



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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March 12, 2020

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

RE: House Bill 500 (2020 RS BR 1610)
AA Statement Required by KRS 6.350
AA Statement 1 of 1

Dear Ms. Carney:

House Bill 500 (2020 RS BR 1610) amends KRS 61.637 to provide that local school districts shall not be required to reimburse Kentucky Retirement Systems for retiree health care premiums for reemployed retirees regardless of the number of days worked.

Kentucky Retirement Systems staff members have examined House Bill 500 (2020 RS BR 1610). We have determined that the bill will not increase or decrease benefits or the participation in benefits in any of the retirement systems administered by Kentucky Retirement Systems.

House Bill 500 (2020 RS BR 1610) may increase the actuarial liability of the CERS Nonhazardous Insurance Fund. In Fiscal Year 2018-2019, KRS billed 73 school boards a total of \$791,291.87 for 170 retired-reemployed school board members. A total of approximately \$10.5 million in health insurance reimbursements were billed for Fiscal Year 2019; therefore, school boards represent approximately 7.5% of the total amount billed. If this source of income were to be removed from the Insurance Fund, KRS would need to find a way to offset the loss through other means, such as increased investment returns.

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, 2019 are 84,632 active; 85,300 inactive; and 58,933 retired members in the CERS Nonhazardous system administered by KRS;
2. There is no estimated change in benefit payments;
3. There is an estimated change to employer costs, in that school board employers who hire retired reemployed staff members would not pay health insurance contributions for those employees; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of House Bill 500 (2020 RS BR 1610) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 500 (2020 RS BR 1610).

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