

1 AN ACT relating to the Public Pension Oversight Board.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 7A.220 (Effective January 1, 2027) is amended to read as
4 follows:

5 (1) The Public Pension Oversight Board shall be composed of the following twenty-
6 five (25)~~twenty-three (23)~~ members:

7 (a) 1. Five (5)~~Four (4)~~ members of the General Assembly appointed by the
8 Speaker of the House of Representatives, one (1) of whom shall be the
9 chair or a vice chair of the House Standing Committee on
10 Appropriations and Revenue and one (1) of whom shall be the chair or
11 a vice chair of the House Standing Committee on State Government;
12 and

13 2. Two (2) members of the General Assembly appointed by the Speaker of
14 the House of Representatives, each of whom shall be selected to ensure
15 that representation on the board by House members of the General
16 Assembly is in closer proportion to the representation of each political
17 party in the House of Representatives.

18 The members appointed pursuant to this paragraph shall be appointed in
19 January of each odd-numbered year for a two (2) year term, and the Speaker
20 shall designate one (1) as co-chair of the board;

21 (b) 1. Five (5)~~Four (4)~~ members of the General Assembly appointed by the
22 President of the Senate, one (1) of whom shall be the chair or a vice
23 chair of the Senate Standing Committee on Appropriations and Revenue
24 and one (1) of whom shall be the chair or a vice chair of the Senate
25 Standing Committee on State & Local Government; and

26 2. Two (2) members of the General Assembly appointed by the President
27 of the Senate, each of whom shall be selected to ensure that

1 representation on the board by Senate members of the General
 2 Assembly is in closer proportion to the representation of each political
 3 party in the Senate.

4 The members appointed pursuant to this paragraph shall be appointed in
 5 January of each odd-numbered year for a two (2) year term, and the President
 6 shall designate one (1) as co-chair of the board;

7 (c) Two (2) members of the General Assembly appointed by the Minority Floor
 8 Leader of the Senate in January of each odd-numbered year for a two (2) year
 9 term;

10 (d) Two (2) members of the General Assembly appointed by the Minority Floor
 11 Leader of the House of Representatives appointed in January of each odd-
 12 numbered year for a two (2) year term;

13 (e) One (1) individual appointed by the Speaker of the House of Representatives,
 14 who shall be certified as a chartered financial analyst (CFA) with at least ten
 15 (10) years of investment experience or who shall possess at least ten (10)
 16 years of retirement experience as defined by subsection (2) of this section;

17 (f) One (1) individual appointed by the President of the Senate, who shall be
 18 certified as a chartered financial analyst (CFA) with at least ten (10) years of
 19 investment experience or who shall possess at least ten (10) years of
 20 retirement experience as defined by subsection (2) of this section;

21 (g) The state budget director or his or her designee;

22 (h) The Auditor of Public Accounts or his or her designee;

23 (i) The Attorney General or his or her designee;~~and~~

24 (j) **The State Treasurer or his or her designee; and**

25 **(k) One (1) individual**~~[Two (2) individuals]~~ appointed by the Governor, ~~who~~~~[one~~
 26 ~~(1) of whom]~~ shall:

27 **1.** Be certified as a chartered financial analyst (CFA) with at least ten (10)

1 years of investment experience ; or~~and one (1) of whom shall~~

2 2. Possess at least ten (10) years of retirement experience as defined by
3 subsection (2) of this section.

4 (2) For purposes of this section, "retirement experience" means:

5 (a) Experience in retirement or pension plan management;

6 (b) A certified public accountant with relevant experience in retirement or
7 pension plan accounting;

8 (c) An actuary with relevant experience in retirement or pension plan consulting;

9 (d) An attorney licensed to practice law in the Commonwealth of Kentucky with
10 relevant experience in retirement or pension plans;~~or~~

11 (e) A current or former university professor whose primary area of emphasis is
12 economics or finance; or

13 (f) A former elected official with relevant experience in retirement or pension
14 plan management or policy.

15 (3) Individuals appointed under subsection (1)(e), (f), and (k)~~(j)~~ of this section shall
16 not:

17 (a) Be a current member of the General Assembly;

18 (b) Be employed by a state agency of the Commonwealth of Kentucky or
19 receiving a contractual payment for services rendered to a state agency of the
20 Commonwealth of Kentucky that would conflict with his or her service to the
21 board; or

22 (c) Serve more than three (3) consecutive four (4) year terms on the board.

23 (4) Any vacancy which may occur in the membership of the board shall be filled within
24 thirty (30) days of the occurrence, in the same manner as the original appointment,
25 and for the balance of the vacated member's term.

