

# KENTUCKY RETIREMENT SYSTEMS

A component unit of the Commonwealth of Kentucky



## SUMMARY ANNUAL FINANCIAL REPORT

# 2020

For the Fiscal Year Ended June 30, 2020



**County Employees Retirement System (CERS)**  
**Kentucky Employees Retirement System (KERS)**  
**State Police Retirement System (SPRS)**

Prepared by the Accounting, Investments and Communications Divisions

# 2020 SUMMARY ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020



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# KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Executive Director

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kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



## December 3, 2020

On behalf of the [Board of Trustees \(Board\)](#), management, and staff of Kentucky Retirement Systems (KRS), it is my honor to present the Summary Annual Financial Report for the Fiscal Year Ended June 30, 2020. This summary report and the [Comprehensive Annual Financial Report \(CAFR\)](#) are provided as resources for understanding the structure and financial status of KRS.

Here are a few highlights:

## COVID-19 Pandemic

Since early April 2020, KRS has had more than 85% of its staff working from home. We made the swift transition almost seamlessly with members experiencing minimal disruption to services, and our various productivity metrics have remained strong throughout the period.

## Effective and Transparent Management

The Board and staff are committed to managing all aspects of KRS effectively and with complete transparency. We continuously examine every aspect of our procedures and policies striving for enhancements. All records and information not protected by statutes or confidentiality agreements are available on our website, in our CAFR, or by request. All Board meetings and Committee meetings are live streamed and archived on the [official KRS Facebook page](#).

We publish various newsletters targeted to our members and governmental officials including all legislators, employees of the Legislative Research Commission, and most members of the Executive Branch senior staff. We have frequent meetings with members, government officials, member groups, and other stakeholders who are interested in getting information about KRS or giving us input.

## Continuous Improvement

Again this year our most financially troubled plan, KERS Non-Hazardous, had positive cash flow during Fiscal Year 2020. We received more in contributions than we paid in benefits and expenses. CERS plans will likely move into that position shortly as the phase-in of higher contributions moves into its third year.

Over the past year, several service enhancements were implemented with an emphasis on [Self Service](#). In February 2020, members were provided the ability to securely apply for their retirement and upload documents online. This allows members the ease of initiating the retirement process and submitting forms from their mobile devices or personal computer.

We prepared for the first Trustee election with an online ballot option for the [2021 CERS election](#). We anticipate significant savings for Board elections prospectively due to recent legislation which reduced the number of CERS Trustee elections from two every four years to one every four years and providing for online voting.

## Legislation

The 2019 Special Session of the General Assembly produced House Bill (HB) 1. That bill provided four new options for the 115 quasi-governmental agencies to exit the KERS Non-Hazardous plan, should they choose to do so, at discount rates ranging from 4.5% to 3.0% through lump sum or installment payments. Two of the four options include continuing active KERS membership for Tier 1 and Tier 2 employees.

The 2020 Regular Session of the General Assembly produced significant KRS-related legislation. Senate Bill (SB) 249 extended the exit date for universities and all quasi-governmental agencies to June 30, 2021. SB 249 also reset the amortization period for paying off the unfunded liabilities for all pension and insurance plans. Based on previous assumptions, all pension plans were expected to be fully funded by Fiscal Year 2043. However, SB 249 extends that period to Fiscal Year 2049 by resetting the amortization period from 24 years to 30 years which reduces the required employer contributions for Fiscal Year 2021 by an estimated \$120 million.

In addition, the General Assembly also passed HB 484 which changes our current administrative structure by creating a new CERS Board with oversight and governance responsibility for the CERS plans. The KERS and SPRS plans will remain under the authority of the KRS Board. The Kentucky Public Pensions Authority (KPPA) is a new board, which will be responsible for the day to day administrative,

legal, operational, and investment aspects of all five plans. All employees of the current KRS will now work for the KPPA. To date, we have determined more than 100 action items, or steps, required to make the transition, and expect to identify more as our work progresses.

From a budget standpoint, the economic uncertainty surrounding COVID-19 prompted the General Assembly to approve a one-year Executive Branch budget bill rather than the usual two-year budget. The employer contribution rates for Fiscal Year 2022 will be set in the [2021 Regular Session](#).

KRS continues to work on implementing previous legislative changes. During the 2017 Regular Session of the General Assembly, SB 104 was enacted which allows Tier 2 members to opt into Tier 3. This provision required a favorable Private Letter Ruling from the IRS, which was received this year. Staff is currently working on system changes to support this law change.

## Investments

For Fiscal Year 2020, the investment markets had low returns and limited the ability for our funds to earn their actuarial assumed rates of return of 5.25% and 6.25%. KERS Non-Hazardous and SPRS pension plans earned 2.36% and 2.21%, respectively, but fell short of their assumed rate of return of 5.25%. All of the other pension and insurance plans earned between 0.20% and 0.97%. As such, all eight of those plans failed to earn their assumed rate of return of 6.25%.

## Actuarial

The actuarial value of the total pension liability and total insurance liability was determined as of June 30, 2020. The KRS funding ratios improved for both the pension and insurance funds to 33.56% and 69.80% respectively, with nine out of ten plans experiencing an increase in their funding ratios. Funding status by plan, actuarial valuation results and the economic assumptions used to measure the total pension and insurance liability can be found on [page 21](#).

## Cyber Security

KRS' goal is to be on the forefront of cyber security for similar-sized public funds because our members and employers have entrusted us with sensitive data that must be protected. Two of the most significant cyber threats in 2020 are social engineering and ransomware. To address these and other threats, KRS is continuing its rigorous staff security training, software patching,

and system upgrades, which are key to a quality cyber security program. Additionally, KRS is expanding its business continuity, disaster recovery, and incident response plans. COVID-19 ushered in a new work-at-home environment for our employees, which increased the cyber risks to our infrastructure. Our technology team acted swiftly to add measures to counteract that risk.

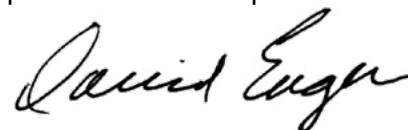
## Looking Forward

By far our most important mandate is to work with the Legislature and the Governor's Office to assure that KRS gets the required funding. Our actuaries, [GRS Consulting](#), project that all of our pension and insurance plans will become fully funded in Fiscal Year 2049, provided KRS receives the full Actuarially Determined Contribution (ADC) each year and all actuarial assumptions are met. Those same projections indicate that all benefits will be secure going forward, supported by the positive fiscal impact of the [Tier 3 Hybrid Cash Balance Plan](#). Receiving the full ADC ensures that KRS continues to provide a stabilizing element for all local economies in the Commonwealth, paying at least \$1 million in ongoing pension benefits to each county annually.

There continues to be consideration for legislation that would change the funding method for employers from a uniform percent of pay method to a method that allocates a dollar value based upon each employer's unfunded liability and requires them to pay it off over a period not to exceed 30 years in most cases. Without this change, employers will likely continue to reduce their employee head count through outsourcing and layoffs and thereby reduce their payrolls and, subsequently, their contributions. This results in their liability being absorbed by other employers and forces contribution rates even higher.

## Acknowledgments

The preparation of this report has been a collaborative effort of Executive Management and the Accounting, Investments, and Communications Divisions. The contents have been reviewed by the Internal Audit Division. KRS takes responsibility for all of the information contained in the report and confidently presents it as a basis for making management decisions that promote the responsible stewardship of the assets of KRS.



**David L. Eager**  
**Executive Director**



# GOVERNANCE

Our [Board](#) serves as the KRS governing body. Six trustees are elected by members, ten are appointed by the Governor, and the Secretary of the [Personnel Cabinet](#) serves ex officio. Three of the ten appointees are selected from lists of candidates provided by the [Kentucky Association of Counties \(KACo\)](#), the [Kentucky League of Cities \(KLC\)](#), and the [Kentucky School Boards Association \(KSBA\)](#).

## ELECTED AS OF DECEMBER 3, 2020



**BETTY PENDERGRASS**  
Elected by CERS  
Term ends 3/31/21

**JERRY W. POWELL**  
Elected by CERS  
Term ends 3/31/21

**DAVID RICH**  
Elected by CERS  
Term ends 10/31/21



**CAMPBELL CONNELL**  
Elected by KERS  
Term ends 3/31/22

**SHERRY LYNN KREMER**  
Elected by KERS  
Term ends 3/31/22



**KEITH PEERCY  
VICE CHAIR**  
Elected by SPRS  
Term ends 3/31/23

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Visit our website for  
[meeting schedules](#).  
Watch meetings live  
on Facebook.  
 **LIVE**  
**@KYretirement**

## APPOINTED AS OF DECEMBER 3, 2020



**DAVID L. HARRIS  
CHAIR**  
Term ends 6/17/22

**W. JOE BROTHERS**  
Nominated by KSBA  
Term ends 7/1/21

**J.T. FULKERSON**  
Nominated by KLC  
Term ends 7/1/21

**GERINA WETHERS**  
Personnel Secretary  
Ex Officio

**VACANT**  
Nominated by KACo  
Term ends 7/1/21

**JOHN CHESHIRE III**  
Term ends 6/17/23

**JOHN E. CHILTON**  
Term ends 6/17/22

**JOSEPH GROSSMAN**  
Term ends 6/17/22

**MATTHEW MONTEIRO**  
Term ends 6/17/23

**KELLY DOWNARD**  
Term ends 6/17/23

**C. PREWITT LANE**  
Term ends 6/17/23

## KENTUCKY PUBLIC PENSIONS AUTHORITY

During the 2020 Legislative Session, [HB 484](#) was passed establishing a new governance structure for KRS. Effective April 1, 2021, KRS as an Agency of the Commonwealth will be known as the Kentucky Public Pensions Authority (KPPA). Current KRS employees will become KPPA employees and continue to provide administrative support, investment management, and conduct daily activities for the new CERS, KRS, and KPPA boards. KPPA will be led by an Executive Director who will work with the Chief Executive Officers of the CERS and KRS boards to carry out the statutory provisions of the systems.

