

Kentucky Judicial Form Retirement System

JUDICIAL RETIREMENT PLAN
LEGISLATORS RETIREMENT PLAN

Donna S. Early
Executive Director

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MEMORANDUM

To: Katie Carney, Office of Fiscal Statement Review
From: Donna S. Early, Executive Director
RE: **2017 HB 273 BR 1001**
AA statement 1 of 2
Date: February 22, 2017

I have examined **HB 273 (BR 1001)** and have formed the opinion that the proposal contained therein will not *increase or decrease the benefits or increase or decrease participation in the benefits or change the actuarial accrued liability* of the Legislators Retirement Plan. Consequently, I have not requested an actuarial analysis by the System's independent actuary.

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

February 23, 2017

Ms. Katie Carney
Executive Assistant, Director's Office
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

RE: House Bill 273 (2017 RS BR 1001)
AA Statement Required by KRS 6.350
AA Statement 2 of 2

Dear Ms. Carney:

House Bill 273 (2017 RS BR 1001) creates a new section of KRS Chapter 6 and amends KRS Chapter 61 to allow individuals who become a member of the General Assembly on or after April 1, 2017 to make a one-time irrevocable election to not participate in the Legislators' Retirement Plan (LRP) or the Kentucky Employees Retirement System (KERS) for their service to the General Assembly. The bill also allows General Assembly members who began contributing to the LRP or to KERS on or after December 31, 2014 but prior to April 1, 2017, to make a one-time irrevocable election by December 31, 2017 to discontinue participation in the plans and receive a refund of their accumulated contributions. The bill contains an Emergency clause.

Kentucky Retirement Systems staff members have examined House Bill 273 (2017 RS BR 1001) and have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by Kentucky Retirement Systems. The bill would not increase the participation in benefits in any of the retirement systems administered by Kentucky Retirement Systems, but would decrease participation if individuals choose to make the election to not participate in KERS.

House Bill 273 (2017 RS BR 1001) could make a nominal change to the actuarial liability of the KERS plan. If new legislators choose not to participate there would be no new liability created because they would not earn credit toward a retirement benefit. Furthermore, members already in the KERS plan would have had to begin participating on or after December 31, 2014, thus placing them under Tier 3. Tier 3 members must obtain 60 months of service credit in order to be vested and eligible to receive a refund of both their contributions and a portion of the contributions made by their employer on their behalf. Because the dates specified in the bill are within the past five years, individuals who elect to discontinue participation in KERS would not be vested and would only receive their employee contributions and any earned interest in their refund. The employer contributions paid on their behalf would remain with the Systems.

We have not requested any further actuarial analysis of House Bill 273 (2017 RS BR 1001) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 273 (2017 RS BR 1001).

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive, flowing style.

David L. Eager
Interim Executive Director
Kentucky Retirement Systems