26 (5) Individuals appointed under subsection (1)(e), (f), and (k)~~(j)~~ of this section shall
27 serve a term of four (4) years.

1 ➔Section 2. KRS 7A.255 is amended to read as follows:

- 2 (1) Notwithstanding KRS 21.345 to 21.580, 61.661, 61.870 to 61.884, or 161.585 to
3 the contrary, on or before November 15 following the close of each fiscal year, the
4 state-administered retirement systems shall collectively file a report with the Public
5 Pension Oversight Board that shall include the following information for each
6 member or recipient of a retirement allowance from any of the state-administered
7 retirement systems:
- 8 (a) A unique identification number for each member or recipient that is created
9 solely for purposes of compiling the report provided by this section and which
10 shall not be the member's Social Security number or personal identification
11 number issued by the systems. For individual members or recipients with
12 multiple accounts in the state-administered retirement systems, all of the state-
13 administered retirement systems shall use the same unique identification
14 number;
- 15 (b) The system or systems in which the member has an account or from which the
16 retired member is receiving a monthly retirement allowance;
- 17 (c) The status of the member or recipient, including but not limited to whether he
18 or she is a contributing member, a member who is not currently contributing
19 to the systems but has not retired, a retired member, a beneficiary, or a retired
20 member who has returned to work following retirement with an agency
21 participating in the systems;
- 22 (d) If the individual is a retired member or beneficiary, the annualized monthly
23 retirement allowance that he or she was receiving at the end of the most
24 recently completed fiscal year; and
- 25 (e) If the individual is a member who has not yet retired, the estimated annual
26 retirement allowance that he or she is eligible to receive at his or her normal
27 retirement date based upon his or her service credit, final compensation, and

1 accumulated account balance at the end of the most recently completed fiscal
2 year.

3 Under no circumstances shall the member's name, address, or Social Security
4 number be included in the information required to be reported to the board by this
5 section, nor shall the unique identification number established by subsection (1) of
6 this section be capable of being linked to a specific member's retirement account
7 with a state-administered retirement system.

8 (2) On or before November 15 following the close of each fiscal year, the state-
9 administered retirement systems shall report to the Public Pension Oversight Board
10 the percentage of system assets and managers for which fees and commissions are
11 being reported in accordance with KRS 21.540(4)(m), 61.645(19)(i), and
12 161.250(4)(i). This subsection shall apply on a fiscal year basis beginning on or
13 after July 1, 2017.

14 (3) On or before November 15, 2017, the state-administered retirement systems shall
15 tender to the Public Pension Oversight Board a copy of their board-adopted
16 investment procurement policy along with certification from the secretary of the
17 Finance and Administration Cabinet that the investment procurement policy meets
18 or does not meet the best practices for investment management procurement. If the
19 board amends its investment procurement policy, it shall tender a copy of its
20 amended investment procurement policy to the Public Pension Oversight Board
21 within sixty (60) days of adoption along with certification from the secretary of the
22 Finance and Administration Cabinet that the policy meets or does not meet the best
23 practices for investment management procurement.

24 (4) (a) On or before November 15 following the close of each fiscal year, the
25 Kentucky Public Pensions Authority shall report to the Public Pension
26 Oversight Board the number of recipients~~individuals~~ and total payments to
27 ~~members~~recipients who are receiving a monthly retirement allowance due

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to a member~~[become]~~;

1. *Becoming* totally and permanently disabled as a direct result of an act in line of duty as defined in KRS 16.505 or 78.510;

2. *Becoming*~~[or become]~~ disabled as a result of a duty-related injury as defined in KRS 61.621;

3. *Dying as a direct result of an act in line of duty as defined in KRS 16.505 or 78.510; or*

4. *Dying as a result of a duty-related injury as defined in KRS 61.621.*

(b) The data shall be broken down by:

1. System;

2. *Benefit type, either disablement or death; and*

3. *Retirement position type, including nonhazardous positions, hazardous positions, and, in the case of disablement,*~~[and for recipients who are drawing a benefit from the disablement of a hazardous member, a nonhazardous member who worked in a] nonhazardous positions~~~~[position]~~ that could be certified as ~~[a] hazardous positions~~~~[position]~~ based upon KRS 61.592 or 78.5520~~[, and a nonhazardous member who worked in a nonhazardous position that could not be certified as a hazardous position based upon KRS 61.592].~~

(5) On or before November 15, 2023, and on or before November 15 every fourth year thereafter, the Department of Kentucky State Police and the Kentucky Public Pensions Authority shall jointly report to the Public Pension Oversight Board on the costs and effectiveness of the program established by KRS 16.583(2)(b)2. and 16.584.

➔Section 3. Section 1 of this Act takes effect January 1, 2027.