### KPPA BOARD

#### CERS BOARD

##### COUNTY EMPLOYEES RETIREMENT SYSTEM

- 3 trustees elected by members
- 6 trustees appointed by the Governor selected from lists of candidates provided by KACo, KLC and KSBA

- CERS Board Chair
- KRS Board Chair
- CERS Investment Committee Chair
- CERS Trustee, Elected by Members\*
- CERS Trustee, Governor Appointee\*
- KRS Investment Committee Chair
- KRS Trustee, Elected by Members\*\*
- KRS Trustee, Governor Appointee\*\*

\*Selected by the CERS Board Chair  
\*\*Selected by the KRS Board Chair

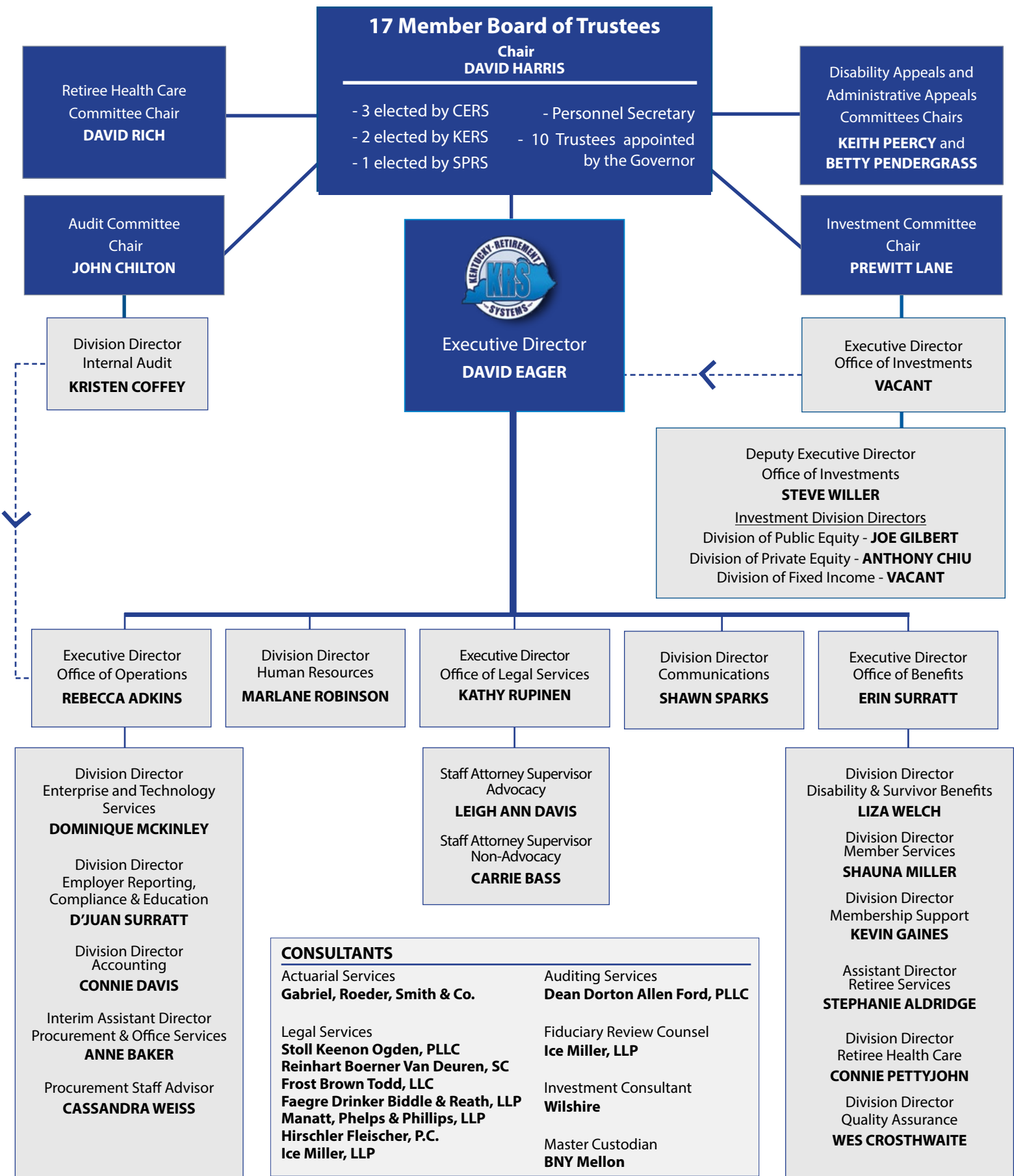
#### KRS BOARD

##### KENTUCKY EMPLOYEES RETIREMENT SYSTEM & STATE POLICE RETIREMENT SYSTEM

- 3 trustees elected by members
- 6 trustees appointed by the Governor

# KRS AGENCY STRUCTURE

as of December 3, 2020



# SYSTEMS AND BENEFIT TIERS

KRS administers three systems. CERS and KERS are multiple-employer, cost-sharing defined benefit pension plans with Non-Hazardous and Hazardous members. SPRS is a single-employer, defined benefit pension plan with Hazardous members. Each system covers regular full-time members employed by the participating agencies.

## BENEFIT TIERS

Each plan provides pension and insurance benefits based on the member's participation date.



Participation Date  
Prior to 9/1/2008



Participation Date  
9/1/2008 - 12/31/2013



Participation Date  
1/1/14 and after

## HEALTH INSURANCE

KRS pays a percentage of the monthly contribution rate or a dollar amount toward [insurance coverage](#). The contribution amount is based on the retired member's participation date, years of service, and type of service. A percentage of the monthly contribution rate is paid for members participating prior to July 1, 2003. A dollar amount is paid toward insurance coverage for members participating on or after July 1, 2003.

## MEMBERSHIP AS OF JUNE 30, 2020

### Our Systems

#### COUNTY EMPLOYEES RETIREMENT SYSTEM

CERS participating employers include local governments (county and city), school boards, and eligible local agencies. The Non-Hazardous and Hazardous plans combined cover 255,713 members.

#### KENTUCKY EMPLOYEES RETIREMENT SYSTEM

KERS participating employers include state departments, boards, and employers directed by Executive Order of the Governor to participate in KERS, which covers 136,557 members.

#### STATE POLICE RETIREMENT SYSTEM

SPRS covers all full-time Kentucky State Police troopers.



235,008 MEMBERS

#### ACTIVE MEMBERSHIP

Tier 1	31,516	AVERAGE AGE
Tier 2	13,946	47.8
Tier 3	37,996	AVERAGE ANNUAL SALARY
Total	83,458	\$31,574

#### INACTIVE MEMBERSHIP

Tier 1	50,669	NON-VESTED AVERAGE CONTRIBUTIONS & INTEREST
Tier 2	17,488	\$1,238
Tier 3	22,516	VESTED AVERAGE ANNUAL DEFERRED BENEFIT
Total	90,673	\$1,580

#### RETIRED MEMBERSHIP

Tier 1	60,195	AVERAGE AGE
Tier 2	669	70.7
Tier 3	13	AVERAGE ANNUAL BENEFIT PAYMENT
Total	60,887	\$11,915



20,705 MEMBERS

Tier 1	3,969	AVERAGE AGE
Tier 2	1,908	38.4
Tier 3	3,473	AVERAGE ANNUAL SALARY
Total	9,350	\$60,363

Tier 1	1,448	NON-VESTED AVERAGE CONTRIBUTIONS & INTEREST
Tier 2	571	\$3,584
Tier 3	905	VESTED AVERAGE ANNUAL DEFERRED BENEFIT
Total	2,924	\$4,325

Tier 1	8,412	AVERAGE AGE
Tier 2	16	62.1
Tier 3	3	AVERAGE ANNUAL BENEFIT PAYMENT
Total	8,431	\$28,437



