



February 24, 2025

AA Statement 1 of 1.

Mr. Robert B. Barnes
Deputy Executive Secretary and General Counsel
Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, KY 40601-3800

Re: Actuarial Analysis of House Bill 73 (HCS 1)

Dear Beau:

We have prepared an actuarial analysis of the impact of House Bill 73 (25 RS HB 73/HCS 1) on the Teachers' Retirement System of the State of Kentucky (TRS).

Background

Under House Bill 73, KRS 161.220 is amended to add *WeLeadCS*, the virtual computer science academy established in KRS 158.809, as a participating employer to TRS. The nine employees of this agency, eight of whom were classroom teachers, are in TRS because of a memorandum of agreement with an education cooperative that is a TRS employer.

Since the employees currently are in TRS with liabilities and contribution requirements being calculated for this group, there is no actuarial impact to the Retirement Annuity Trust, the Health Insurance Trust, or the Life Insurance Trust under TRS for HB 73.

The original House Bill 73 was amended to additionally require a breakdown of each employer's share of the liabilities on an individual basis, including this new employer. Please refer to our Governmental Accounting Standards Board Statement Nos. 68 & 75 (GASB 68 & 75) disclosure reports for a breakdown of each employer's proportionate share of their liabilities.

Actuarial Assumptions

Any cost estimates contained in this letter are based on the data, methods, assumptions, and provisions used in the June 30, 2024 actuarial valuations for TRS, except as noted. In order to prepare the results in this letter, we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

This cost analysis has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board (ASB) and the Code of Professional Conduct and Qualification Standards for Public Statement of Actuarial Opinion of the American Academy of Actuaries.



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We have not explored any legal issues with respect to the proposed plan analysis. We are not attorneys and cannot give legal advice on such issues. We recognize that the proposed changes may be affected by federal law and strongly suggest that you review this proposal with counsel.

The undersigned, Edward J. Koebel and Alisa Bennett, are members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

If you have any questions, please do not hesitate to contact us.

Sincerely,

Edward J. Koebel, EA, FCA, MAAA
Chief Executive Officer

Alisa Bennett, FSA, EA, FCA, MAAA
President