

MEMORANDUM REPORT

TO: Donna S. Early
FROM: Findley, Inc.
DATE: February 5, 2020
RE: KLRP - Actuarial Analysis of 2020 HB 349
AA Statement 1 of 2

Findley, Inc. was asked to prepare an actuarial analysis in compliance with KRS 6.350 with regard to the recent proposed legislation (“2020 HB 349”) that makes changes to the Kentucky Legislators Retirement Plan (“KLRP”).

It is our understanding that 2020 HB 349 makes the following changes to KLRP:

1. KLRP shall be closed to new members effective July 1, 2020. New legislators shall participate in the Kentucky Employees Retirement System (KERS).
2. Members who entered KLRP on or after January 1, 2014 (members who are participating in the Hybrid Tier) shall have their account balance transferred to the KERS hybrid cash balance plan and shall prospectively participate in KERS.
3. Participants who entered KLRP after July 1, 1982 but prior to January 1, 2014 may make a one-time, irrevocable election prior to July 1, 2020 to lower the benefit multiplier for service accrued on or after July 1, 2020 from 2.75% to 1.97%.
4. Participants who entered KLRP before January 1, 2014 may make a one-time, irrevocable election prior to July 1, 2020 to have his or her benefit calculated without using non-legislative salary earned after July 1, 2020 in determining final compensation.
5. The Judicial Form Retirement System shall not request nor receive any funding for KLRP, except for administrative expenses, until such time that KLRP has an actuarial funded ratio equal to or less than the KERS nonhazardous pension fund.

Comments

Items 1 and 2 - It is assumed that all members in the Traditional Defined Benefit plan of KLRP will remain in that plan. Members in the KLRP Hybrid Tier will move to the KERS hybrid cash balance plan and will be due no further benefit from KLRP. New legislators will participate in the KERS hybrid cash balance plan and will not receive any benefit from KLRP.

Items 3 and 4 - These changes allow participants to elect to reduce their future benefit accruals without receiving anything of value in exchange. For the purposes of our analysis, we have assumed that 0% of participants will elect to reduce their accruals under these provisions, as that election would be against their own self-interest. Therefore, these provisions are assumed to have no effect.

Item 5 - Because both the KLRP Traditional Defined Benefit plan and the Traditional OPEB plan are both projected to be over 100% funded for the projected 20 year period, no further contributions are assumed to be made in either of these plans, as they are expected to maintain a higher funded ratio than the KERS nonhazardous pension fund.

Assumptions

Future results will vary from projections to the extent future experience varies from the assumptions used in the projections. The longer the period of the forecast, the more variation is likely to occur and the less likely future results will match projections.

1. Except as mentioned herein, all data, assets and assumptions are consistent with the assumptions and methods used for the July 1, 2019 valuation report.
2. Future experience assumptions are consistent with the July 1, 2019 valuation assumptions.
3. The KLRP Traditional Defined Benefit plan is closed to new entrants.
4. Since the changes under 2020 HB 349 are effective July 1, 2020, the first year impacted by a valuation recognizing the changes is July 1, 2021.
5. It is assumed that 100% of the recommended contribution will be made for each year in the current columns of the forecast. In the proposed columns, no future contributions are assumed to be made.
6. In accordance with KRS 21.405, this study does not recognize cost of living increases effective after the most recent valuation date.
7. Certain changes under 2020 HB 349, may or may not be allowed under state law. Whether or not all changes under 2020 HB 349 are permissible is a legal issue, and we provide no opinion in this regard. For purposes of the attached projections, we have assumed such changes are allowable.
8. This report provides actuarial advice and does not constitute legal advice.

Definitions

Accrued Liability – based on the methods and assumptions used, the amount of assets that would be needed to satisfy future projected benefit payments based on service as of the valuation date.

Normal Cost – cost of benefits earned in the year following the valuation for current active members

Actuarial Asset Value – A smoothed asset value which smoothes in asset gains and losses over a 5 year period (for purposes of this study). For projection years 5 or more years in the future, the actuarial and market value would be the same (assuming assets earn the 6.5% rate of return which is assumed). As the Plan has experienced consistent gains over the past few years, the current Actuarial Asset Value is smaller than the market value since all prior gains have not yet been recognized.