123,365 MEMBERS



13,192 MEMBERS



2,670 MEMBERS

### ACTIVE MEMBERSHIP

Tier 1	15,274
Tier 2	5,554
Tier 3	10,362
<b>Total</b>	<b>31,190</b>

AVERAGE AGE  
**45.7**  
AVERAGE ANNUAL SALARY  
**\$43,774**

Tier 1	1,262
Tier 2	727
Tier 3	2,123
<b>Total</b>	<b>4,112</b>

AVERAGE AGE  
**39.8**  
AVERAGE ANNUAL SALARY  
**\$41,726**

Tier 1	403
Tier 2	195
Tier 3	200
<b>Total</b>	<b>798</b>

AVERAGE AGE  
**37.5**  
AVERAGE ANNUAL SALARY  
**\$57,826**

### INACTIVE MEMBERSHIP

Tier 1	31,761
Tier 2	8,733
Tier 3	8,089
<b>Total</b>	<b>48,583</b>

NON-VESTED AVERAGE CONTRIBUTIONS & INTEREST  
**\$1,856**  
VESTED AVERAGE ANNUAL DEFERRED BENEFIT  
**\$2,719**

Tier 1	1,823
Tier 2	1,280
Tier 3	2,735
<b>Total</b>	<b>5,838</b>

NON-VESTED AVERAGE CONTRIBUTIONS & INTEREST  
**\$1,816**  
VESTED AVERAGE ANNUAL DEFERRED BENEFIT  
**\$2,101**

Tier 1	179
Tier 2	63
Tier 3	107
<b>Total</b>	<b>349</b>

NON-VESTED AVERAGE CONTRIBUTIONS & INTEREST  
**\$1,286**  
VESTED AVERAGE ANNUAL DEFERRED BENEFIT  
**\$3,221**

### RETIRED MEMBERSHIP

Tier 1	43,386
Tier 2	196
Tier 3	10
<b>Total</b>	<b>43,592</b>

AVERAGE AGE  
**69.6**  
AVERAGE ANNUAL BENEFIT PAYMENT  
**\$21,440**

Tier 1	3,205
Tier 2	36
Tier 3	1
<b>Total</b>	<b>3,242</b>

AVERAGE AGE  
**65.0**  
AVERAGE ANNUAL BENEFIT PAYMENT  
**\$15,737**

Tier 1	1,522
Tier 2	1
Tier 3	0
<b>Total</b>	<b>1,523</b>

AVERAGE AGE  
**63.0**  
AVERAGE ANNUAL BENEFIT PAYMENT  
**\$39,766**

### TOTAL MEMBERSHIP



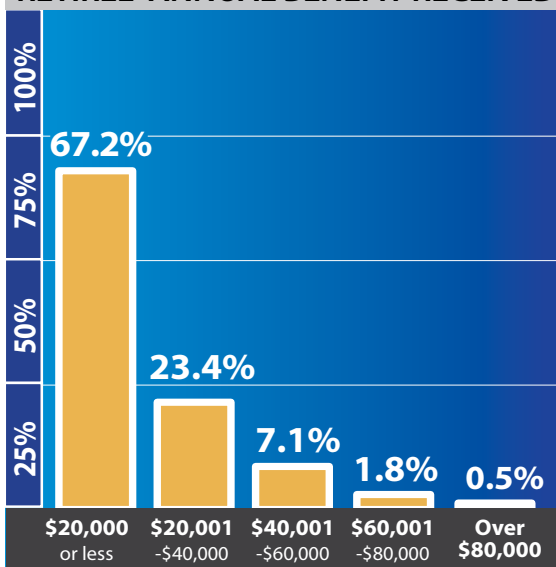
PARTICIPATING EMPLOYERS

**1,468**

#### TOTALS BY TIER

Tier 1	255,024
Tier 2	51,383
Tier 3	88,533
<b>Total</b>	<b>394,940</b>

#### RETIREE ANNUAL BENEFIT RECEIVED





# PARTICIPATING EMPLOYERS

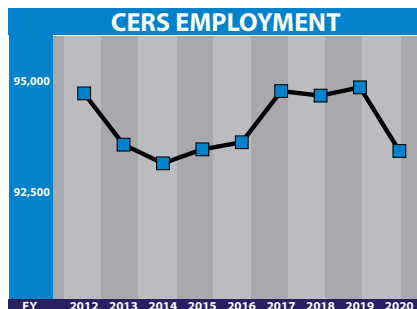
## EMPLOYER REPORTING

KRS staff works with 1,468 employers entrusted with the responsibility of reporting all employees on a monthly basis.



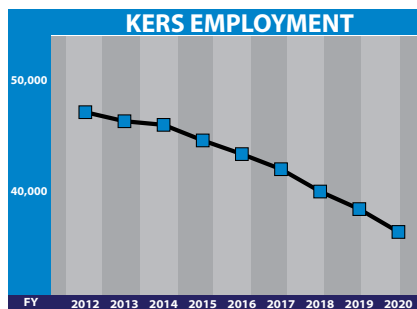
PARTICIPATING  
EMPLOYERS  
1,132

Tier 1	35,962
Tier 2	15,864
Tier 3	41,515
<b>Total</b>	<b>93,341</b>



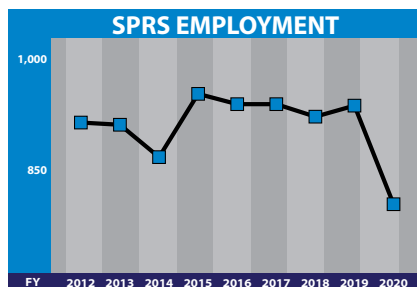
PARTICIPATING  
EMPLOYERS  
335

Tier 1	16,966
Tier 2	6,360
Tier 3	12,622
<b>Total</b>	<b>35,948</b>



PARTICIPATING  
EMPLOYERS  
1

Tier 1	403
Tier 2	195
Tier 3	200
<b>Total</b>	<b>798</b>



Employer Classification	FY 20 Number of Agencies	FY 20 Number of Employees	FY 12 Number of Employees	% Change
<b>CERS</b>				
Airport Boards	5	531	504	5.36%
Ambulance Services	19	416	434	-4.15%
Area Development Districts	14	645	690	-6.52%
Boards of Education	172	48,154	49,363	-2.45%
Cities	221	10,275	10,146	1.27%
Community Action	21	2,861	2,816	1.60%
Conservation Districts	49	58	61	-4.92%
County Attorneys	79	567	690	-17.83%
County Clerks	16	588	595	-1.18%
Development Authorities	6	10	10	0.00%
Fire Departments	32	1,001	757	32.23%
Fiscal Courts	118	10,982	10,884	0.90%
Health Departments	1	342	283	20.85%
Housing Authorities	41	419	435	-3.68%
Jailers	2	68	33	106.06%
Libraries	85	1,259	1,159	8.63%
Other Retirement Systems	2	3	3	0.00%
P1 State Agencies	4	1,585	1,696	-6.54%
Parks and Recreation	7	55	62	-11.29%
Planning Commissions	16	204	206	-0.97%
Police Departments	2	15	15	0.00%
Riverport Authorities	5	69	67	2.99%
Sanitation Districts	9	352	348	1.15%
Sheriff Departments	12	737	980	-24.80%
Special Districts & Boards	49	1,370	1,564	-12.40%
Tourist Commissions	23	178	177	0.56%
Urban Government	2	6,521	6,763	-3.58%
Utility Boards	120	4,076	3,894	4.67%
<b>Total</b>	<b>1,132</b>	<b>93,341</b>	<b>94,635</b>	<b>-1.37%</b>
<b>KERS</b>				
County Attorneys	59	172	353	-51.27%
Health Departments	60	1,956	3,449	-43.29%
Master Commissioner	34	65	74	-12.16%
Non-P1 State Agencies	34	791	1,381	-42.72%
Other Retirement Systems	1	22	28	-21.43%
P1 State Agencies	128	28,835	31,751	-9.18%
Regional Mental Health Units	12	1,809	5,823	-68.93%
Universities	7	2,298	3,929	-41.51%
<b>Total</b>	<b>335</b>	<b>35,948</b>	<b>46,788</b>	<b>-23.17%</b>
<b>SPRS</b>				
Kentucky State Police	1	798	909	-12.21%
<b>TOTAL</b>	<b>1,468</b>	<b>130,087</b>	<b>142,332</b>	<b>-8.60%</b>

# EMPLOYER COSTS BY TIER

## COST COMPONENTS

Employer contributions have two components. The **normal cost** covers the benefit accruals active participants will earn during the upcoming year toward their retirement and insurance benefits. The second component is the unfunded liability. The **unfunded liability cost** represents the benefit accruals a member has already earned that were not fully funded as of June 30, 2020.

## UNFUNDED LIABILITY

Unfunded liabilities are debt obligations that do not have sufficient funds set aside to pay the debt. They result primarily from four factors:

1. A shortfall between the Actuarially Determined Contribution (ADC) and the actual contribution.
2. Underlying economic assumptions that did not accurately reflect plan experience. Refer to page 21 for more information.
3. Investment returns that fell short of the assumed investment rate of return.
4. Benefit increases that were not pre-funded, such as previous retiree Cost of Living Adjustments.

	CERS Non-Hazardous	CERS Hazardous	KERS Non-Hazardous	KERS Hazardous	SPRS
<b>NORMAL COST RATES<sup>1</sup> - PENSION</b> (Each employer's cost for an employee's retirement benefit)					
<b>Tier 1 Cost Before 7/03</b>	7.90%	13.74%	8.78%	11.96%	22.76%
<b>Tier 1 Cost After 7/03</b>	7.54%	13.55%	9.16%	11.87%	22.35%
<b>Tier 2 Cost</b>	4.73%	10.67%	6.36%	8.21%	18.72%
<b>Tier 3 Cost</b>	3.01%	5.70%	3.49%	5.14%	7.18%
<b>Average Normal Cost<sup>2</sup></b>	<b>6.46%</b>	<b>11.00%</b>	<b>7.90%</b>	<b>8.84%</b>	<b>19.04%</b>
<b>NORMAL COST RATES<sup>1</sup> - INSURANCE</b> (Each employer's cost for an employee's insurance benefit)					
<b>Tier 1 Cost Before 7/03</b>	5.11%	12.05%	4.10%	12.29%	15.78%
<b>Tier 1 Cost After 7/03</b>	3.20%	3.63%	2.28%	4.39%	4.60%
<b>Tier 2 Cost</b>	1.09%	1.83%	0.53%	1.94%	2.73%
<b>Tier 3 Cost</b>	1.05%	1.94%	0.37%	1.68%	2.51%
<b>Average Normal Cost<sup>2</sup></b>	<b>2.69%</b>	<b>4.90%</b>	<b>2.20%</b>	<b>4.06%</b>	<b>7.40%</b>
<b>Total Pension &amp; Insurance</b>	<b>9.15%</b>	<b>15.90%</b>	<b>10.10%</b>	<b>12.90%</b>	<b>26.44%</b>
<b>UNFUNDED LIABILITY COST %</b> (Each employer's cost for the unfunded liability)					
<b>Pension</b>	17.42%	32.23%	67.42%	24.59%	108.95%
<b>Insurance</b>	1.48%	3.83%	7.51%	-4.94%	10.67%
<b>Total Unfunded Liability Cost</b>	<b>18.90%</b>	<b>36.06%</b>	<b>74.93%</b>	<b>19.65%</b>	<b>119.62%</b>

<sup>1</sup> Normal Cost Rate is the cost of an employee's retirement benefit to the employer net of employee contributions.

