



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Interim Executive Director

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January 22, 2018

Ms. Katie Carney
Office of Fiscal Statement Review
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

RE: BR 213 SB 28
AA Statement 1 of 2
AA Statement Required by KRS 6.350

Dear Ms. Carney:

Senate Bill 28 (2018 RS BR 213) amends KRS Chapter 6 to close the Legislators' Retirement Plan (LRP) to new members effective August 1, 2018 and provides that current and future legislators shall only participate in the Kentucky Employees Retirement System (KERS) for any service to the General Assembly occurring on or after August 1, 2018.

Kentucky Retirement Systems staff members and actuaries have examined Senate Bill 28 (2018 RS BR 213) 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 increase the participation in benefits in the KERS plan effective August 1, 2018 and thereafter as current legislator retirement accounts are received into the KERS plan from LRP and future legislators begin participation in KERS.

Senate Bill 28 (2018 RS BR 213) would increase the actuarial liability of the KERS plan. Assuming that the Commonwealth continues to pay the full Actuarially Required Contribution (ARC), there should be no adverse impact on KERS associated with new legislators entering the plan on or after August 1, 2018 because the increase in actuarial liability should be offset by employee and employer contributions and investment returns. However, any unfunded liabilities for existing LRP members would transfer to the KERS Nonhazardous pension plan and thus would add to the existing KERS plan unfunded liability.

We have not requested any further actuarial analysis of Senate Bill 28 (2018 RS BR 213) by the Systems' independent actuary. Please let me know if you have any questions regarding our analysis of Senate Bill 28 (2018 RS BR 213).

Sincerely,

A handwritten signature in cursive script that reads "David Eager".

David L. Eager
Interim Executive Director, Kentucky Retirement Systems