



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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February 26, 2019

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

RE: House Bill 419 GA (2019 RS BR 1041)
AA Statement Required by KRS 6.350
AA Statement 1 of 1

Dear Ms. Carney:

House Bill 419 GA (2019 RS BR 1041) amends KRS 61.590 and 61.637 to require Kentucky Retirement Systems (KRS) members to certify at the time of retirement that no prearranged agreement exists between the member and any participating agency, rather than requiring the certification upon reemployment; provides that no benefit payments shall be made until the member completes the certification; amends KRS 61.637 to provide that a retired/reemployed member shall not be required to notify the Systems if reemployment, contracting, volunteering, or serving as a leased employee first occurs with a participating agency after a period of 12 months following the member's initial retirement date; provides that employers shall not be required to certify whether a prearranged agreement existed for a retiree to return with the employer if the reemployment occurs after 12 months following retirement; provides that employment that is accepted by the employee after 12 months following retirement shall not constitute a prearranged agreement; provides that if retiree is reemployed on contract or as a leased employee with a participating agency within 3 months following retirement and the Systems determines the period of employment does not qualify as a contractor or leased employee, then the Systems will void the members retirement; provides that if retiree is reemployed on contract or as a leased employee with a participating agency after 3 but within 12 months following retirement and the Systems determines the period of employment does not qualify as a contractor or leased employee, and that a prearranged agreement existed for the retiree to return to work, then the Systems will void the members retirement; provides that if reemployment as a contract or leased employee takes place after 12 months following retirement, the member shall continue to draw his or her retirement allowance and shall not be required to notify the Systems or submit any documentation; requires the Systems to issue a final determination regarding prearranged agreements or a member's status as an independent contractor/leased employee within 30 days of submitting all required information; and requires KRS to promulgate administrative regulations to implement these provisions.

Kentucky Retirement Systems staff members have examined House Bill 419 GA (2019 RS BR 1041). 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 would not increase or decrease the participation in benefits in any of the retirement systems administered by Kentucky Retirement Systems. Furthermore, House Bill 419 (2019 RS BR 1041) would not change the actuarial liability of any of the retirement plans administered by KRS.

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

1. The estimated number of individuals affected as of June 30, 2018 are 379,288 active, inactive, and retired members in all KRS-administered plans;
2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 419 GA (2019 RS BR 1041) by the Systems' independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 419 (2019 RS BR 1041).

Sincerely,



David L. Eager
Executive Director
Kentucky Retirement Systems