



March 31, 2026

Actuarial Analysis 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 Senate Bill 127 Substitute (SB 127 / GA)

Dear Beau:

We have prepared an actuarial analysis of the impact of Senate Bill 127 (SB 127 / GA) on the Teachers' Retirement System of the State of Kentucky (TRS). Although this legislation appears to shift the actuarial cost of unused annual leave back to the state, we believe it would not have a material cost impact on the Retirement System.

Background

SB 127 / GA would amend KRS 161.540 to specify payment obligations for the inclusion of annual leave payments in a retiring member's pension benefits from the Teachers' Retirement System (TRS).

It specifies that the state shall pay actuarial costs to the Teachers' Retirement System (TRS) for annual leave accrued on or after August 1, 2026, for school employees not to exceed 5 days annually and provide that only those employees earning annual leave prior to August 1, 2026, with an employer participating in the TRS annual leave program prior to August 1, 2026, may have annual leave payments included in TRS retirement benefit calculations

Actuarial Assumptions

Any cost estimates contained in this letter are based on the data, methods, assumptions, and provisions used in the June 30, 2025 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