



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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February 24, 2021

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

RE: Senate Bill 214 GA (2021 RS BR 1625)
AA Statement Required by KRS 6.350
AA Statement 1 of 1

Dear Ms. Carney:

Senate Bill 214 GA (2021 RS BR 1625) amends KRS 61.522 that is effective until April 1, 2021, and effective on or after April 1, 2021, so that Kentucky Employees Retirement System (KERS) employers who are voluntarily ceasing participation in the system may make multiple lump-sum payments by the set due date and to receive interest credit for early payment. The bill contains an Emergency clause, and takes effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Kentucky Retirement Systems staff members and our actuaries have reviewed Senate Bill 214 GA (2021 RS BR 1625). We have determined that the bill will not increase or decrease benefits in any of the retirement systems administered by Kentucky Retirement Systems, but the bill would decrease the participation in benefits for some or all members who are working for employers who chose to voluntarily cease participation in KERS.

Furthermore, Senate Bill 214 GA (2021 RS BR 1625) will not change the actuarial liability of any of the retirement systems administered by Kentucky Retirement Systems. The proposed legislation will be actuarially neutral to Retirement Systems administered by KRS, since the interest rates being applied to the lump sum payments are equal to the assumed investment return on the funds.

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, 2020 are 31,190 active, 48,583 inactive, and 43,592 retired members in the KERS Nonhazardous plan administered by Kentucky Retirement Systems;
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.

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We have not requested any further actuarial analysis of Senate Bill 214 GA (2021 RS BR 1625) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 214 GA (2021 RS BR 1625).

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