



KENTUCKY RETIREMENT SYSTEMS

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February 27, 2019

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

**RE: House Bill 80 (2019 RS BR 11) – GA Version
AA Statement Required by KRS 6.350
AA Statement 1 of 1**

Dear Ms. Carney:

House Bill 80 (2019 RS BR 11) GA Version amends KRS 61.645 to allow the Kentucky Retirement Systems board to promulgate an administrative regulation to conduct trustee elections by electronic ballot, but retains the option to use a paper ballot; deletes language relating to prior court orders that are now moot; synchronizes the election of the trustees from the County Employees Retirement System during 2021; amends KRS 78.625 and 61.675 to grant the Kentucky Retirement Systems the option, rather than the requirement, to pursue penalties for a participating agency's failure to timely file all contributions and reports; and amends KRS 61.702 to provide that the one percent (1%) employee contribution for retiree health for employees who began participating on or after September 1, 2008, may be deposited into the 115 trust for retiree health under KRS 61.701.

Kentucky Retirement Systems staff members have examined House Bill 80 (2019 RS BR 11) GA Version. We have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by Kentucky Retirement Systems, and the bill would not increase or decrease the participation in benefits in any of the retirement systems administered by KRS. Furthermore, House Bill 80 (2019 RS BR 11) GA Version would not change the actuarial liability of any of the retirement plans administered by KRS.

House Bill 80 (2019 RS BR 11) GA Version would have a positive impact on the administrative costs to the Systems. KRS conducts trustee elections every four (4) years. The total cost is comprised of the following expenses: postage, printer, and external auditor (for receiving and tabulating completed ballots). Since 2010, on average each KERS election has cost the Systems \$79,746; each CERS election has cost the Systems an average of \$123,208; and each SPRS election has cost the Systems an average of \$3,923. Allowing KRS to conduct elections electronically would greatly reduce the postage and ballot printing costs and therefore provide savings to the Systems.

Synchronizing the CERS elections would also create administrative savings for KRS. The 2013 CERS election to fill two (2) trustee positions cost the Systems \$134,127. Another CERS Special Election was held later that same year to fill a newly-created third CERS trustee position, and this election cost a total of \$108,518 to conduct. In 2017 the CERS election for two trustees cost \$153,318 and the 2018 election for the third position cost \$96,871. The cost associated with the second election would be eliminated by synchronizing the two election periods.

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 an estimated change to administrative expenses, as detailed above.

We have not requested any further actuarial analysis of House Bill 80 (2019 RS BR 11) GA Version by the Systems' independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 80 (2019 RS BR 11) GA Version.

Sincerely,



David L. Eager
Executive Director
Kentucky Retirement Systems