<sup>2</sup> Average Normal Cost Rate is the blended normal cost rate of all members active as of the valuation date and includes administrative expenses.

# HOW BENEFITS ARE FUNDED



## Benefits are funded from three sources:

### 1. EMPLOYER CONTRIBUTIONS

Recommended [employer contribution rates](#) are determined by KRS' independent actuary based on data in the annual actuarial valuation. The Board adopts employer contribution rates necessary for the actuarial soundness of KRS as required by Kentucky Revised Statutes 61.565 and 61.702. KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. The Board also sets CERS employer contribution rates, unless altered by legislation enacted by the Kentucky General Assembly. Employer contributions are deposited to the Retirement Allowance Account and the Insurance Fund and are used to pay monthly benefits and to fund KRS expenses.

### 2. EMPLOYEE CONTRIBUTIONS

Members contribute a percent of their creditable compensation as set by state law based on their benefit tier.

Employee contributions paid to KRS are deposited to individual member accounts. When an employee retires, his or her account balance is transferred to the Retirement Allowance Account (the account from which monthly benefits are paid).

Member Contribution Rates	TIER 1	TIER 2	TIER 3
Non-Hazardous	5%	5%+1% Insurance*	5%+1% Insurance*
Hazardous	8%	8%+1% Insurance*	8%+1% Insurance*

\*One percent (1%) is deposited to the KRS Insurance Fund.

### Administrative Expenses

Administrative expenses are allocated and paid during the fiscal year based on each plan's membership. KRS' administrative expenses for Fiscal Year 2020 can be found on [page 15](#).

### 3. INVESTMENTS

The Board is charged with the responsibility of investing KRS' assets to provide for member benefits. To achieve that goal, the Board follows a policy of thoughtfully growing our asset base while protecting against undue risk and losses in any particular investment area.

The Board recognizes its fiduciary duty to not only invest the funds in compliance with the Prudent Person Rule, but also to manage the funds in continued recognition of the basic long-term nature of KRS. In carrying out their fiduciary duties, the Trustees have set forth clearly defined [investment policies](#), objectives, and strategies.

KRS maintains all plan assets for CERS, KERS, and SPRS through separate financial accounts and does not commingle assets between the plans. Plan assets are reported individually in audited financial statements.



### Find Policies, Performance Reports & more

1. Go to: [KYRET.KY.GOV](http://KYRET.KY.GOV)
2. Select: [INVESTMENTS](#)

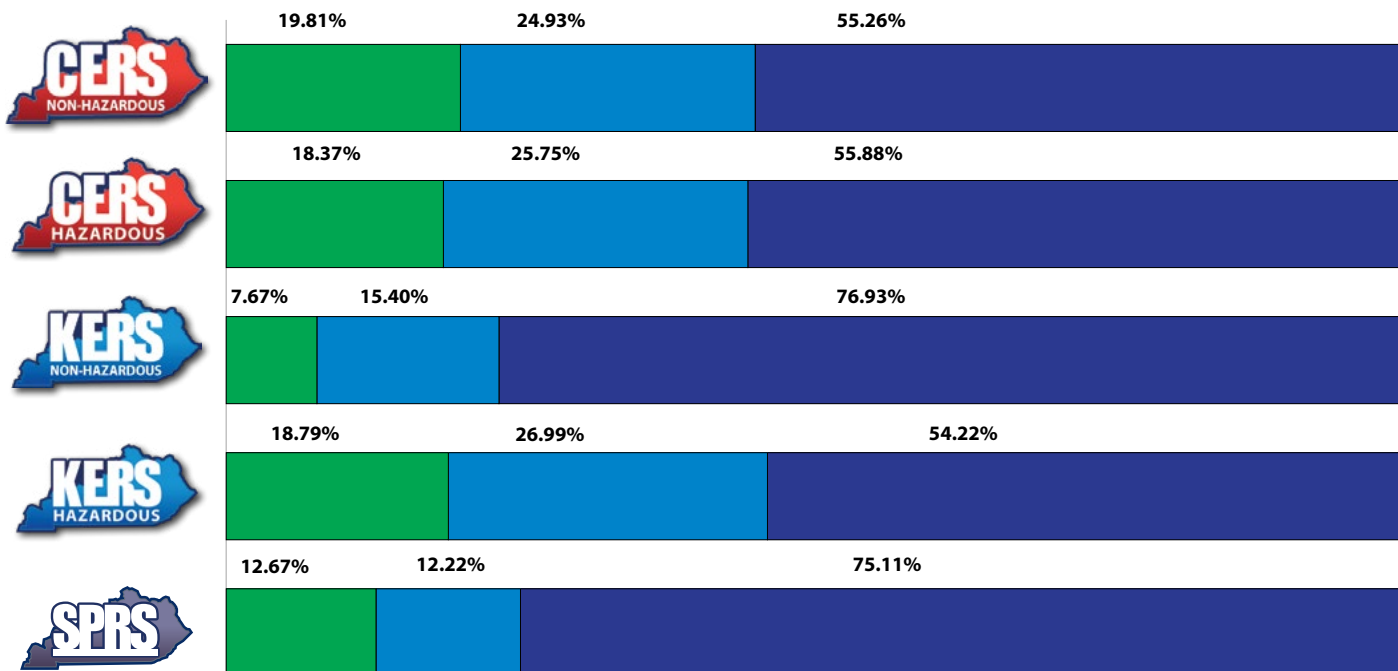
# HOW BENEFITS ARE FUNDED

## FUNDING SOURCES BY TYPE

The breakdown of funding sources varies by plan for the pension and insurance funds. Investment Income represents dividends, interest and changes in market value net of fees.

Investment Income	Employer
Employee	Retired Reemployed Healthcare

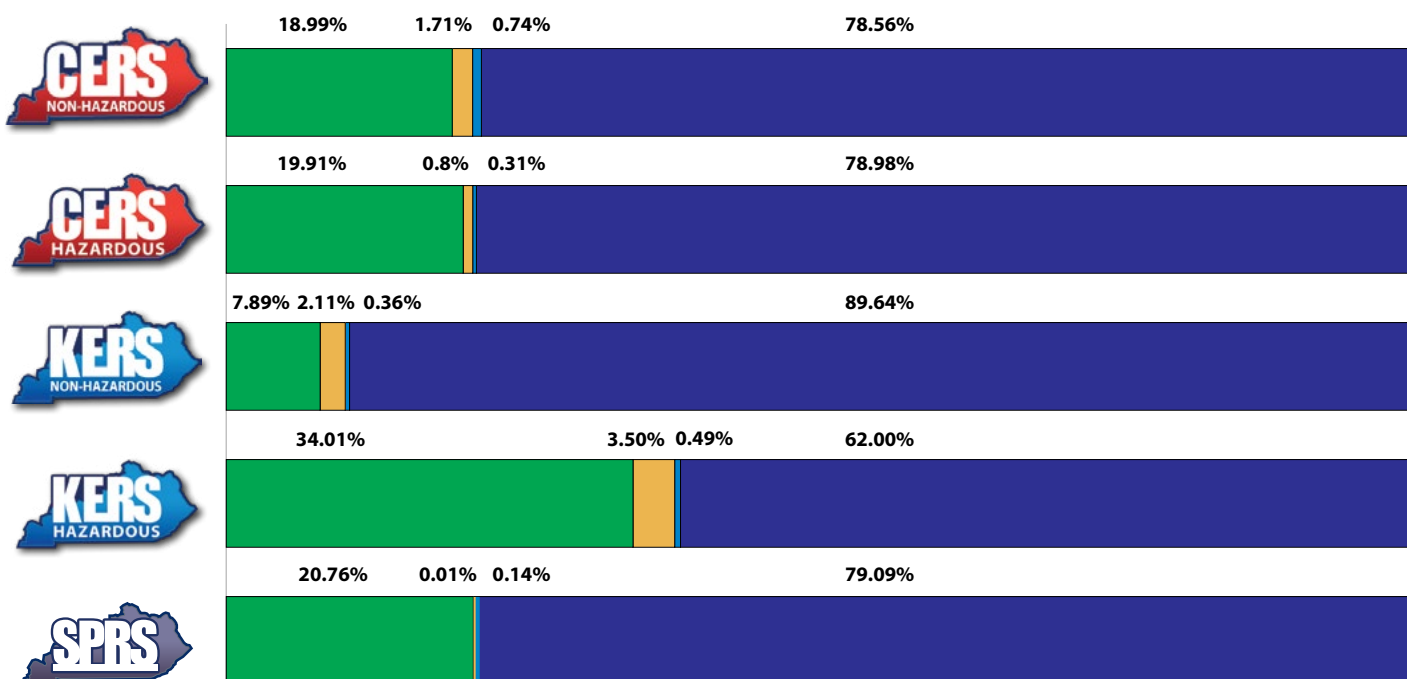
## PENSION FUNDS - FOR THE TEN YEAR PERIOD ENDING JUNE 30, 2020



\*Employee contributions include the 1% Health Insurance Contribution initially reported prior to July 1, 2019.

