every 5 years and to perform a 20-year impact of the proposed changes to employer rates, funding levels, and unfunded liabilities; require KTRS to perform a 20-year impact on employer rates, funding levels, and unfunded liabilities for any changes in assumptions, funding methods, retiree health subsidies, or other changes enacted by the board of trustees that impact system liabilities; require the actuary certifying the results of the annual actuarial valuation and the 5 year experience study to be a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries; require electronic distribution of actuarial valuations, experience studies, or analysis on changes made by the board of trustees to the Legislative Research Commission (LRC) and require LRC to distribute information to chairs and committee staff of committees with jurisdiction over KTRS; make technical amendments; amend KRS 48.040 to provide that on or before August 15 prior to a budget session, that the state-administered systems shall prepare a preliminary projection of the actuarially required contribution rates for the upcoming budget biennium and to provide updated values by December 31 of the same year once the actuarial valuation is completed; require submission to the state budget director's office and the LRC and require LRC to distribute information to chairs and committee staff of committees with jurisdiction over KTRS upon receipt.

KTRS has examined HB 306 and determined that it would not increase or decrease retirement

benefits. Accordingly, KTRS has not requested any further actuarial analysis of this bill by the Retirement System's independent actuary.

Please let me know if you have any questions or concerns about this matter.

Sincerely,

A handwritten signature in cursive script that reads "RB Barnes".

Robert B. Barnes
Deputy Executive Secretary of Operations and
General Counsel