

Kentucky Employees Retirement System

GASB No. 67 Accounting Valuation Report
As of June 30, 2025





December 3, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: GASB 67 Reporting – Actuarial Information – Kentucky Employees Retirement System

Dear Members of the Board:

This report provided herein contains certain information for the **Kentucky Employees Retirement System (KERS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans” for the fiscal year ending June 30, 2025. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”.

The liability calculations presented in this report were performed for the purpose of satisfying the requirements of GASB No. 67 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. This report may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board.

The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2024. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2025 using generally accepted actuarial principles. GASB 67 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions and Plan Provisions

There have been no assumption, method or plan provision changes that would materially impact the total pension liability since June 30, 2024. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

Single Discount Rate

Single discount rates of 5.25% for the non-hazardous plan and 6.25% for the hazardous plan were used to measure the total pension liability for the fiscal year ending June 30, 2025. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.

Additional Disclosures

This report is based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2025.



To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All three undersigned are Enrolled Actuaries, 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. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

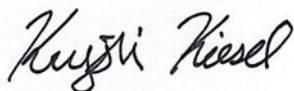
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SECTION 1

EXHIBIT 1a

Schedule of the Employers' Net Pension Liability – KERS Non-Hazardous Plan (\$ in thousands)

Fiscal Year Ending June 30, (1)	Total Pension Liability (2)	Plan Fiduciary Net Position (3)	Employers' Net Pension Liability (Asset) (4) = (2) - (3)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (5) = (3) / (2)	Covered Employee Payroll ¹ (6)	Net Pension Liability as a Percentage of Covered Employee Payroll (7) = (4) / (6)
2025	\$ 16,648,847	\$ 5,061,425	\$ 11,587,422	30.40%	\$ 2,081,792	556.61%
2024	16,273,602	4,223,936	12,049,666	25.96%	1,912,421	630.07%
2023	15,858,669	3,539,943	12,318,726	22.32%	1,648,318	747.35%
2022	16,281,188	3,013,845	13,267,343	18.51%	1,432,960	925.87%
2021	16,335,657	3,018,660	13,316,997	18.48%	1,441,337	923.93%
2020	16,472,733	2,308,080	14,164,653	14.01%	1,476,156	959.56%
2019	16,356,674	2,233,672	14,123,002	13.66%	1,485,854	950.50%
2018	15,608,221	2,004,446	13,603,775	12.84%	1,509,955	900.94%
2017	15,445,206	2,056,870	13,388,336	13.32%	1,602,396	835.52%
2016	13,379,781	1,980,292	11,399,489	14.80%	1,631,025	698.92%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



EXHIBIT 1b

Schedule of the Employers' Net Pension Liability – KERS Hazardous Plan

(\$ in thousands)

Fiscal Year Ending June 30,	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Employee Payroll ¹	Net Pension Liability as a Percentage of Covered Employee Payroll
(1)	(2)	(3)	(4) = (2) - (3)	(5) = (3) / (2)	(6)	(7) = (4) / (6)
2025	\$ 1,476,069	\$ 1,137,480	\$ 338,589	77.06%	\$ 288,682	117.29%
2024	1,393,651	1,019,890	373,761	73.18%	279,218	133.86%
2023	1,316,521	893,533	422,988	67.87%	223,922	188.90%
2022	1,318,494	810,978	507,516	61.51%	188,648	269.03%
2021	1,311,767	866,140	445,627	66.03%	172,725	258.00%
2020	1,251,027	690,350	560,677	55.18%	171,840	326.28%
2019	1,227,226	680,932	546,294	55.49%	160,600	340.16%
2018	1,150,610	645,485	505,125	56.10%	152,936	330.29%
2017	1,098,630	601,529	497,101	54.75%	178,511	278.47%
2016	919,517	527,879	391,638	57.41%	158,828	246.58%

Note:

¹ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.



