

## Actuarial Analysis Summary

<b>BR or Bill Ref.</b>	HB 445 (25 RS BR 1811)	<b>Actuarial Analysis Conducted For:</b>
<b>Date:</b>	1/28/2026	<input checked="" type="checkbox"/> KERS NH <input checked="" type="checkbox"/> KERS Haz <input checked="" type="checkbox"/> SPRS <input type="checkbox"/> TRS
<b>Actuary:</b>	GRS	<input type="checkbox"/> CERS NH <input type="checkbox"/> CERS Haz <input type="checkbox"/> LRP <input type="checkbox"/> JRP

### Section I: Executive Summary

In the opinion of the actuary, this bill would make the affected state-administered retirement system(s) actuarially:

MORE SOUND  LESS SOUND  NO IMPACT

If actuarially MORE SOUND OR LESS SOUND, please summarize the factors leading to the actuary's opinion:

**The \$221.4 million, \$18.7 million, and \$16.0 million, appropriations to the KERS non-hazardous, KERS hazardous, and SPRS pension funds, respectively, are sufficient and appropriate to fund a one-time 2.0% benefit increase effective July 1, 2026. As a result, this proposed legislation does not have an impact on the on-going employer contribution requirement for either the KERS pension funds or the SPRS pension fund.**

Does this bill increase or decrease employer costs?  INCREASE  DECREASE  NO IMPACT

Does this bill increase or decrease benefits?  INCREASE  DECREASE  NO IMPACT

Does this bill increase or decrease benefit participation?  INCREASE  DECREASE  NO IMPACT

If the bill impacts employer costs, benefits, or benefit participation, please explain and estimate the impact in Sections II and VI.

### Section II: Financial Projections

	Combined Pension and Retiree Health Plan					
	KERS Non-Hazardous*		KERS Hazardous*		SPRS*	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>Projected Employer Cost* (\$ in Millions)</b>						
30-Yr Nominal \$	\$25,188	\$25,188	\$1,213	\$1,213	\$1,113	\$1,113
30-Yr Net Present Value \$	\$13,990	\$13,990	\$605	\$605	\$580	\$580
Proj. Normal Cost for New Hire	4.42%	4.42%	6.70%	6.70%	19.10%	19.10%
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\*Projected costs are for all employers and all fund sources for entire 30-year period.

Proj. normal cost is the normal cost for new hires after subtracting employee contributions.

	Pension Plan					
	KERS Non-Hazardous		KERS Hazardous		SPRS	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>Projected UAL (\$ in Millions)</b>						
Baseline (Year 1)	\$12,029	\$12,029	\$412	\$412	\$430	\$430
5 Years	\$10,391	\$10,391	\$296	\$296	\$330	\$330
10 Years	\$8,819	\$8,819	\$260	\$260	\$311	\$311
20 Years	\$4,034	\$4,034	\$153	\$153	\$222	\$222
30 Years	\$0	\$0	\$0	\$0	\$0	\$0
<b>Projected Funding Ratio (%)</b>						
Baseline (Year 1)	29%	29%	72%	72%	62%	62%
5 Years	38%	38%	82%	82%	72%	72%
10 Years	46%	46%	86%	86%	74%	74%
20 Years	73%	73%	94%	94%	83%	83%
30 Years	100%	100%	100%	100%	100%	100%

	Retiree Health Plan					
	KERS Non-Hazardous		KERS Hazardous		SPRS	
	Current	Proposed	Current	Proposed	Current	Proposed
<b>Projected UAL (\$ in Millions)</b>						
Baseline (Year 1)	\$657	\$657	(\$280)	(\$280)	(\$4)	(\$4)
5 Years	\$600	\$600	(\$389)	(\$389)	(\$16)	(\$16)
10 Years	\$661	\$661	(\$517)	(\$517)	(\$12)	(\$12)
20 Years	\$541	\$541	(\$942)	(\$942)	(\$6)	(\$6)
30 Years	\$0	\$0	(\$1,744)	(\$1,744)	(\$16)	(\$16)
<b>Projected Funding Ratio (%)</b>						
Baseline (Year 1)	74%	74%	167%	167%	102%	102%
5 Years	77%	77%	188%	188%	106%	106%
10 Years	75%	75%	216%	216%	105%	105%
20 Years	78%	78%	301%	301%	103%	103%
30 Years	100%	100%	432%	432%	107%	107%