## INSURANCE FUND - FOR THE TEN YEAR PERIOD ENDING JUNE 30, 2020

The insurance fund has an additional contribution type specific to employers reimbursing KRS for the retiree insurance contribution paid when a reemployed retiree elects insurance coverage through KRS rather than the employer.



\*Employee contributions represent the 1% Health Insurance Contribution initially reported after July 1, 2019.

\*\*Insurance premiums account for less than 1% of total contributions for all plans during this period.

# ECONOMIC IMPACT FOR KENTUCKY

Pension benefits paid to KRS retirees and beneficiaries have a wide-ranging impact on the state's economic health. In addition to ongoing monthly pension payments, KRS issued refunds, death benefit payments, and paid toward monthly insurance coverage for eligible retirees, beneficiaries, and their dependents during the Fiscal Year.

Pension payments support state economic activity

93% Paid to Kentucky residents

Payments per county range from \$1.1 million to \$358.2 million

## ONE-TIME PAYMENTS

KRS issues two types of one-time payments to eligible members and beneficiaries: refunds and a \$5,000 death benefit payment.

ONE-TIME PAYMENTS	
Number	Amount
7,160	\$48,406,564

## MONTHLY INSURANCE PAYMENTS

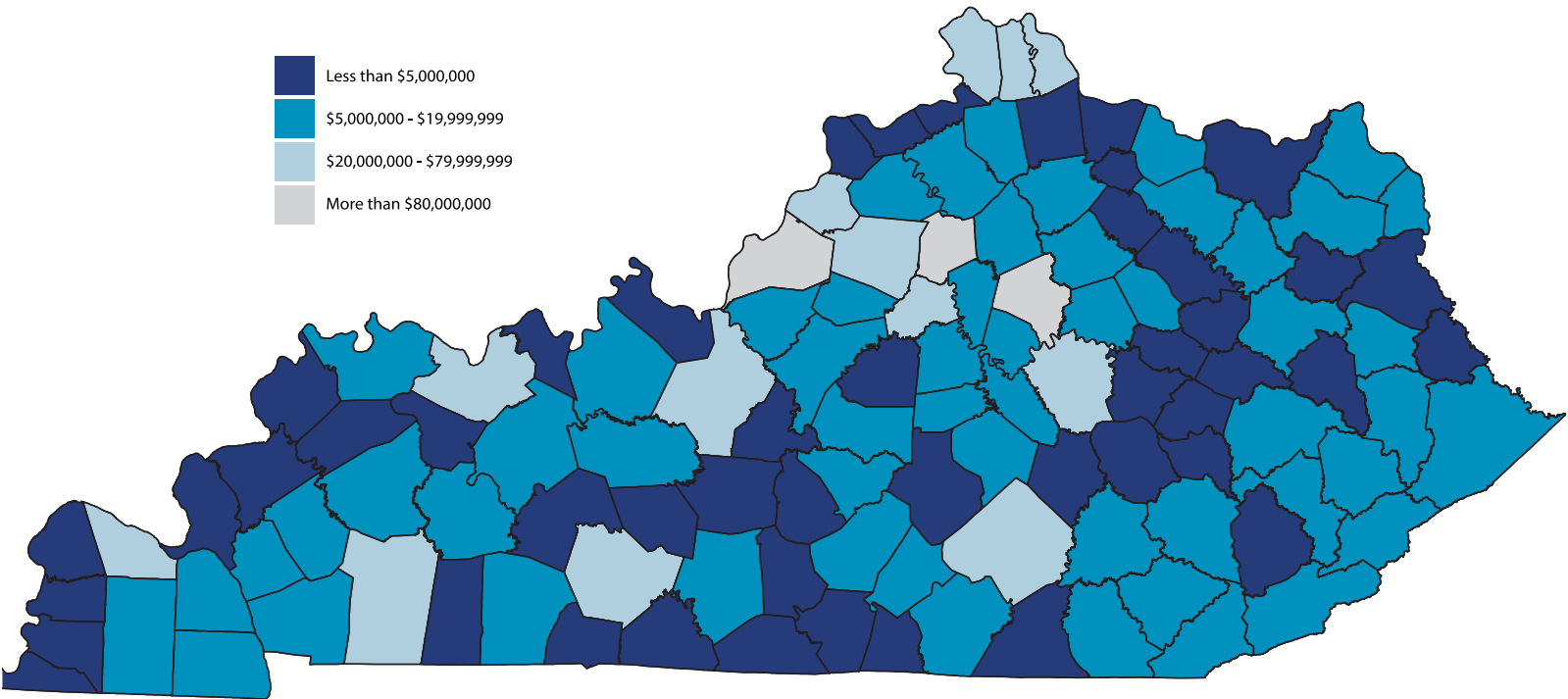
KRS pays a percentage of the monthly contribution rate or a dollar amount toward insurance coverage for eligible members. Any portion paid toward eligible dependent coverage is based on the member's hazardous service credit.

INSURANCE PAYMENTS	
Number of Plans	Amount
86,091	\$441,382,933

## MONTHLY PENSION PAYMENTS

KRS paid more than \$2 billion in monthly pension payments to Kentucky residents.

KENTUCKY RECIPIENTS	
Number	Amount
109,820	\$2,044,487,743





# ECONOMIC IMPACT FOR KENTUCKY

In Fiscal Year 2020, KRS paid over \$2 billion in ongoing pension benefit payments. The majority, 93%, of these payments are issued to Kentucky residents. KRS payments per county in the Commonwealth of Kentucky range from \$1.1 million to \$358.2 million annually providing a consistent revenue stream for all local economies.

Fiscal Year 2020 Monthly Pension Benefits Paid by County (\$ In Thousands)											
COUNTY	PAYEES	TOTAL	COUNTY	PAYEES	TOTAL	COUNTY	PAYEES	TOTAL	COUNTY	PAYEES	TOTAL
Adair	489	\$ 8,190	Edmonson	233	\$3,343	Knox	608	\$9,501	Nicholas	207	\$2,857
Allen	403	5,464	Elliott	179	2,656	Larue	360	5,552	Ohio	636	6,807
Anderson	1,401	34,952	Estill	408	5,743	Laurel	1,254	20,793	Oldham	1,347	28,364
Ballard	239	3,357	Fayette	5,475	119,369	Lawrence	334	4,054	Owen	530	12,180
Barren	1,068	16,559	Fleming	466	7,957	Lee	232	3,307	Owsley	214	3,200
Bath	393	5,897	Floyd	892	13,617	Leslie	268	4,067	Pendleton	354	5,866
Bell	661	10,688	Franklin	6,370	197,068	Letcher	608	8,343	Perry	778	11,243
Boone	1,832	37,693	Fulton	180	2,267	Lewis	327	4,268	Pike	1,267	18,705
Bourbon	551	9,199	Gallatin	122	2,022	Lincoln	679	8,636	Powell	343	4,650
Boyd	1,063	17,357	Garrard	419	6,196	Livingston	264	4,438	Pulaski	2,237	37,923
Boyle	893	15,360	Grant	603	11,473	Logan	617	8,790	Robertson	65	1,079
Bracken	229	3,013	Graves	892	13,851	Lyon	352	6,955	Rockcastle	400	5,487
Breathitt	510	7,872	Grayson	763	11,744	Madison	2,385	40,256	Rowan	862	14,858
Breckinridge	478	6,823	Green	304	4,356	Magoffin	360	5,025	Russell	558	8,276
Bullitt	1,535	28,493	Greenup	661	9,040	Marion	548	7,628	Scott	1,263	26,768
Butler	319	4,366	Hancock	220	2,873	Marshall	924	13,632	Shelby	1,655	41,483
Caldwell	529	7,871	Hardin	2,215	36,505	Martin	280	3,108	Simpson	284	3,492
Calloway	1,077	15,320	Harlan	638	9,629	Mason	414	6,691	Spencer	498	11,032
Campbell	1,530	28,834	Harrison	453	6,980	McCracken	1,599	29,205	Taylor	645	9,383
Carlisle	122	1,712	Hart	336	5,063	McCreary	402	4,137	Todd	254	3,480
Carroll	318	5,125	Henderson	1,064	17,830	McLean	310	4,533	Trigg	516	8,344
Carter	781	10,409	Henry	911	20,236	Meade	455	6,524	Trimble	274	4,294
Casey	359	4,607	Hickman	92	1,654	Menifee	206	2,952	Union	364	4,178
Christian	1,551	27,146	Hopkins	1,269	19,357	Mercer	772	14,049	Warren	2,823	49,671
Clark	838	14,348	Jackson	338	4,511	Metcalf	303	3,880	Washington	334	5,256
Clay	583	8,621	Jefferson	16,438	358,247	Monroe	261	2,942	Wayne	548	7,573
Clinton	254	3,439	Jessamine	1,104	18,911	Montgomery	656	10,687	Webster	357	4,714
Crittenden	218	2,850	Johnson	620	9,463	Morgan	621	10,743	Whitley	1,086	15,494
Cumberland	184	2,834	Kenton	2,319	48,177	Muhlenberg	800	10,280	Wolfe	335	5,453
Daviess	2,645	\$47,319	Knott	451	\$7,048	Nelson	1,058	\$18,466	Woodford	1,041	\$26,038

NOTE: This table represents all payees receiving a monthly payment during the Fiscal Year. Members receiving payments from multiple accounts are represented as one payee.