EXHIBIT 2a

Schedule of the Employers' Net Pension Liability – KERS Non-Hazardous Plan (\$ in thousands)

Change in the Net Pension Liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service Cost	\$ 211,862	\$ 184,567	\$ 163,563	\$ 165,616	\$ 171,472	\$ 179,702	\$ 184,988	\$ 195,681	\$ 143,858	\$ 139,631
Interest	826,613	805,180	827,579	830,440	838,084	832,178	793,163	785,123	870,725	891,897
Benefit Changes	0	0	2,024	0	2,091	0	0	9,624	0	0
Difference between actual and expected experience	393,941	469,003	310,954	(15,034)	(130,268)	115,515	70,529	153,565	(134,379)	0
Assumption Changes	0	0	(691,088)	0	0	0	700,464	0	2,145,530	923,999
Benefit Payments	(1,057,171)	(1,043,817)	(1,035,551)	(1,035,491)	(1,018,455)	(1,011,336)	(1,000,691)	(980,978)	(960,309)	(935,419)
Net Change in Total Pension Liability	\$ 375,245	\$ 414,933	\$ (422,519)	\$ (54,469)	\$ (137,076)	\$ 116,059	\$ 748,453	\$ 163,015	\$ 2,065,425	\$ 1,020,108
Total Pension Liability - Beginning	\$ 16,273,602	\$ 15,858,669	\$ 16,281,188	\$ 16,335,657	\$ 16,472,733	\$ 16,356,674	\$ 15,608,221	\$ 15,445,206	\$ 13,379,781	\$ 12,359,673
Total Pension Liability - Ending (a)	\$ 16,648,847	\$ 16,273,602	\$ 15,858,669	\$ 16,281,188	\$ 16,335,657	\$ 16,472,733	\$ 16,356,674	\$ 15,608,221	\$ 15,445,206	\$ 13,379,781
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 1,318,931	\$ 1,295,695	\$ 1,275,007	\$ 1,116,869	\$ 1,134,232	\$ 948,592	\$ 1,035,462	\$ 689,143	\$ 757,121	\$ 513,084
Contributions - Member ²	104,867	96,615	84,579	89,607	90,202	96,594	93,759	104,972	100,543	106,495
Refunds of contributions to members	(11,153)	(11,693)	(11,847)	(12,116)	(8,953)	(11,523)	(12,342)	(13,603)	(11,819)	(12,130)
Retirement benefits	(1,046,018)	(1,032,124)	(1,023,704)	(1,023,375)	(1,009,502)	(999,813)	(988,349)	(967,375)	(948,490)	(923,288)
Net Investment Income ²	485,025	349,628	215,880	(162,461)	516,223	52,499	112,371	144,881	220,985	(20,663)
Administrative Expense	(14,163)	(14,128)	(13,817)	(13,339)	(11,622)	(11,941)	(11,712)	(10,692)	(10,957)	(10,989)
Other	0	0	0	0	0	0	37 ⁵	301 ⁵	(30,805) ⁴	0
Net Change in Plan Fiduciary Net Position	\$ 837,489	\$ 683,993	\$ 526,098	\$ (4,815)	\$ 710,580	\$ 74,408	\$ 229,226	\$ (52,373)	\$ 76,578	\$ (347,491)
Plan Fiduciary Net Position - Beginning	\$ 4,223,936	\$ 3,539,943	\$ 3,013,845	\$ 3,018,660	\$ 2,308,080	\$ 2,233,672	\$ 2,004,446	\$ 2,056,870	\$ 1,980,292	\$ 2,327,783
Prior Year Adjustment	0	0	0	0	0	0	0	(51)	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 5,061,425	\$ 4,223,936	\$ 3,539,943	\$ 3,013,845	\$ 3,018,660	\$ 2,308,080	\$ 2,233,672	\$ 2,004,446	\$ 2,056,870	\$ 1,980,292
Net Pension Liability - Ending (a) - (b)	\$ 11,587,422	\$ 12,049,666	\$ 12,318,726	\$ 13,267,343	\$ 13,316,997	\$ 14,164,653	\$ 14,123,002	\$ 13,603,775	\$ 13,388,336	\$ 11,399,489
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.40%	25.96%	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.32%	14.80%
Covered Employee Payroll³	\$ 2,081,792	\$ 1,912,421	\$ 1,648,318	\$ 1,432,960	\$ 1,441,337	\$ 1,476,156	\$ 1,485,854	\$ 1,509,955	\$ 1,602,396	\$ 1,631,025
Net Pension Liability as a Percentage of Covered Employee Payroll	556.61%	630.07%	747.35%	925.87%	923.93%	959.56%	950.50%	900.94%	835.52%	698.92%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$81,860,000 as of June 30, 2025

² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2025, 401(h) contributions equaled -\$37,000; and associated investment return equaled \$8,262,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later

⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later

⁵ Northern Trust Settlement



EXHIBIT 2b

Schedule of the Employers' Net Pension Liability – KERS Hazardous Plan (\$ in thousands)

Change in the Net Pension Liability	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service Cost	\$ 40,051	\$ 32,732	\$ 26,852	\$ 26,885	\$ 28,450	\$ 25,568	\$ 27,117	\$ 28,641	\$ 21,081	\$ 20,751
Interest	84,171	79,637	79,822	79,422	75,743	74,357	69,657	66,536	66,589	64,851
Benefit Changes	0	0	0	0	26	0	0	705	0	0
Difference between actual and expected experience	52,028	49,423	(1,773)	(17,557)	34,789	(1,095)	1,395	24,215	26,902	0
Assumption Changes	0	0	(24,197)	0	0	0	50,658	0	127,878	0
Benefit Payments	(93,832)	(84,662)	(82,677)	(82,023)	(78,268)	(75,029)	(72,211)	(68,117)	(63,338)	(61,518)
Net Change in Total Pension Liability	\$ 82,418	\$ 77,130	\$ (1,973)	\$ 6,727	\$ 60,740	\$ 23,801	\$ 76,616	\$ 51,980	\$ 179,112	\$ 24,084
Total Pension Liability - Beginning	\$ 1,393,651	\$ 1,316,521	\$ 1,318,494	\$ 1,311,767	\$ 1,251,027	\$ 1,227,226	\$ 1,150,610	\$ 1,098,630	\$ 919,517	\$ 895,433
Total Pension Liability - Ending (a)	\$ 1,476,069	\$ 1,393,651	\$ 1,316,521	\$ 1,318,494	\$ 1,311,767	\$ 1,251,027	\$ 1,227,226	\$ 1,150,610	\$ 1,098,630	\$ 919,517
Plan Fiduciary Net Position¹										
Contributions - Employer	\$ 70,768	\$ 89,899	\$ 72,807	\$ 59,055	\$ 62,200	\$ 59,115	\$ 55,259	\$ 43,661	\$ 52,974	\$ 23,759
Contributions - Member ²	22,127	21,568	17,459	20,588	19,961	19,769	17,118	17,891	17,524	15,739
Refunds of contributions to members	(6,212)	(4,133)	(4,041)	(4,976)	(4,380)	(3,168)	(2,684)	(2,501)	(2,106)	(2,211)
Retirement benefits	(87,620)	(80,529)	(78,636)	(77,047)	(73,888)	(71,861)	(69,527)	(65,616)	(61,231)	(59,306)
Net Investment Income ²	120,154	101,135	76,479	(51,317)	173,152	6,739	36,380	51,467	70,994	(1,653)
Administrative Expense	(1,627)	(1,583)	(1,513)	(1,465)	(1,255)	(1,176)	(1,103)	(975)	(919)	(916)
Other	0	0	0	0	0	0	4 ⁵	33 ⁵	(3,586) ⁴	0
Net Change in Plan Fiduciary Net Position	\$ 117,590	\$ 126,357	\$ 82,555	\$ (55,162)	\$ 175,790	\$ 9,418	\$ 35,447	\$ 43,960	\$ 73,650	\$ (24,588)
Plan Fiduciary Net Position - Beginning	\$ 1,019,890	\$ 893,533	\$ 810,978	\$ 866,140	\$ 690,350	\$ 680,932	\$ 645,485	\$ 601,529	\$ 527,879	\$ 552,468
Prior Year Adjustment	0	0	0	0	0	0	0	(4)	0	0
Plan Fiduciary Net Position - Ending (b)	\$ 1,137,480	\$ 1,019,890	\$ 893,533	\$ 810,978	\$ 866,140	\$ 690,350	\$ 680,932	\$ 645,485	\$ 601,529	\$ 527,879
Net Pension Liability - Ending (a) - (b)	\$ 338,589	\$ 373,761	\$ 422,988	\$ 507,516	\$ 445,627	\$ 560,677	\$ 546,294	\$ 505,125	\$ 497,101	\$ 391,638
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.06%	73.18%	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.75%	57.41%
Covered Employee Payroll³	\$ 288,682	\$ 279,218	\$ 223,922	\$ 188,648	\$ 172,725	\$ 171,840	\$ 160,600	\$ 152,936	\$ 178,511	\$ 158,828
Net Pension Liability as a Percentage of Covered Employee Payroll	117.29%	133.86%	188.90%	269.03%	258.00%	326.28%	340.16%	330.29%	278.47%	246.58%

