



KENTUCKY RETIREMENT SYSTEMS

William A. Thielen, Executive Director

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February 26, 2016

Mr. Josh Nacey
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 34
Frankfort, KY 40601

RE: SB 189/BR 1580
AA Statement 1 of 1

Dear Mr. Nacey:

Senate Bill 189 amends KRS 61.542 to allow a retiring member of Kentucky Retirement Systems to designate up to four individuals as beneficiaries upon retirement; allows a retired member to change beneficiary designations in the event of the beneficiary's death or upon marriage or remarriage if the member files the proper forms within 90 days of death, marriage, or remarriage; requires recalculation of benefit upon change in beneficiary to ensure actuarial equivalence; creates exceptions; amends KRS 61.635 to offer a multiple beneficiaries survivorship option to provide lifetime benefits for to up to four beneficiaries based upon percentages assigned by the member at retirement; provide that a lifetime benefit may be provided to a trust under the single beneficiary or multiple beneficiaries survivorship option and provide that the age of trust beneficiaries shall be used to determine actuarial equivalence; amend KRS 61.630 to conform; amends KRS 61.640 and 16.578 to provide that for death prior to retirement, a trust naming a single beneficiary may select the single beneficiary survivorship option; provides that multiple beneficiaries may select the multiple beneficiary survivorship option.

Kentucky Retirement Systems' staff members have examined SB 189 and have determined that the bill will not increase or decrease benefits or the participation in benefits. Furthermore, SB 189 will not change the actuarial liability of the retirement systems administered by KRS; however, the bill will impose significant additional administrative costs on the Systems. Since the bill will not have an actuarial impact, we have not requested further analysis of SB 189 by the System's independent actuary.

Please let me know if you have any questions regarding our analysis of SB 189.

Sincerely,

A handwritten signature in cursive script that reads "William A. Thielen".

William A. Thielen
Executive Director
Kentucky Retirement Systems