



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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January 26, 2021

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

RE: Senate Bill 39 (2021 RS BR 460)
AA Statement Required by KRS 6.350
AA Statement 1 of 2

Dear Ms. Carney:

Senate Bill 39 (2021 RS BR 460) amends KRS 61.680 to provide that retirees of the Teachers' Retirement System (TRS) who suspend their retirement benefits in order to return to covered employment and build upon their existing TRS account as provided by current law, may utilize omitted service (service that should have been reported for prior full-time work) in the Kentucky Retirement Systems (KRS) that was purchased during the period of reemployment for purposes of determining eligibility and the amount of benefits upon subsequent retirement from both KRS and TRS; make the provision retroactive to retirements on or after December 31, 2009.

Kentucky Retirement Systems staff members have examined Senate Bill 39 (2021 RS BR 460). We have determined that the bill will increase benefits in the retirement systems administered by Kentucky Retirement Systems for those members who meet the criteria specified in the bill. However, this number is not expected to be actuarially significant. Senate Bill 39 (2021 RS BR 460) 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, 2020 are 128,908 active, 148,367 inactive, and 117,665 retired members in the plans administered by Kentucky Retirement Systems;
2. There is an estimated increase in benefit payments for those members who meet the criteria specified in the bill, but this increase is not expected to be actuarially significant;
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 39 (2021 RS BR 460) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 39 (2021 RS BR 460).

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