Current – projections reflecting current rules and regulations, without regard to 2020 HB 349

Proposed – projections reflecting 2020 HB 349

Conclusions

Adopting the changes put forth under 2020 HB 349 will:

1. Close KLRP to new entrants and move all current KLRP Hybrid Tier participants to KERS. Based upon this, KLRP will have no future liability for the Hybrid Tier. Because the KLRP Hybrid Tier pension and OPEB plans are not fully funded as of July 1, 2019, KERS would presumably be responsible for any unfunded liability at the time of transfer. As of July 1, 2019, these plans were underfunded by approximately \$70,000 (based on the Accrued Liability and Market Value of Assets). Future liabilities for the current Hybrid plan population will accrue under the KERS Hybrid plan. To understand an apples to apples comparison of the legislation, we recommend that KERS actuaries analyze the impact to the KERS Hybrid plan of adding this population of employees.
2. Have no effect on the pension Accrued Liability.
3. Have no effect on future pension benefit accruals under KLRP. If any legislators do make elections under Items 3 and 4 above, future benefit accruals would be reduced to some extent.
4. Eliminate future employer contributions. Because the KLRP traditional pension plan only had minimal projected contributions, this change does not have a large effect on the results. The funded ratio would decrease slightly in future years based upon eliminating these contributions.
5. The KLRP traditional OPEB plan is not projected to require future contributions before considering 2020 HB 349. Therefore, this bill has no projected effect on this plan.

In accordance with KRS 6.350(2)(c), we have the following opinion in regards to 2020 HB 349:

1. The estimated number of individuals affected in the Traditional plans is 92, the count of active and terminated vested participants in the plan eligible for salary reciprocity as of July 1, 2019 or those who are currently accruing a benefit in the plan. These 92 participants are eligible to make elections to reduce their future benefit accruals, but do not automatically face a reduction in their benefits. Approximately 48 participants in the KLRP Hybrid plans will be transferred to the KERS plan.
2. Benefit payments for current retirees are not affected by the bill. Benefit payments for active and terminated vested participants are not projected to decrease, because future benefit accruals would only decrease if participants elect to reduce their own benefit. To the extent that legislators elect to apply the provisions to reduce their future benefit multiplier and to limit the application of non-legislative pay, future benefit payments would be reduced to some extent.
3. Employer contribution rates would be reduced to \$0 for all future years in the 20 year forecast based on the provisions of the bill.
4. Ongoing annual administrative expenses is estimated to be reduced by \$5,000 for the elimination of the Hybrid plan.

Forecast results are sensitive to the assumptions used. For example, using a different assumption as to future investment returns can produce materially different results. Let us know if you would like for us to perform any sensitivity analysis.

Actuarially Sound

KRS 6.350 requires comment on whether the proposed changes would make KLRP actuarially unsound or, if already actuarially unsound, if such changes would make KLRP “more unsound”.

A plan that has adopted a reasonable funding method, uses reasonable assumptions and contributes at a rate at or above the recommended contribution rate (based on these reasonable methods and assumptions), could be considered to be actuarially sound. Whether or not the changes reflected in this study are or are not adopted, will not necessarily impact the “actuarial soundness” of KLRP.

In order to ensure KLRP is funded in an “actuarially sound manner”, we would recommend:

1. Revise the actuarial funding method to amortize all past unfunded as well as new liabilities over a period not more than 30 years (in accordance with currently applicable Governmental Accounting Standards 67 and 68) and amortize future gains and losses over a period not more than 15 years.
2. Contributing at least the minimum recommended contribution each year.

Deviations from these recommendations could result in an “actuarially unsound” approach to funding KLRP and may eventually result in KLRP becoming insolvent – that is, exhausting assets at which time all future benefits would be made on a pay as you go basis.

