



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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March 19, 2020

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

RE: Senate Bill 254 (2020 RS BR 1571)
AA Statement Required by KRS 6.350
AA Statement 1 of 3

Dear Ms. Carney:

Senate Bill 254 (2020 RS BR 1571) creates a new section of KRS Chapter 6.500 to 6.577 to close the Legislators' Retirement Plan (LRP) and Judicial Retirement Plan (JRP) to new members effective August 1, 2020, and to provide that new legislators and new judges or justices shall participate in the Kentucky Employees Retirement System (KERS) for the duration of their legislative service or service as a judge or justice. The bill also amends KRS 6.500, 6.505, 21.350, and 21.360; and repeals, reenacts, and amends KRS 61.680 to conform.

Kentucky Retirement Systems staff members have examined Senate Bill 254 (2020 RS BR 1571). Our analysis only pertains to KERS. We have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by Kentucky Retirement Systems. The bill would increase the participation in benefits in KERS to the extent that legislators, judges, or justices beginning service effective August 1, 2020 would join the system: the number of future legislators, judges, and justices who will join KERS is not known at this time. Finally, although the number of legislators, judges, and justices who will join KERS is not known the number is not expected to be significant. Therefore, Senate Bill 254 (2020 RS BR 1571) would not have a measurable actuarial fiscal impact on KERS (i.e. the proposed legislation will change the actuarially determined contribution rate by less than one basis point).

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 33,432 active; 46,721 inactive; and 42,874 retired members in the Kentucky Employees Retirement System;
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 254 (2020 RS BR 1571) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 254 (2020 RS BR 1571).

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