



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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March 26, 2020

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

**RE: Senate Bill 239 (2020 RS BR 1912) House Committee Substitute
AA Statement Required by KRS 6.350
AA Statement 1 of 1**

Dear Ms. Carney:

Senate Bill 239 (2020 RS BR 1912) House Committee Substitute, in pertinent part to Kentucky Retirement Systems, amends KRS 95.022 to provide that retired police officers who after retirement are hired by a city for purposes of KRS 158.4414 shall not count against the limitations of the number of reemployed retirees hired by a city.

In addition, Senate Bill 239 (2020 RS BR 1912) House Committee Substitute amends KRS 61.637 to provide that a mayor or member of a city legislative body who is at least 62 years of age and eligible to retire from the County Employees Retirement System shall not be required to resign from his or her position as mayor or member of a city legislative body in order to begin drawing benefits from the system; and provides that no additional benefits will be accumulated with any employer after the mayor's or city legislative body member's effective retirement date. Historically Kentucky Retirement Systems has advised against passage of legislation that allows for in service distribution to members, i.e. the receipt of retirement benefits while still employed by participating employers, as in service distributions are generally prohibited under federal law. However, federal law has carved out an exception to the general prohibition for individuals who are at least 62 years of age. As such, Kentucky Retirement Systems believes Senate Bill 239 (2020 RS BR 1912) House Committee Substitute would be compliant with federal law.

Kentucky Retirement Systems staff members have examined Senate Bill 239 (2020 RS BR 1912) House Committee Substitute. 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. Furthermore, Senate Bill 239 (2020 RS BR 1912) House Committee Substitute will not change the actuarial liability of any of the retirement systems administered by Kentucky Retirement Systems.

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 94,034 active; 88,002 inactive; and 66,933 retired members in the CERS Nonhazardous and CERS Hazardous systems administered by KRS;

2. There is no estimated change in benefit payments;
3. There is no estimated change to employer costs; and
4. There is no estimated change to administrative expenses.

We have not requested any further actuarial analysis of Senate Bill 239 (2020 RS BR 1912) House Committee Substitute by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 239 (2020 RS BR 1912) House Committee Substitute.

Sincerely,



David L. Eager
Executive Director
Kentucky Retirement Systems