	Payees	%	Amount
<b>Kentucky</b>	<b>109,820</b>	<b>93.40%</b>	<b>\$2,044,488</b>
<b>Out of State</b>	<b>8,593</b>	<b>6.60%</b>	<b>143,826</b>
<b>Grand Total</b>	<b>118,413</b>	<b>100.00%</b>	<b>\$2,188,314</b>

# FINANCIAL REPORT



*This is an overview of the financial activities for the Fiscal Year ended June 30, 2020. For more detailed information, refer to the Financial Section of the [2020 CAFR](#).*

## 2020 FINANCIAL HIGHLIGHTS

Fiscal Year 2020 financial performance for the Pension and Insurance plans declined from 2019. Net position decreased from \$18.41 billion to \$18.39 billion. The 0.11% decrease was primarily attributable to unrealized losses, which were the result of a decline in the market value of investments, and a reduction in the General Fund appropriations of \$75.8 million. Additional information is provided below and further detailed in the 2020 CAFR.

## PENSION

The Total Pension Fiduciary Net Position across the five plans was \$12.93 billion at the beginning of the Fiscal Year and decreased 0.54% to \$12.86 billion as of June 30, 2020. The \$0.07 billion decrease was due in large part to the decline in the fair value of investments, appropriations, and higher retiree payment outflows.

## INSURANCE

The combined Fiduciary Net Position of the five Insurance plans administered by KRS increased by \$44.0 million during Fiscal Year 2020. Total combined net position for the Fiscal Year was \$5.53 billion. Total contributions and net investment income of \$428.2 million offset deductions of \$384.2 million which resulted in the net position increase.

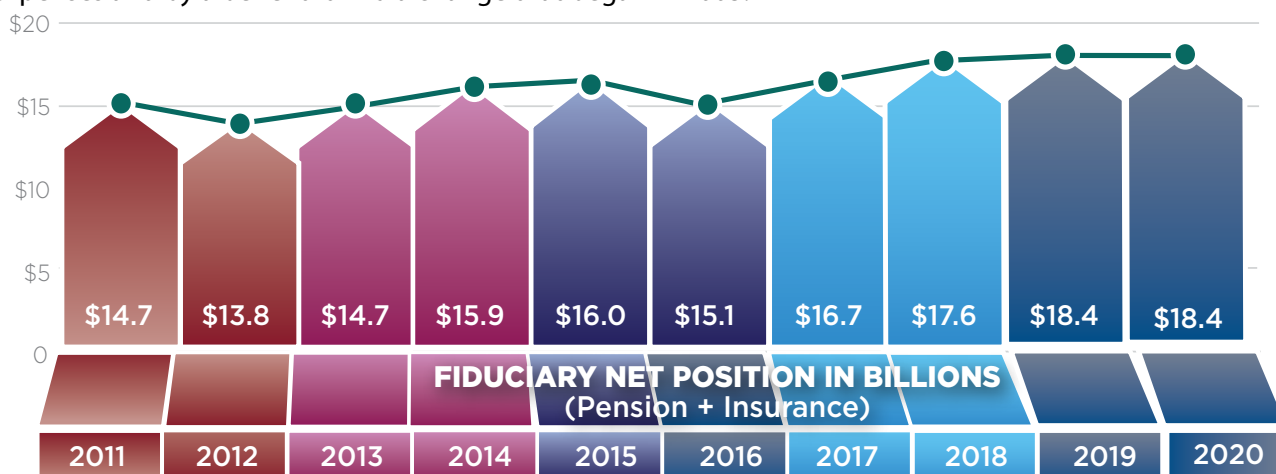
## INVESTMENTS

Fiscal Year 2020 investment performance was positive, outperforming the benchmarks used to measure plan performance. However, the funds fell short of the assumed rate of return of 6.25% for CERS, CERS Hazardous, and KERS Hazardous, and 5.25% for KERS Non-Hazardous and SPRS. The KRS Pension Funds earned a combined net return of 1.15% versus the 0.50% benchmark. The KRS Insurance Fund earned a combined net return of 0.48%, and outperformed the benchmark of 0.13%, but also fell short of the assumed rate of return of 6.25% used for all plans in the Insurance Fund.

## CASH FLOWS

**Pension:** Cash flows for the KERS and SPRS plans continued to improve during Fiscal Year 2020 due to employer contributions and investment income. In Fiscal Year 2020, the SPRS plan received additional General Fund appropriations of \$1.1 million. Employer contribution rates increased for the CERS plans for Fiscal Year 2020. Employer contribution rates remained the same for KERS and SPRS plans, helping to sustain cash flows. The KERS Non-Hazardous Quasi agencies once again had a rate of 49.47%, which reduced the cash flow that would have been received if the rates were the same as the other KERS employers.

**Insurance:** Cash flows for CERS Non-Hazardous, KERS Non-Hazardous and SPRS have continued to stabilize over the last five years with increased employer contribution rates, except for KERS Hazardous, which is overfunded. Cash flow for CERS Hazardous declined due to realized and unrealized losses. The plans' funded status have also been positively impacted by stable expenses and by a benefit formula change that began in 2003.



# FINANCIAL REPORT

## TABLE 1 - ASSETS AND LIABILITIES

This table shows the assets and liabilities for the years ending June 30, 2020 and June 30, 2019. Total liabilities are comprised of securities lending collateral, investment accounts payable (buys) and outstanding employer/member invoices. The Fiduciary Net Position represents the funds KRS has accumulated thus far to pay pension benefits for retirees, active and inactive members, and health care premiums for current and future retirees.

Table 1. Fiduciary Net Position (\$ in Millions)						
	Pension Funds		Insurance Fund		Total	
Assets	2020	2019	2020	2019	2020	2019
Cash & Investments	\$13,150	\$13,134	\$5,688	\$5,623	\$18,838	\$18,757
Receivables	296	468	87	142	383	610
Equip/Int Assets, net of dep/amort.	2	3	-	-	2	3
<b>Total Assets</b>	<b>13,448</b>	<b>13,605</b>	<b>5,775</b>	<b>5,765</b>	<b>19,223</b>	<b>19,370</b>
<b>Total Liabilities</b>	<b>(587)</b>	<b>(671)</b>	<b>(250)</b>	<b>(284)</b>	<b>(837)</b>	<b>(955)</b>
<b>Fiduciary Net Position</b>	<b>\$12,861</b>	<b>\$12,934</b>	<b>\$5,525</b>	<b>\$5,481</b>	<b>\$18,386</b>	<b>\$18,415</b>

Investment Income (Loss) for Pension Funds (\$ in Millions)		
Asset	2020	2019
Increase (Decrease) in fair value of investments	\$(688)	\$274
Investment income net of investment expense	238	209
Gain on sale of investments	590	211
<b>Net Investment Income</b>	<b>\$140</b>	<b>\$694</b>

## TABLE 2 - INCOME AND EXPENSES

This table shows the annual additions (income) and deductions (expenses) for the plans. Investment earnings and contributions typically make up the majority of the income. Investment returns were positive in 2020 and 2019 for both Pension and Insurance plans. The deductions largely represent pension benefits, health insurance expenses, administrative costs, and refunds of contributions to inactive members.

Table 2. Changes in Fiduciary Net Position (\$ in Millions)						
	Pension Funds		Insurance Fund		Total	
Additions	2020	2019	2020	2019	2020	2019
Member Contributions	\$353	\$355	\$23	\$-	\$376	\$355
Employer Contributions	1,710	1,594	370	387	2,080	1,981
Other Contributions	1	88	12	20	13	108
Net Investment Income	140	694	23	289	163	983
<b>Total Additions</b>	<b>\$2,204</b>	<b>\$2,731</b>	<b>\$428</b>	<b>\$696</b>	<b>\$2,632</b>	<b>\$3,427</b>
<b>Deductions:</b>						
Benefit payments	\$2,206	\$2,144	\$-	\$-	\$2,206	\$2,144
Refunds	33	32	-	-	33	32
Admin/Cap. Proj.	38	37	2	2	40	39
Healthcare Costs	-	-	382	378	382	378
<b>Total Deductions</b>	<b>2,277</b>	<b>2,213</b>	<b>384</b>	<b>380</b>	<b>2,661</b>	<b>2,593</b>
<b>Total Change in Fiduciary Net Position</b>	<b>\$(73)</b>	<b>\$518</b>	<b>\$44</b>	<b>\$316</b>	<b>\$(29)</b>	<b>\$834</b>
CERS Non-Hazardous	(132)	157	12	140	(120)	297
CERS Hazardous	(34)	68	(20)	57	(54)	125
KERS Non-Hazardous	76	238	64	95	140	333
KERS Hazardous	9	36	(12)	14	(3)	50
SPRS	8	19	0	10	8	29

Investment Income (Loss) for Insurance Fund (\$ in Millions)		
Asset	2020	2019
Increase (Decrease) in fair value of investments	\$(309)	\$113
Investment income net of investment expense	105	92
Gain on sale of investments	227	83
<b>Net Investment Income</b>	<b>\$23</b>	<b>\$288</b>

KRS Administrative Expenses (\$ in Millions)		
KRS staff = 247 employees	2020	2019
Salaries	\$14.7	\$14.0
Pension & Benefits	14.6	13.8
Contractual Services	1.9	2.4
Communications	0.7	0.6
Rent/Utilities/Misc	1.4	1.3
Technology	3.2	2.5
Healthcare Retiree Fees	2.4	2.4
Depreciation	1.1	1.8
<b>Total</b>	<b>\$40.0</b>	<b>\$38.8</b>

# INVESTMENTS REPORT



This is an overview of the investment activities for the Fiscal Year ended June 30, 2020. For more detailed information, refer to the Investments Section of the [2020 CAFR](#).