Although the Actuarial Standards of Practice 4 “Measuring Pension Obligations” allows for plan liabilities to be calculated under a legally prescribed method, the statement goes on to say,

“If, in the actuary’s professional judgment, such an actuarial cost method or amortization method is significantly inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming that all actuarial assumptions will be realized and that the plan sponsor or other contributing entity will make contributions when due, the actuary should disclose this.”

It is our professional actuarial opinion that the current legally prescribed method which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability (per KRS 21.525 as currently written) is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized.

Because 2020 HB 349 would eliminate employer contributions to the plan until the funded ratio is equal to or less than the funded ratio in KERS nonhazardous pension fund, the bill would make the plan more actuarially unsound. Even though the forecast is showing healthy funded percentages, keep in mind that this is based on assumptions that are applied consistently throughout the projection period. Shocks in actual experience could quickly change the funded position and therefore require cash contributions or else risk a compounding/growing unfunded liability. For example, when there is another large drop in the market, the funded position could decrease rapidly and, if cash contributions are not made, this could lead to even larger future contributions to make up for benefits that are being provided yet not paid for. This would be the exact set of events that led to such a big current unfunded liability situation with the other State plans. Best practice is to make actuarial required contributions as they are developed to make sure benefits are being funded as they are being accrued and to prevent the uncontrolled growth in any unfunded liability.

Professional Qualifications

This report has been prepared under the supervision of Matthew Widick. Matthew is a member of the American Academy of Actuaries, a Fellow of the Society of Actuaries, and a consulting actuary with Findley, Inc. who has met the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein. To the best of my knowledge this report has been prepared in accordance with generally accepted actuarial standards, including the overall appropriateness of the analysis, assumptions, and results and conforms to appropriate Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis for the actuarial report. I am not aware of any direct or material indirect financial interest or relationship, including investment management or other services that could create, or appear to create, a conflict of interest that would impair the objectivity of this work.

Matthew Widick

Matthew S. Widick
Associate, Society of Actuaries
Enrollment No. 17-08159
Phone 615.665.5407

February 5, 2020

Date

Kentucky Legislators Retirement Plan
Cost Projections - HB 349
Prepared by Findley, Inc.
February 5, 2020
Pension Plan Only (pre-2014 Legacy only)

Year Beginning July 1	<u>Contribution (\$M)</u>		<u>Contribution (%)</u>		<u>Accrued Liability (\$M)</u>		<u>Unfunded Liability (\$M)</u>		<u>Funded Ratio (Assets/Liabilities)</u>	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
2019	\$ 1.2	\$ 0.0	48.1%	0.0%	\$ 71.6	\$ 71.6	\$ 0.4	\$ 0.4	99%	99%
2020	\$ 0.3	\$ 0.0	26.6%	0.0%	\$ 70.0	\$ 70.0	\$ (2.4)	\$ (1.2)	103%	102%
2021	\$ 0.3	\$ 0.0	32.7%	0.0%	\$ 68.3	\$ 68.3	\$ (4.8)	\$ (3.2)	107%	105%
2022	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 66.4	\$ 66.4	\$ (6.7)	\$ (4.7)	110%	107%
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 64.5	\$ 64.5	\$ (7.9)	\$ (5.7)	112%	109%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 62.5	\$ 62.5	\$ (8.3)	\$ (6.0)	113%	110%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 60.5	\$ 60.5	\$ (8.7)	\$ (6.3)	114%	110%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 58.4	\$ 58.4	\$ (9.2)	\$ (6.6)	116%	111%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 56.3	\$ 56.3	\$ (9.7)	\$ (6.9)	117%	112%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 54.1	\$ 54.1	\$ (10.2)	\$ (7.3)	119%	113%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 52.0	\$ 52.0	\$ (10.9)	\$ (7.7)	121%	115%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 49.7	\$ 49.7	\$ (11.5)	\$ (8.2)	123%	116%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 47.6	\$ 47.6	\$ (12.2)	\$ (8.7)	126%	118%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 45.4	\$ 45.4	\$ (13.0)	\$ (9.2)	129%	120%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.2	\$ 43.2	\$ (13.8)	\$ (9.7)	132%	122%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 41.0	\$ 41.0	\$ (14.6)	\$ (10.3)	136%	125%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 38.9	\$ 38.9	\$ (15.6)	\$ (11.0)	140%	128%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 36.7	\$ 36.7	\$ (16.5)	\$ (11.7)	145%	132%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 34.6	\$ 34.6	\$ (17.6)	\$ (12.4)	151%	136%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 32.5	\$ 32.5	\$ (18.7)	\$ (13.2)	158%	141%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 30.4	\$ 30.4	\$ (19.9)	\$ (14.0)	165%	146%
Sum of Contributions	\$ 1.8	\$ 0.0								

