



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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February 12, 2019

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

RE: House Bill 55 GA (2019 RS BR 202)
AA Statement Required by KRS 6.350
AA Statement 1 of 1

Dear Ms. Carney:

House Bill 55 (2019 RS BR 202) proposes to amend Kentucky Revised Statute 61.637 to provide that if an elected official participating in one of the systems administered by Kentucky Retirement Systems (KRS) retires and is elected to the same office within 12 months of retiring, his or her retirement shall be voided.

Kentucky Retirement Systems staff members have examined House Bill 55 (2019 RS BR 202). We have determined that the bill will not increase or decrease the accumulation of service and related benefits in any of the retirement systems administered by Kentucky Retirement Systems. Currently, retired members from the Non-Hazardous plans are required to have a 3-month break in service and a 1-month break is required for members in the Hazardous plans who are returning to a regular, full-time Hazardous position, before returning to a position with a participating KRS agency. Retired members who reemploy with a participating agency in KRS do not earn a second account upon re-employment; however, KRS receives employer contributions and reimbursement for health insurance contributions during the period of re-employment. The bill would temporarily postpone the total number of benefit payments from the plans administered by KRS if retiree accounts are voided. However, benefit payments would resume when the member once again reaches retirement eligibility.

House Bill 55 (2019 RS BR 202) would not decrease the actuarial liability of the plans administered by Kentucky Retirement Systems: the actual retirement benefit payments would be postponed in the short-term due to the voiding of their retirement, but the liability would continue until the member/beneficiary is no longer in the system due to mortality.

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 unknown, but would be limited to those who are elected to public office within six months prior to the effective date of the bill, and extending from that point forward.
2. There is potentially a short-term decrease in benefit payments if an elected official violates the provisions of this bill and has their retirement benefit payment voided.

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3. There is no estimated change to employer contribution rates; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 55 (2019 RS BR 202) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 55 (2019 RS BR 202).

Sincerely,

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

David L. Eager
Executive Director
Kentucky Retirement Systems