### Section III: Brief Summary of Bill

The proposed legislation provides recipients of a monthly retirement allowance from the Kentucky Employees Retirement System (KERS) or the State Police Retirement System (SPRS) a two percent increase in their monthly retirement allowance effective July 1, 2026.

## Section IV: Statement of Assumptions and Methods

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Did the analysis rely solely upon the same assumptions & methods previously established and utilized by the actuary in the retirement system's most recent actuarial valuation?

YES  NO

If NO, please describe each new assumption or method utilized, the basis for selecting the revised assumption or method, and whether each new assumption or method increased or decreased projected employer costs:

N/A

## Section V: Comment from Actuary

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N/A

## Section VI: Detailed Actuarial Analysis and Projections *(May be attached as Appendix)*

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Please see attached.



January 28, 2026

Mr. Ryan Barrow  
Executive Director  
Kentucky Public Pensions Authority  
1260 Louisville Road  
Frankfort, KY 40601

**Re: Actuarial Analysis of Proposed Legislation HB 445 (25 RS BR 1811) and its Financial Impact on the Systems Maintained by KPPA**

Dear Mr. Barrow:

We have reviewed the proposed legislation HB 445 (25 RS BR 1811), and the purpose of this letter is to communicate the actuarial analysis of this legislation in regards to the five Systems administered by the Kentucky Public Pensions Authority (KPPA).

**Summary of Provisions of Proposed Legislation and Fiscal Impact**

The proposed legislation provides recipients of a monthly retirement allowance from the Kentucky Employees Retirement System (KERS) or the State Police Retirement System (SPRS) a two percent increase in their monthly retirement allowance effective July 1, 2026.

The proposed legislation further appropriates \$221.4 million to the KERS non-hazardous pension fund, \$18.7 million to the KERS hazardous pension fund, and \$16.0 million to the SPRS pension fund in FYE 2027 in order to fund the proposed benefit increase.

**The appropriations in the proposed legislation are sufficient and appropriate to fund the retirement allowance increase. As a result, this proposed legislation does not have an impact on the on-going employer contribution requirement for either of the KERS pension funds or the SPRS pension fund.**

The table below provides the number of annuitants in each pension fund as well as the estimated average increase in monthly benefit amount provided to each annuitant.

<b>Pension Fund</b>	<b>Number of Annuitants</b>	<b>Average Monthly Benefit</b>	<b>Average Benefit Increase</b>
KERS Non-Hazardous	48,594	\$1,736	\$35
KERS Hazardous	5,043	\$1,300	\$26
SPRS	1,693	\$3,127	\$63

Note: Demographics based on the census data as of June 30, 2025

### **Basis of Calculations**

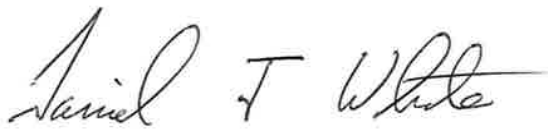
GRS based the calculations and analysis in this letter on the member and financial data provided by KPPA for use in performing the actuarial valuation as of June 30, 2025. Our calculations are based upon assumptions regarding future events, which may or may not materialize. Depending on actual plan experience, actual results could deviate significantly.

We are not attorneys, and we cannot provide a legal opinion regarding the changes in this proposed legislation. Nothing in this letter should be construed as providing legal, investment or tax advice.

All three of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems.

Sincerely,

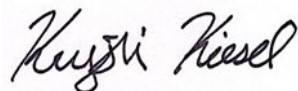
**Gabriel, Roeder, Smith & Company**



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