Assumes 6.5% future asset returns beginning July 1, 2019 in the Traditional Defined Benefit plan.
In the Current column, assumes 100% of the recommended contribution is contributed each year. However, in the Proposed column, assumes no employer contribution is made in any year.
Unfunded Liability is calculated as Accrued Liability minus the Actuarial Assets Value.
Funded Ratio is calculated as Actuarial Value of Assets divided by Accrued Liability.
Contribution(%) is calculated as the Contribution(\$)
divided by total payroll in the Traditional plan.

Kentucky Legislators Retirement Plan
Cost Projections - HB 349
Prepared by Findley, Inc.
February 5, 2020
Pension Plan Only (post-2014 Hybrid Tier)

Year Beginning July 1	<u>Contribution (\$M)</u>		<u>Contribution (%)</u>		<u>Accrued Liability (\$M)</u>		<u>Unfunded Liability (\$M)</u>		<u>Funded Ratio (Assets/Liabilities)</u>	
	Current	Proposed*	Current	Proposed*	Current	Proposed*	Current	Proposed*	Current	Proposed*
2019	\$ 0.03	N/A	1.6%	N/A	\$ 0.32	N/A	\$ 0.06	N/A	81%	N/A
2020	\$ 0.07	N/A	2.2%	N/A	\$ 0.44	N/A	\$ 0.09	N/A	80%	N/A
2021	\$ 0.07	N/A	2.1%	N/A	\$ 0.65	N/A	\$ 0.07	N/A	89%	N/A
2022	\$ 0.13	N/A	3.6%	N/A	\$ 0.89	N/A	\$ 0.10	N/A	89%	N/A
2023	\$ 0.13	N/A	3.5%	N/A	\$ 1.19	N/A	\$ 0.10	N/A	92%	N/A
2024	\$ 0.14	N/A	3.6%	N/A	\$ 1.37	N/A	\$ 0.08	N/A	94%	N/A
2025	\$ 0.14	N/A	3.4%	N/A	\$ 1.63	N/A	\$ 0.07	N/A	96%	N/A
2026	\$ 0.15	N/A	3.5%	N/A	\$ 1.91	N/A	\$ 0.06	N/A	97%	N/A
2027	\$ 0.16	N/A	3.5%	N/A	\$ 2.23	N/A	\$ 0.05	N/A	98%	N/A
2028	\$ 0.17	N/A	3.5%	N/A	\$ 2.59	N/A	\$ 0.04	N/A	98%	N/A
2029	\$ 0.18	N/A	3.5%	N/A	\$ 2.95	N/A	\$ 0.03	N/A	99%	N/A
2030	\$ 0.19	N/A	3.5%	N/A	\$ 3.35	N/A	\$ 0.03	N/A	99%	N/A
2031	\$ 0.20	N/A	3.6%	N/A	\$ 3.73	N/A	\$ 0.01	N/A	100%	N/A
2032	\$ 0.21	N/A	3.7%	N/A	\$ 4.09	N/A	\$ 0.00	N/A	100%	N/A
2033	\$ 0.21	N/A	3.5%	N/A	\$ 4.46	N/A	\$ (0.01)	N/A	100%	N/A
2034	\$ 0.22	N/A	3.5%	N/A	\$ 4.85	N/A	\$ (0.03)	N/A	101%	N/A
2035	\$ 0.23	N/A	3.5%	N/A	\$ 5.30	N/A	\$ (0.04)	N/A	101%	N/A
2036	\$ 0.24	N/A	3.6%	N/A	\$ 5.72	N/A	\$ (0.06)	N/A	101%	N/A
2037	\$ 0.25	N/A	3.6%	N/A	\$ 6.21	N/A	\$ (0.07)	N/A	101%	N/A
2038	\$ 0.26	N/A	3.5%	N/A	\$ 6.68	N/A	\$ (0.09)	N/A	101%	N/A
2039	\$ 0.27	N/A	3.5%	N/A	\$ 7.11	N/A	\$ (0.11)	N/A	102%	N/A
Sum of Contributions	\$ 3.65	N/A								

