



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



January 21, 2022

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

RE: House Bill 76 GA (22RS BR 341)
AA Statement Required by KRS 6.350
AA Statement 1 and 2 of 5

Dear Ms. Carney:

House Bill 76 (22RS BR 341) proposes to amend KRS 21.440, 61.670, 78.784, and 161.400 to require the Legislators' Retirement Plan, the Judicial Retirement Plan, the Kentucky Retirement Systems, the County Employees Retirement System, and the Teachers' Retirement System to perform an actuarial investigation of economic assumptions once every two years rather than once every five years while retaining a review of demographic assumptions once every five years. It would also amend KRS 78.784 to require the County Employees Retirement System to provide a projection/analysis over a 30-year period rather than a 20-year period regarding projections in the annual actuarial valuation and as it relates to experience studies, assumption changes, and other changes made by the boards of each system. It would also require the first actuarial investigation of economic assumptions to occur prior to the 2023 actuarial valuations.

Kentucky Public Pensions Authority staff members have examined House Bill 76 (22RS BR 341). 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 Public Pensions Authority. House Bill 76 (22RS BR 341) could benefit the systems by providing the board of trustees with actuarial assumptions on a biennial basis, therefore, permitting the boards to make necessary changes to the retirement system(s) within the provisions of the law which impact system liabilities and benefits.

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

1. The estimated number of individuals affected as of June 30, 2021 are 123,809 active, 155,506 inactive, and 121,728 retired members in the plans administered by KPPA;
2. There is no estimated change in benefit payments;
3. There is no estimated change in employer costs; and

4. There would be an increase in administrative expenses because the systems would need to pay for an actuarial investigation of economic assumptions twice as many times as currently required by statute (once every two years under the proposed bill request, as opposed to the current schedule of at least once every five years).

We have not requested any further actuarial analysis of House Bill 76 (22RS BR 341) by the Authority's independent actuary.

Please let me know if you have any questions regarding our analysis of House Bill 76 (22RS BR 341).

Sincerely,

A handwritten signature in black ink, reading "David Eager". The signature is fluid and cursive, with the first name "David" and last name "Eager" clearly distinguishable.

David L. Eager
Executive Director
Kentucky Public Pensions Authority

TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky



GARY L. HARBIN, CPA
Executive Secretary

ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

January 21, 2022

Katie Carney
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: 22 RS HB 76 GA
AA Statement 3 of 5

Dear Ms. Carney:

22 RS HB 76, an Act relating to actuarial investigations, would, in part, amend KRS 161.400 to require at least once in each two-year period that the board shall cause an actuarial investigation of all economic experience of the retirement system, including, but not limited to, inflation rate, investment return and payroll growth. A full actuarial experience study is currently conducted every five years.

22 RS HB 76 would not increase or decrease retirement benefits, or increase or decrease participation in benefits, or negatively impact the actuarial liability of the system. As 22 RS HB 76 does not increase or decrease retirement benefits, or increase or decrease participation in benefits, or negatively change the actuarial liability of the system, TRS has not requested any further actuarial analysis of this bill by its independent actuary.

TRS certifies, in compliance with KRS 6.350(2)(c), as follows:

1. There are approximately 133,000 members of TRS.
2. There would be no increase or decrease in benefits, or participation in benefits.
3. There would be no increase in employer cost.
4. There would be an increase in administrative costs as a result of additional actuary's fees resulting from more frequent investigations of economic assumptions. The most recent experience study of all experience cost approximately \$57,500.

Please let me know if you have any questions regarding this analysis.

Sincerely,

Robert B. Barnes
Deputy Executive Secretary of Operations and General Counsel

cc. Mariah Derringer-Lackey



JUDICIAL FORM RETIREMENT SYSTEM

John R. Grise, Chairman

Board of Trustees

Bo Cracraft

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

Executive Director

January 21, 2022

Ms. Katie Carney
Legislative Research Commission
Capitol Annex, Room 104
Frankfort, KY 40601

HB 76 GA/BR 341 – AA Statement 4 and 5 of 5

Dear Ms. Carney:

JFRS has examined **HB 76 (BR 341)**, which amends KRS 21.440 to require the Legislator's Retirement Plan (LRP) and Judicial Retirement Plan (JRP) to perform an actuarial investigation of economic assumptions once every two years rather than once every five years while retaining a review of demographic assumptions once every five years

We have determined that the bill will not increase or decrease benefits, or increase or decrease participation in benefits, or change the actuarial liability of either plan administered by JFRS. Per discussion with our actuary, there may be a modest increase in actuarial fees associated with the proposed review of economic assumptions every other year as compared to the current five-year statutory requirement.

In compliance with KRS 6.350(2)(c), the Judicial Form Retirement Systems (the agency in charge with the administration of JRP and LRP) certifies the following:

1. There has no individuals affected. As of June 30, 2021, there were a total of 601 individuals participating in JRP and 393 individuals participating in LRP.
2. There is no change in benefits.
3. There is no change to employer costs.
4. There may be a modest increase in actuarial fees associated with the proposed review of economic assumptions every other year as compared to the current five-year statutory requirement.

We have not requested any further actuarial analysis of HB 76 by the Systems' independent actuary. Please let me know if you have any questions regarding this analysis.

Sincerely,

Bo Cracraft
Executive Director