## PENSION FUNDS RESULTS

As of June 30, 2020, the KRS Pension Funds earned net returns of 1.15%, outperforming the benchmark of 0.50%. The Pension Funds' returns fell short of the actuarial assumed rates of return of 5.25% for KERS Non-Hazardous and SPRS and fell short of the 6.25% for CERS Non-Hazardous, CERS Hazardous, and KERS Hazardous. The portfolio benefited from relative outperformance in the Real Estate and Non-U.S. Equity portfolios combined with an overweight to the Core Fixed Income allocation (the best performing asset class during the fiscal year). The portfolio's outperformance was partially hampered due to weaker security selection in both the Core Fixed Income and U.S. Equity allocations.

### Net Returns By Plan - PENSION FUNDS (\$ in Millions)

Plan	Fair Value (\$ in Millions)	% of Total Fair Value	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception (%)	
			KRS	Index	KRS	Index	KRS	Index	KRS	Index	KRS	Index
CERS Non-Hazardous	\$7,048	55.40	0.84	0.51	5.07	4.85	5.60	5.41	7.37	7.53	8.82	8.90
CERS Hazardous	2,377	18.68	0.71	0.51	5.04	4.85	5.60	5.41	7.36	7.53	8.82	8.90
KERS Non-Hazardous	2,318	18.21	2.36	1.07	5.17	4.76	5.31	5.33	7.26	7.47	8.79	8.88
KERS Hazardous	694	5.45	0.95	0.51	5.06	4.85	5.58	5.41	7.36	7.53	8.82	8.90
SPRS	287	2.25	2.21	1.07	5.17	4.83	5.21	5.28	7.17	7.46	8.76	8.88
<b>KRS*</b>	<b>\$12,724</b>	<b>100.00</b>	<b>1.15</b>	<b>0.50</b>	<b>5.14</b>	<b>4.75</b>	<b>5.58</b>	<b>5.38</b>	<b>7.37</b>	<b>7.55</b>	<b>8.82</b>	<b>8.90</b>

\*The KRS total is not a weighted average of each plan. Each plan has a different asset allocation which results in different returns compared to the overall pool.

### Net Returns By Allocation - PENSION FUNDS (\$ in Millions) Note: Fair values are adjusted for accruals and expenses

Structure	Inception	Fair Value (\$ in Millions)	% of Total	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception To Date		External FEES (\$ in Millions)
				KRS	Index	KRS	Index	KRS	Index	KRS	Index	KRS	Index	
<b>Total Fund</b>	<b>4/1/1984</b>	<b>\$12,724</b>	<b>100.00</b>	<b>1.15</b>	<b>0.50</b>	<b>5.14</b>	<b>4.75</b>	<b>5.58</b>	<b>5.38</b>	<b>7.37</b>	<b>7.55</b>	<b>8.82</b>	<b>8.90</b>	<b>\$56.5</b>
<b>Total Public Equity</b>	<b>4/1/1984</b>	<b>4,840</b>	<b>38.04</b>	<b>1.44</b>	<b>0.86</b>	<b>5.88</b>	<b>5.53</b>	<b>6.25</b>	<b>5.99</b>	<b>8.93</b>	<b>9.10</b>	<b>10.15</b>	<b>9.98</b>	<b>10.5</b>
U.S. Equity	4/1/1984	2,430	19.10	4.86	6.53	8.96	10.04	9.14	10.03	12.95	13.71	11.08	11.18	3.2
Non-U.S. Equity <sup>1</sup>	7/1/2000	2,410	18.94	-2.03	-4.74	3.17	0.99	3.86	2.38	5.35	5.32	2.88	2.94	7.3
Core Fixed Income	4/1/1984	2,550	20.04	5.33	8.74	4.23	5.32	3.80	4.30	-	-	3.59	3.96	3.5
Specialty Credit	7/1/2017	2,046	16.08	-1.38	-0.98	3.71	2.71	-	-	-	-	3.71	2.71	14.0
Opportunistic	7/1/2018	328	2.58	-2.76	-1.99	-	-	-	-	-	-	3.72	0.96	2.5
Real Return	7/1/2011	742	5.83	-9.24	-9.24	-0.95	-0.95	1.11	1.11	-	-	2.32	1.41	4.3
Private Equity	7/1/2002	1,052	8.27	0.29	0.29	8.59	8.59	8.77	8.77	11.27	13.99	10.56	10.28	5.0
Real Estate	7/1/1984	573	4.50	9.77	3.93	9.93	5.85	9.77	7.48	10.59	10.42	6.28	6.39	12.3
Absolute Return	4/1/2010	179	1.40	-4.19	0.87	0.18	2.63	-0.13	1.46	3.18	2.79	2.84	2.73	1.0
Cash Account <sup>2</sup>	1/1/1988	\$414	3.26	1.89	1.56	2.05	1.72	1.52	1.15	0.93	0.61	3.50	3.07	\$3.4

<sup>1</sup>Equities include trade commissions. <sup>2</sup>Cash accounts include custodian, consulting and miscellaneous investment expenses.

# INVESTMENTS REPORT

## INSURANCE FUND RESULTS

As of June 30, 2020, the KRS Insurance Fund earned a net return of 0.48% compared to the benchmark return of 0.13%. The Insurance Fund achieved rates of return of 5.64% over the five year period and 7.47% over the 10 year period. In Fiscal Year 2020, the Insurance Fund gained from the same favorable market conditions as the Pension Funds. The portfolio benefitted from relative outperformance in the Real Estate and Non-U.S. Equity portfolios combined with an overweight to the Core Fixed Income allocation (the best performing asset class during the fiscal year). The portfolio's outperformance was partially hampered due to weaker security selection in both the Core Fixed Income and U.S. Equity allocations.

### Net Returns By Plan - INSURANCE FUND (\$ in Millions)

Plan	Fair Value (\$ in Millions)	% of Total Fair Value	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception (%)	
			KRS	Index	KRS	Index	KRS	Index	KRS	Index	KRS	Index
CERS Non-Hazardous	\$2,482	45.25	0.36	0.24	5.04	4.85	5.66	5.50	7.50	8.13	7.21	7.51
CERS Hazardous	1,300	23.70	0.26	0.24	5.06	4.85	5.70	5.50	7.52	8.14	7.21	7.51
KERS Non-Hazardous	990	18.05	0.97	0.24	4.59	4.80	5.31	5.45	7.20	8.09	7.12	7.50
KERS Hazardous	514	9.37	0.20	0.24	4.84	4.86	5.51	5.49	7.42	8.12	7.18	7.51
SPRS	199	3.63	0.65	0.24	5.18	4.85	5.76	5.50	7.55	8.14	7.22	7.51
<b>KRS*</b>	<b>\$5,485</b>	<b>100.00</b>	<b>0.48</b>	<b>0.13</b>	<b>5.01</b>	<b>4.77</b>	<b>5.64</b>	<b>5.49</b>	<b>7.47</b>	<b>8.19</b>	<b>7.20</b>	<b>7.53</b>

\*The KRS total is not a weighted average of each plan. Each plan has a different asset allocation which results in different returns compared to the overall pool.









### Net Returns By Allocation - INSURANCE FUND (\$ in Millions) Note: Fair values are adjusted for accruals and expenses

Structure	Inception	Fair Value (\$ in Millions)	% of Total	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception To Date		External FEES (\$ in Millions)
				KRS	Index	KRS	Index	KRS	Index	KRS	Index	KRS	Index	
<b>Total Fund</b>	<b>4/1/1984</b>	<b>\$5,485</b>	<b>100.00</b>	<b>0.48</b>	<b>0.13</b>	<b>5.01</b>	<b>4.77</b>	<b>5.64</b>	<b>5.49</b>	<b>7.47</b>	<b>8.19</b>	<b>7.20</b>	<b>7.53</b>	<b>\$22.7</b>
<b>Total Public Equity</b>	<b>4/1/1984</b>	<b>2,150</b>	<b>39.19</b>	<b>1.38</b>	<b>0.81</b>	<b>5.79</b>	<b>5.49</b>	<b>6.33</b>	<b>5.99</b>	<b>8.80</b>	<b>9.04</b>	<b>8.32</b>	<b>8.11</b>	<b>4.7</b>
U.S. Equity	4/1/1984	1,081	19.71	4.76	6.53	8.90	10.04	9.31	10.03	12.95	13.66	9.49	9.48	1.5
Non-U.S. Equity <sup>1</sup>	4/1/1984	1,069	19.48	-2.10	-4.74	3.02	0.99	3.76	2.38	5.03	5.30	2.86	2.19	3.2
Core Fixed Income	7/1/2000	1,002	18.28	4.93	8.74	4.13	5.32	3.72	4.30	-	-	3.24	3.96	1.5
Specialty Credit	7/1/2017	897	16.35	-1.64	-0.98	3.40	2.71	-	-	-	-	3.40	2.71	6.3
Opportunistic	7/1/2018	167	3.04	-2.76	-1.99	-	-	-	-	-	-	3.72	0.96	1.3
Real Return	4/1/1984	318	5.80	-7.13	-7.13	-0.25	-0.25	1.44	1.44	-	-	2.35	1.72	1.9
Private Equity	7/1/1984	497	9.07	-5.83	-5.83	7.31	7.31	9.03	9.03	12.30	14.28	9.33	9.78	0.0
Real Estate	4/1/2010	241	4.39	10.00	3.93	10.03	5.85	10.06	7.48	10.90	10.42	9.27	5.84	5.3
Absolute Return	7/1/2011	73	1.34	-4.11	0.87	0.24	2.63	-0.09	1.46	3.19	2.79	2.80	2.73	0.0
Cash Account <sup>2</sup>	7/1/2002	\$140	2.54	1.44	1.56	1.77	1.72	1.25	1.15	0.76	0.61	2.59	2.46	\$1.7

<sup>1</sup>Equities include trade commissions. <sup>2</sup>Cash accounts include custodian, consulting and miscellaneous investment expenses.



