



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

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February 14, 2022

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

**RE: House Bill 49 (22 RS BR 40) – HCS 1 Version
AA Statement Required by KRS 6.350**

Dear Ms. Carney:

The Kentucky Public Pensions Authority (KPPA) had previously provided an Actuarial Analysis of House Bill 49 (2022 RS BR 40) via letter dated January 24, 2022. We have now examined the HCS 1 Version of House Bill 49 (2022 RS BR 40).

KPPA staff and our independent actuary have reviewed the HCS 1 Version of House Bill 49 (2022 RS BR 40). Since the proposed legislation states only the first one hundred (100) hours of mandatory overtime that the employee is individually required to work by the employer during a fiscal year is exempt from pension spiking, there is no measurable impact to any of the pension funds maintained by KPPA. Therefore, it would not amend the previous actuarial statement provided for this legislation. The Actuarial Analysis of House Bill 49 (2022 RS BR 40), dated January 24, 2022, is applicable to House Bill 49 (2022 RS BR 40) – HCS 1 Version.

We have not requested any further actuarial analysis of House Bill 49 (2022 RS BR 40) – HCS 1 Version by the Authority's independent actuary. Please let me know if you have any questions regarding our analysis of House Bill 49 (2022 RS BR 40) – HCS 1 Version.

Sincerely,

A handwritten signature in black ink that reads "David Eager".

David L. Eager
Executive Director
Kentucky Public Pensions Authority



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January 24, 2022

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

RE: House Bill 49 (22 RS BR 40)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 2

Dear Ms. Carney:

House Bill 49 (22 RS BR 40) amends KRS 61.598 to exempt from the anti-pension spiking provisions any overtime directly attributable to a local government emergency in which the Governor calls in the Kentucky National Guard. House Bill 49 (22 RS BR 40) makes the amendments within the Act retroactive to May 30, 2020. The Bill Request has an Emergency clause, and would take effect upon its passage and approval by the Governor or upon its otherwise becoming a law.

Kentucky Public Pensions Authority (KPPA) staff members and the Authority's independent actuary have examined House Bill 49 (22 RS BR 40). We have determined that the bill may increase benefits for participating members within Tier 1 and Tier 2 of the Kentucky Employees Retirement System, County Employees Retirement System and State Police Retirement System. It will not impact the participation in benefits in any of the retirement systems administered by Kentucky Public Pensions Authority. House Bill 49 (22 RS BR 40) is not expected to have a measurable fiscal impact on any of the KERS, CERS, or SPRS funds.

In accordance with KRS 6.350 (2)(c), Kentucky Public Pensions Authority certifies the following:

1. The estimated number of individuals potentially affected as of June 30, 2021 are 252,473 Tier 1 members and 50,422 Tier 2 members in the plans administered by KPPA;
2. Those members affected by passage of House Bill 49 (22 RS BR 40) may see an increase in their benefit payments, as the increased income would potentially increase their final retirement benefit;
3. There is no estimated change to employer costs; and
4. There would be a minimal increase to KPPA administrative expenses.

We have not requested any further actuarial analysis of House Bill 49 (22 RS BR 40) by the KPPA's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 49 (22 RS BR 40).

Sincerely,

A handwritten signature in black ink that reads "David Eager". The signature is written in a cursive style with a large, sweeping initial "D".

David L. Eager
Executive Director
Kentucky Public Pensions Authority