

Kentucky Judicial Form Retirement System

JUDICIAL RETIREMENT PLAN LEGISLATORS RETIREMENT PLAN

Donna S. Early
Executive Director

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MEMORANDUM

To: Katie Carney, Office of Fiscal Statement Review
From: Donna S. Early, Executive Director
RE: 2020 HB 271 GA
Date: January 18, 2020

AA Statement 1 and 2 of 4

The proposals included in **HB 271 GA** would not increase or decrease the benefits or increase or decrease participation in the benefits or negatively change the actuarial accrued liability of the Judicial Retirement Plan (JRP) or the Legislators Retirement Plan (LRP). Therefore, I have not requested any further actuarial analysis by the Plans' independent actuary.

In accordance with KRS 6.350(2)(c), the Judicial Form Retirement System (the agency in charge with the administration of JRP and LRP, certifies the following:

1. There are no individuals affect; however, as of June 30, 2019, there were 607 JRP active members, terminated vested members, retirees and beneficiaries, and 384 LRP active members, terminated vested members, retirees and beneficiaries.
2. There is no change in benefit payments.
3. There is no change to employer costs.
4. There is no change to administrative expenses.

Please let me know if you have any questions.

February 6, 2020

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

**RE: House Bill 271 GA (2020 RS BR 944)
AA Statement Required by KRS 6.350
AA Statement 3 of 4**

Dear Ms. Carney:

Kentucky Retirement Systems staff members have examined House Bill 271 (2020 RS BR 944) **GA**. We have determined that the proposed changes in the GA Version will have the same fiscal impact as that determined for House Bill 271.

Therefore, the Actuarial Analysis of House Bill 271 performed by the Systems' actuary, GRS Retirement Consulting, dated January 30, 2020, is applicable to House Bill 271 (2020 RS BR 944) **GA**.

Please let me know if you have any questions regarding our analysis of House Bill 271 (2020 RS BR 944) **GA**.

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



January 30, 2020

Mr. David Eager Executive Director
Kentucky Retirement Systems 1260 Louisville Road
Frankfort, KY 40601

Re: Actuarial Analysis of Proposed Pension Reform Legislation HB 271 and its Financial Impact on the Kentucky Retirement Systems

Dear Mr. Eager:

We have reviewed the proposed changes in the pension reform legislation HB 271 and the purpose of this letter is to communicate the actuarial analysis of this legislation on the systems maintained by the Kentucky Retirement Systems (KRS).

Summary of Fiscal Impact

This legislation will increase the benefit for approximately 14 surviving spouses and the average benefit for these members is expected to increase from \$1,100 a month to \$2,300 a month. We have determined this proposed legislation will not have a measurable actuarial fiscal impact on any of the systems maintained by KRS (i.e. the proposed legislation will change the actuarially determined contribution rate by less than one basis point).

Comments on Proposed Legislation

This proposed legislation will remove provisions that reduce the monthly payment to a surviving spouse of a member whose death was due to a duty-related injury upon remarriage of the spouse. The actuarial valuation does not include an assumption that benefits for current and future surviving spouses will be reduced in a future year due to remarriage. As a result, there will not be an increase in the actuarial accrued liability or contribution rate due to this new provision; however, actuarial liability gains will be slightly smaller in future years because the benefit for surviving spouses that do remarry will not be reduced in future years.

This legislation will also restore the benefit that was reduced for current surviving spouses of members who died from a duty-related injury and subsequently remarried. KRS has determined this provision will increase surviving spouse benefits for approximately 1 beneficiary.

Additionally, the benefits for beneficiaries who chose to receive lifetime monthly benefits in lieu of the line-of-duty survivor benefits will be increased to the amount calculated under the line-of-duty

Mr. David Eager
January 30, 2020
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survivor provisions. KRS has determined this provision will increase benefits for approximately 13 beneficiaries.

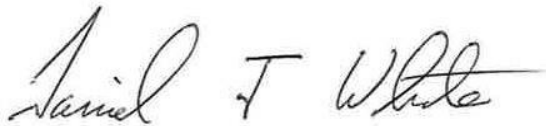
Finally, this legislation provides a window for a surviving spouse of a member who died prior to April 13, 2018, to make a claim for line-of-duty survivor benefits on or before January 1, 2021. KRS is unable to determine the number of applicants under this administrative window, but we would reasonably expect this to be a relatively small number of applicants relative to the size of the System.

Closing

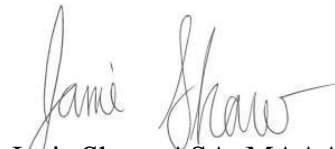
We are not attorneys, and we cannot provide a legal opinion regarding the changes in this proposed legislation. Nothing in this letter should be construed as providing legal, investment or tax advice.

Mr. White is an Enrolled Actuary. Both of the undersigned are members of the American Academy of Actuaries and we meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. In addition, all of the undersigned are experienced in performing valuations for large public retirement systems.

Sincerely,



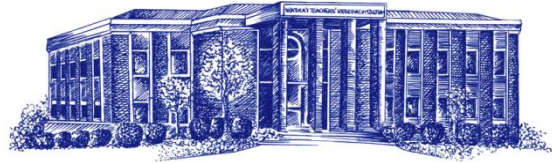
Daniel J. White, FSA, MAAA, EA
Senior Consultant



Janie Shaw, ASA, MAAA
Consultant

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

GARY L. HARBIN, CPA
Executive Secretary
502/848-8500



ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

SERVING KENTUCKY TEACHERS

March 18, 2020

Katie Carney
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: HB 271 GA
AA Statement 4 of 4

Dear Ms. Carney:

HB 271 GA, an Act relating to death-in-the-line-of-duty benefits and declaring an emergency, in part, amends KRS 61.621 to eliminate remarriage as an event that decreases the survivor benefits payable under this statute, and provides non-codified language making this amendment retroactive.

TRS has examined HB 271 GA and determined that it would not increase benefits, but rather it would simply prevent the decrease in benefits that would currently occur in the event of remarriage. Since KRS 61.621 first became effective on June 1, 2000, TRS has had only one individual become eligible to receive survivor benefits under this statute. TRS has spoken with its actuary and, given the low incidence of the payment of this benefit, it has no material impact on the funded liability of the pension fund.

Accordingly, in compliance with KRS 6.350(2)(c), TRS certifies as follows:

1. There has only been one individual eligible for survivor benefits due to a duty-related death of a member since the effective date of this statute.
2. The change in benefits is that a member would not experience a decrease in survivor benefits if she or he chose to marry.
3. There would be no additional employer costs.
4. There would be no change to administrative expenses.

Accordingly, TRS has not requested any further actuarial analysis of this bill by its independent actuary.

Please let me know if you have any questions regarding this analysis.

Sincerely,

A handwritten signature in black ink that reads "RBBarnes". The signature is written in a cursive, slightly slanted style.

Robert B. Barnes
Deputy Executive Secretary of Operations and
General Counsel

cc. Christy Young