



## KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Interim Executive Director

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March 20, 2018

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

**RE: BR 881 SB 81**  
**AA Statement 1 of 1**

Dear Ms. Carney:

Senate Bill 81 (2018 RS BR 881) amends KRS 16.543, 61.543, and 78.615 to provide that, if the Kentucky Retirement Systems determines that employee contributions were made in error more than five years following the date the contributions were first made, the Systems shall pay the member interest on any refunded contributions at the actuarially assumed rate of return.

Kentucky Retirement Systems staff members have consulted with their actuaries and have examined Senate Bill 81 (2018 RS BR 881). We have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by Kentucky Retirement Systems. The bill will not increase or decrease the participation in benefits in any of the retirement systems administered by Kentucky Retirement Systems.

Senate Bill 81 (2018 RS BR 881) should not have a detrimental impact on the actuarial liability of any of the retirement systems administered by Kentucky Retirement Systems. It is very difficult to determine the estimated number of individuals affected by this bill, as those members who had been reported in error would only be discovered following an audit of their account. In addition, the estimated cost to the Systems is difficult to determine, because the balance of an employee's account would be different in each case. However, it is unlikely that there would be enough employees reported in error that an additional payment of interest on their refunded contributions would cause a change in the actuarial liability of the Systems.

In accordance with KRS 6.350 (2)(c), Kentucky Retirement Systems certifies the following:

1. It is very difficult to determine the estimated number of individuals affected by this bill, as those members who had been reported in error would only be discovered following an audit of their account. As of June 30, 2017 there are 266,289 active and inactive members across all plans administered by Kentucky Retirement Systems.
2. There is no estimated change in benefit payments;

3. There is no estimated change to employer costs;
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of Senate Bill 81 (2018 RS BR 881) by the Systems' independent actuary. Please let me know if you have any questions regarding our analysis of Senate Bill 81 (2018 RS BR 881).

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