Notes:

¹ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$11,190,000 as of June 30, 2025

² Does not include 401(h) contributions or associated investment income for fiscal years 2017 and later

For fiscal year 2025, 401(h) contributions equaled -\$32,000; and associated investment return equaled \$1,191,000

³ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later

⁴ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later

⁵ Northern Trust Settlement



EXHIBIT 3a

Schedule of Employers' Contributions – KERS Non-Hazardous Plan (\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution ¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ²	Actual Contributions as a Percentage of Covered Payroll
2025	\$ 1,000,105	\$ 1,318,931	\$ (318,826)	\$ 2,081,792	63.36%
2024	1,055,571	1,295,695	(240,124)	1,912,421	67.75%
2023	1,034,918	1,275,007	(240,089)	1,648,318	77.35%
2022	1,048,861	1,116,869	(68,008)	1,432,960	77.94%
2021	1,056,211	1,134,232	(78,021)	1,441,337	78.69%
2020	1,048,513	948,592	99,921	1,476,156	64.26%
2019	1,055,402	1,035,462	19,940	1,485,854	69.69%
2018	633,879	689,143	(55,264)	1,509,955	45.64%
2017	623,813	757,121	(133,308)	1,602,396	47.25%
2016	512,670	513,084	(414)	1,631,025	31.46%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2025 is based on the contribution requirement calculated with the June 30, 2023 actuarial valuation.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

EXHIBIT 3b

Schedule of Employers' Contributions – KERS Hazardous Plan (\$ in thousands)

Fiscal Year Ending	Actuarially Determined Contribution ¹	Total Employer Contributions	Contribution Deficiency (Excess)	Covered Employee Payroll ²	Actual Contributions as a Percentage of Covered Payroll
2025	\$ 70,768	\$ 70,768	\$ -	\$ 288,682	24.51%
2024	89,897	89,899	(2)	279,218	32.20%
2023	72,778	72,807	(29)	223,922	32.51%
2022	59,052	59,055	(3)	188,648	31.30%
2021	62,181	62,200	(19)	172,725	36.01%
2020	59,096	59,115	(19)	171,840	34.40%
2019	55,230	55,259	(29)	160,600	34.41%
2018	31,321	43,661	(12,340)	152,936	28.55%
2017	37,630	52,974	(15,344)	178,511	29.68%
2016	23,690	23,759	(69)	158,828	14.96%

Notes:

¹ Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023 actuarial valuation.

² Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Notes to Schedule of Employers' Contributions for FYE 2025

The actuarially determined contributions effective for fiscal year ending 2025 that are documented in the schedules on the previous pages were calculated as of June 30, 2023. Based on the June 30, 2023 actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Item	KERS Non-Hazardous Plan	KERS Hazardous Plan
Determined by the Actuarial Valuation as of:	June 30, 2023	June 30, 2023
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>	30-year closed period at June 30, 2019 <i>Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases</i>
Payroll Growth Rate	0.00%	0.00%
Investment Return:	5.25%	6.25%
Inflation:	2.50%	2.50%
Salary Increases:	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023

EXHIBIT 4

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (\$ in thousands)

Table 1. Sensitivity of the Net Pension Liability to Changes in the Discount Rate for KERS (Non-Hazardous)

1.00% Decrease (4.25%)	Current Discount Rate (5.25%)	1.00% Increase (6.25%)
\$ 13,551,721	\$ 11,587,422	\$ 9,959,279

Table 2. Sensitivity of the Net Pension Liability to Changes in the Discount Rate for KERS (Hazardous)

1.00% Decrease (5.25%)	Current Discount Rate (6.25%)	1.00% Increase (7.25%)
\$ 524,105	\$ 338,589	\$ 192,169