

# TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

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*Executive Secretary*  
502/848-8500



*SERVING KENTUCKY TEACHERS SINCE 1940*

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March 31, 2016

Josh W. Nacey  
Office of Special Projects  
Legislative Research Commission  
Capitol Annex, Room 39  
Frankfort, KY 40601

RE: HB 172 GA/BR 487  
AA Statement 1 of 1

Dear Mr. Nacey:

HB 172 GA, an Act relating to survivor benefits in the Kentucky Teachers' Retirement System (KTRS), amends KRS 161.520 to remove marriage as a disqualifying event for a widow or widower who is receiving survivor benefits from KTRS.

KTRS has examined HB 172 GA and determined that it would not increase or decrease retirement benefits; rather, it allows widows and widowers to marry and continue to receive the same survivor allowance they were already receiving. For 2015, KTRS is aware of two cases in which a widow or widower married and therefore became ineligible for the survivor allowance. In one instance, the survivor allowance that was terminated was in the amount of \$180 per month or \$2,160 per year. In the other instance, the survivor allowance was \$583.48 per month or \$7,001.76 per year.

There are currently 459 widows or widowers receiving survivor allowances that would terminate upon marriage. Of these, 177 are receiving the minimal survivor allowance provided under KRS 161.510(1)(a) or (b) of either \$180 per month or \$240 per month depending upon their other sources of income. These survivor allowances average \$190.96 per month and total \$33,751.38 per month. The remaining 282 widows and widowers receive a survivor allowance that is provided under KRS 161.520(1)(c) which is the actuarial equivalent of what the deceased member would have received when, with the passage of time, the member would have been eligible to retire his or her account by reason of age. This survivor allowance is payable only if at the time of the member's death he or she had at least ten years of service credit. The survivor allowances for this group average \$1,587.07 per month and total \$447,552.68 per month. The survivor allowances for both groups of widows

and widowers averages \$1,777.76 per month and totals \$481,304.06 per month or \$5,775,648.72 per year.

There is currently not an actuarial assumption for the re-marriage of those in receipt of survivor allowances. In addition, it is impossible with any accuracy to determine how many widows and widowers are foregoing marriage to continue to receive the survivor allowance and how many simply have no plans to remarry. KTRS has not, in the past, kept track of the number of survivor allowances that have been terminated as a result of marriage (KTRS now has the ability going forward to track this data with the recent complete replacement of its IT system). But, from the 2015 experience and from the assessment of staff, the number of widows and widowers who have their survivor allowances terminated as a result of marriage is minimal.

HB 172 GA includes HFA(1) which defines “widow” or “widower” as one who was married to a deceased contributing member for not less than (5) years.

KTRS has consulted with its independent actuary and, given the data currently available, the actuary has no further comments to offer. 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 regarding this analysis.

Sincerely,



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

cc. Kate Talley, Katie Carney