*Under 2020 HB 349, all members are assumed to move to the KERS nonhazardous hybrid cash balance plan and will no longer impact KLRP.

Assumes 6.5% future asset returns beginning July 1, 2019 in the Hybrid Defined Benefit plan.

Assumes 100% of the recommended contribution is contributed each year.

Unfunded Liability is calculated as Accrued Liability minus the Actuarial Assets Value.

Funded Ratio is calculated as Actuarial Value of Assets divided by Accrued Liability.

Contribution(%) is calculated as the Contribution(\$) divided by total payroll in the Traditional plan.

Kentucky Legislators Retirement Plan
Cost Projections - HB 349
Prepared by Findley, Inc.
February 5, 2020
Traditional OPEB Plan Only

Year Beginning July 1	<u>Contribution (\$M)</u>		<u>Contribution (%)</u>		<u>Accrued Liability (\$M)</u>		<u>Unfunded Liability (\$M)</u>		<u>Funded Ratio (Assets/Liabilities)</u>	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
2019	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.6	\$ 19.6	\$ (26.9)	\$ (26.9)	237%	237%
2020	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.7	\$ 19.7	\$ (29.7)	\$ (29.7)	251%	251%
2021	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.8	\$ 19.8	\$ (33.0)	\$ (33.0)	267%	267%
2022	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.8	\$ 19.8	\$ (35.9)	\$ (35.9)	281%	281%
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.8	\$ 19.8	\$ (38.7)	\$ (38.7)	295%	295%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.7	\$ 19.7	\$ (41.1)	\$ (41.1)	309%	309%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.5	\$ 19.5	\$ (43.7)	\$ (43.7)	324%	324%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.4	\$ 19.4	\$ (46.5)	\$ (46.5)	340%	340%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.2	\$ 19.2	\$ (49.4)	\$ (49.4)	357%	357%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.9	\$ 18.9	\$ (52.6)	\$ (52.6)	378%	378%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.6	\$ 18.6	\$ (56.0)	\$ (56.0)	401%	401%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 18.3	\$ 18.3	\$ (59.6)	\$ (59.6)	426%	426%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.9	\$ 17.9	\$ (63.4)	\$ (63.4)	454%	454%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.5	\$ 17.5	\$ (67.5)	\$ (67.5)	486%	486%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.1	\$ 17.1	\$ (71.8)	\$ (71.8)	520%	520%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.6	\$ 16.6	\$ (76.4)	\$ (76.4)	560%	560%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.2	\$ 16.2	\$ (81.4)	\$ (81.4)	602%	602%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.7	\$ 15.7	\$ (86.6)	\$ (86.6)	652%	652%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.2	\$ 15.2	\$ (92.2)	\$ (92.2)	707%	707%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.7	\$ 14.7	\$ (98.2)	\$ (98.2)	768%	768%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.1	\$ 14.1	\$ (104.6)	\$ (104.6)	842%	842%
Sum of Contributions	\$ 0.0	\$ 0.0								

Assumes 6.5% future asset returns beginning July 1, 2019 in the Traditional OPEB plan.

In the Current column, Assumes 100% of the recommended contribution is contributed each year. However, in the Proposed column, assumes no employer contribution is made in any year.

Unfunded Liability is calculated as Accrued Liability minus the Actuarial Assets Value.

Funded Ratio is calculated as Actuarial Value of Assets divided by Accrued Liability.

Contribution(%) is calculated as the Contribution(\$) divided by total payroll of participants in the Traditional OPEB plan.

Kentucky Legislators Retirement Plan
Cost Projections - HB 349
Prepared by Findley, Inc.
February 5, 2020
Hybrid OPEB Plan Only

Year Beginning July 1	<u>Contribution (\$M)</u>		<u>Contribution (%)</u>		<u>Accrued Liability (\$M)</u>		<u>Unfunded Liability (\$M)</u>		<u>Funded Ratio (Assets/Liabilities)</u>	
	Current	Proposed*	Current	Proposed*	Current	Proposed*	Current	Proposed*	Current	Proposed*
2019	\$ 0.01	N/A	0.5%	N/A	\$ 0.09	N/A	\$ 0.03	N/A	67%	N/A
2020	\$ 0.02	N/A	0.4%	N/A	\$ 0.14	N/A	\$ 0.04	N/A	71%	N/A
2021	\$ 0.03	N/A	0.5%	N/A	\$ 0.27	N/A	\$ 0.09	N/A	67%	N/A
2022	\$ 0.09	N/A	1.3%	N/A	\$ 0.43	N/A	\$ 0.15	N/A	65%	N/A
2023	\$ 0.09	N/A	1.2%	N/A	\$ 0.61	N/A	\$ 0.16	N/A	74%	N/A
2024	\$ 0.11	N/A	1.3%	N/A	\$ 0.82	N/A	\$ 0.17	N/A	79%	N/A
2025	\$ 0.11	N/A	1.2%	N/A	\$ 1.04	N/A	\$ 0.18	N/A	83%	N/A
2026	\$ 0.12	N/A	1.2%	N/A	\$ 1.29	N/A	\$ 0.19	N/A	85%	N/A
2027	\$ 0.13	N/A	1.2%	N/A	\$ 1.57	N/A	\$ 0.19	N/A	88%	N/A
2028	\$ 0.14	N/A	1.2%	N/A	\$ 1.87	N/A	\$ 0.20	N/A	89%	N/A
2029	\$ 0.14	N/A	1.1%	N/A	\$ 2.20	N/A	\$ 0.21	N/A	90%	N/A
2030	\$ 0.15	N/A	1.1%	N/A	\$ 2.56	N/A	\$ 0.21	N/A	92%	N/A
2031	\$ 0.16	N/A	1.1%	N/A	\$ 2.94	N/A	\$ 0.21	N/A	93%	N/A
2032	\$ 0.16	N/A	1.1%	N/A	\$ 3.35	N/A	\$ 0.22	N/A	93%	N/A
2033	\$ 0.17	N/A	1.1%	N/A	\$ 3.77	N/A	\$ 0.21	N/A	94%	N/A
2034	\$ 0.17	N/A	1.1%	N/A	\$ 4.22	N/A	\$ 0.21	N/A	95%	N/A
2035	\$ 0.18	N/A	1.1%	N/A	\$ 4.66	N/A	\$ 0.19	N/A	96%	N/A
2036	\$ 0.17	N/A	1.0%	N/A	\$ 5.12	N/A	\$ 0.18	N/A	96%	N/A
2037	\$ 0.18	N/A	1.0%	N/A	\$ 5.62	N/A	\$ 0.19	N/A	97%	N/A
2038	\$ 0.18	N/A	1.0%	N/A	\$ 6.15	N/A	\$ 0.19	N/A	97%	N/A
2039	\$ 0.19	N/A	1.0%	N/A	\$ 6.71	N/A	\$ 0.19	N/A	97%	N/A
Sum of Contributions	\$ 2.70	N/A								

*Under 2020 HB 349, all members are assumed to move to the KERS nonhazardous hybrid cash balance plan and will no longer impact KLRP.

Assumes 4.0% future asset returns beginning July 1, 2019 in the Hybrid OPEB plan.

Assumes 100% of the recommended contribution is contributed each year.

Unfunded Liability is calculated as Accrued Liability minus the Actuarial Assets Value.

Funded Ratio is calculated as Actuarial Value of Assets divided by Accrued Liability.

Contribution(%) is calculated as the Contribution(\$) divided by total payroll of participants in the Hybrid OPEB plan.