## Investment Advisors & Assets Under Management (\$ in Thousands)

	<b>Public Equity</b>		<b>Private Equity</b>		<b>Emerging Markets</b>		<b>Core Fixed Income</b>		<b>Specialty Credit</b>
	<b>Cash / Accruals</b>		<b>Real Estate</b>		<b>Absolute Return</b>		<b>Real Return</b>		<b>Opportunistic</b>

Actively Managed		Actively Managed		Terminated or Runoff Status	
Advisor as of 6/30/2020	Assets Under Management	Advisor as of 6/30/2020	Assets Under Management	Advisor as of 6/30/2020	Assets Under Management
American Century Investments	\$498,109	BTG Pactual	\$33,277	Sun Capital Partners IV	\$222
BlackRock ACWI Ex-US	1,066,260	IFM Infrastructure Debt Fund	64,417	Technology Crossover Ven.	339
Franklin Templeton	387,472	Magnetar Capital	29,042	Triton Fund	19,321
Internally Managed Accounts	576,426	Nuveen Real Asset	-355	VantagePoint Capital Partners	9,179
Lazard Asset Management	567,686	Oberland Capital	11,046	Vista Equity Partners	90,870
LSV Asset Management	497,991	Putnam	655,349	Warburg Pincus	8,490
Next Century	100,936	Taurus Mine Finance	34,007	Wayzata Investment Partners	9,180
Northern Trust Global Inv.	330,502	Tenaska Power	861	Fundamental Partners	84,808
River Road Asset Management	251,951	Tortoise Capital	121,735	Gotham Neutral Strategies	17,069
Internally Managed S&P 500	2,059,136	Arrowmark	494,895	Governor's Lane	359
Transition Accounts	1,799	<b>TOTAL</b>	<b>\$16,336,471</b>	Liquidalts H20 Force	18,821
Westfield Capital	267,105	<b>Terminated or Runoff Status</b>		Luxor Capital	1,340
Black Diamond Capital Mngt.	62,256	Invesco	\$47	Myriad Opportunities	55,444
Middle Ground	24,750	Systematic	3	Pacific Alternative Asset	9
Strategic Value Special Fund	36,616	Arbor Investments	78	Pine River Capital	173
JP Morgan Emerging Markets	199,472	Arcano Capital	25,904	Prisma Capital	138,892
Pzena Emerging Markets	184,868	ARES Capital	33,280	SRS Partners	12,416
Loomis, Sayles & Company	723,562	Bay Hills Emerging Partners	278,232	Tricadia Select	4,970
Lord Abbett	2,506,656	Blackstone Capital Partners	54,627	AMERRA Capital Management	110,206
NISA Investment Advisors	321,947	CM Growth Capital Partners	9,050	<b>TOTAL</b>	<b>\$1,872,838</b>
Adams Street	34,782	Columbia Asset Management	3,693	<b>GRAND TOTAL</b>	<b>\$18,209,309</b>
BSP Private Credit	126,263	Crestview Partners	57,199	<i>Totals reflect external manager assets under management and differ from Total Fair Values.</i>	
Capital Springs	67,974	CVC Capital Partners	41,799		
Cerberus	174,435	DAG Ventures	70,451		
Columbia Capital	546,046	DB Secondary Opportunities	69,038		
H/2 Credit Partners	95,531	DCM	12,131		
Manulife Financial	473,746	Essex Woodland	11,619		
Marathon Bluegrass	484,493	Green Equity Investors	141,250		
Mesa West	130,356	Harvest Partners	52,133		
Shenkman Capital	295,840	Hellman & Friedman	9,190		
Waterfall Investment	315,125	H.I.G. Capital	55,236		
White Oak	198,902	Horsley Bridge International	89,971		
BNY Mellon Accruals	-1,053	Institutional Venture Partners	6,152		
Cash Accounts	555,215	JW Childs Equity	23		
Baring Real Estate	68,972	Kayne Anderson	28,822		
DivcoWest	4,052	Keyhaven Capital Partners	37,789		
Greenfield Acquisition Partners	27,998	Levine Leichtman	86,240		
Harrison Street	123,675	Matlin Patterson	8,025		
Lubert-Adler	84,165	Merit Capital Partners	218		
Patron Capital	25,818	MHR Institutional Advisors	953		
Perimeter Park	7,300	Mill Road Capital	7,332		
Prologis	207,805	New Mountain Partners	65,013		
Rubenstein Capital	24,536	Oak Hill Partners	8,331		
Stockbridge	129,340	Oaktree Capital Management	17		
Walton Street	\$25,381	Riverside Capital	\$26,884		

External Investment Expenses as of June 30, 2020 (\$ in Millions)		
Expense	Fees Paid	Share of Expenses
<b>Portfolio Management</b>		
Pension Funds	\$51	64.60%
Insurance Fund	20	25.52%
<b>Securities Lending</b>		
Pension Funds	3	4.26%
Insurance Fund	2	1.85%
<b>Custody</b>		
Pension Funds	1	1.58%
Insurance Fund	1	0.97%
<b>Consultant</b>		
Pension Funds	1	0.85%
Insurance Fund	0	0.36%
<b>Total Expenses</b>	<b>\$79</b>	<b>100%</b>
<b>Total Pension Funds</b>	<b>\$56</b>	<b>71.30%</b>
<b>Total Insurance Fund</b>	<b>\$23</b>	<b>28.70%</b>

### Fair Values By Plan - Pension as of June 30, 2020 (\$ in Millions)

	CERS Non-Hazardous		CERS Hazardous		KERS Non-Hazardous		KERS Hazardous		SPRS		TOTAL KRS	
Assets	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV
Cash	\$187	2.65%	\$69	2.92%	\$125	5.42%	\$23	3.33%	\$10	3.47%	\$414	3.26%
Core Fixed Income	1,305	18.52%	449	18.86%	585	25.22%	136	19.61%	75	26.14%	2,550	20.04%
US Equity	1,368	19.40%	470	19.77%	402	17.36%	138	19.94%	52	17.98%	2,430	19.10%
Non-US Equity	1,235	17.53%	409	17.20%	337	14.53%	119	17.12%	44	15.25%	2,144	16.85%
Emerging Markets	153	2.18%	51	2.13%	42	1.81%	15	2.12%	5	1.88%	266	2.09%
Specialty Credit	1,152	16.34%	383	16.10%	355	15.30%	112	16.20%	45	15.69%	2,047	16.08%
Private Equity	598	8.48%	201	8.47%	180	7.78%	55	7.92%	17	6.05%	1,051	8.27%
Opportunistic	187	2.66%	62	2.60%	55	2.36%	17	2.45%	7	2.36%	328	2.58%
Real Return	435	6.17%	147	6.20%	104	4.51%	39	5.66%	16	5.47%	741	5.83%
Real Estate	326	4.62%	104	4.39%	100	4.30%	31	4.42%	13	4.47%	574	4.50%
Absolute Return	102	1.45%	32	1.36%	33	1.41%	9	1.23%	3	1.24%	179	1.40%
TOTAL PORTFOLIO	\$7,048		\$2,377		\$2,318		\$694		\$287		\$12,724	

### Fair Values By Plan - Insurance as of June 30, 2020 (\$ in Millions)

	CERS Non-Hazardous		CERS Hazardous		KERS Non-Hazardous		KERS Hazardous		SPRS		TOTAL KRS	
Assets	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV
Cash	\$65	2.63%	\$30	2.28%	\$30	2.99%	\$10	1.98%	\$5	2.51%	\$140	2.54%
Core Fixed Income	449	18.10%	239	18.36%	186	18.78%	92	17.83%	37	18.58%	1,003	18.28%
US Equity	479	19.32%	243	18.65%	224	22.61%	98	19.02%	37	18.76%	1,081	19.71%
Non-US Equity	418	16.85%	217	16.70%	188	18.98%	92	17.93%	35	17.65%	950	17.33%
Emerging Markets	52	2.07%	27	2.08%	24	2.43%	11	2.21%	4	2.16%	118	2.15%
Specialty Credit	408	16.44%	211	16.25%	164	16.57%	84	16.34%	30	14.97%	897	16.35%
Private Equity	244	9.82%	136	10.51%	50	5.06%	46	8.96%	21	10.48%	497	9.07%
Opportunistic	76	3.05%	41	3.17%	27	2.73%	17	3.27%	6	3.12%	167	3.04%
Real Return	148	5.96%	77	5.94%	51	5.19%	31	6.02%	11	5.45%	318	5.80%
Real Estate	110	4.44%	61	4.65%	35	3.49%	25	4.95%	10	4.88%	241	4.39%
Absolute Return	33	1.32%	18	1.41%	11	1.17%	8	1.49%	3	1.45%	73	1.34%
TOTAL PORTFOLIO	\$2,482		\$1,300		\$990		\$514		\$199		\$5,485	

### Schedule of Commissions Paid for the Year Ended June 30, 2020 (in Millions)

Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	50	\$0.7	\$0.01
Non-U.S. Equities	218	1.2	0.01
Total	268	\$1.9	\$0.01

# ACTUARIAL REPORT



This is an overview of the Pension and Insurance Funds' actuarial status for the Fiscal Year ended June 30, 2020. For more detailed information, refer to the Actuarial Section of the [2020 CAFR](#).

## 2020 ACTUARIAL VALUATION RESULTS

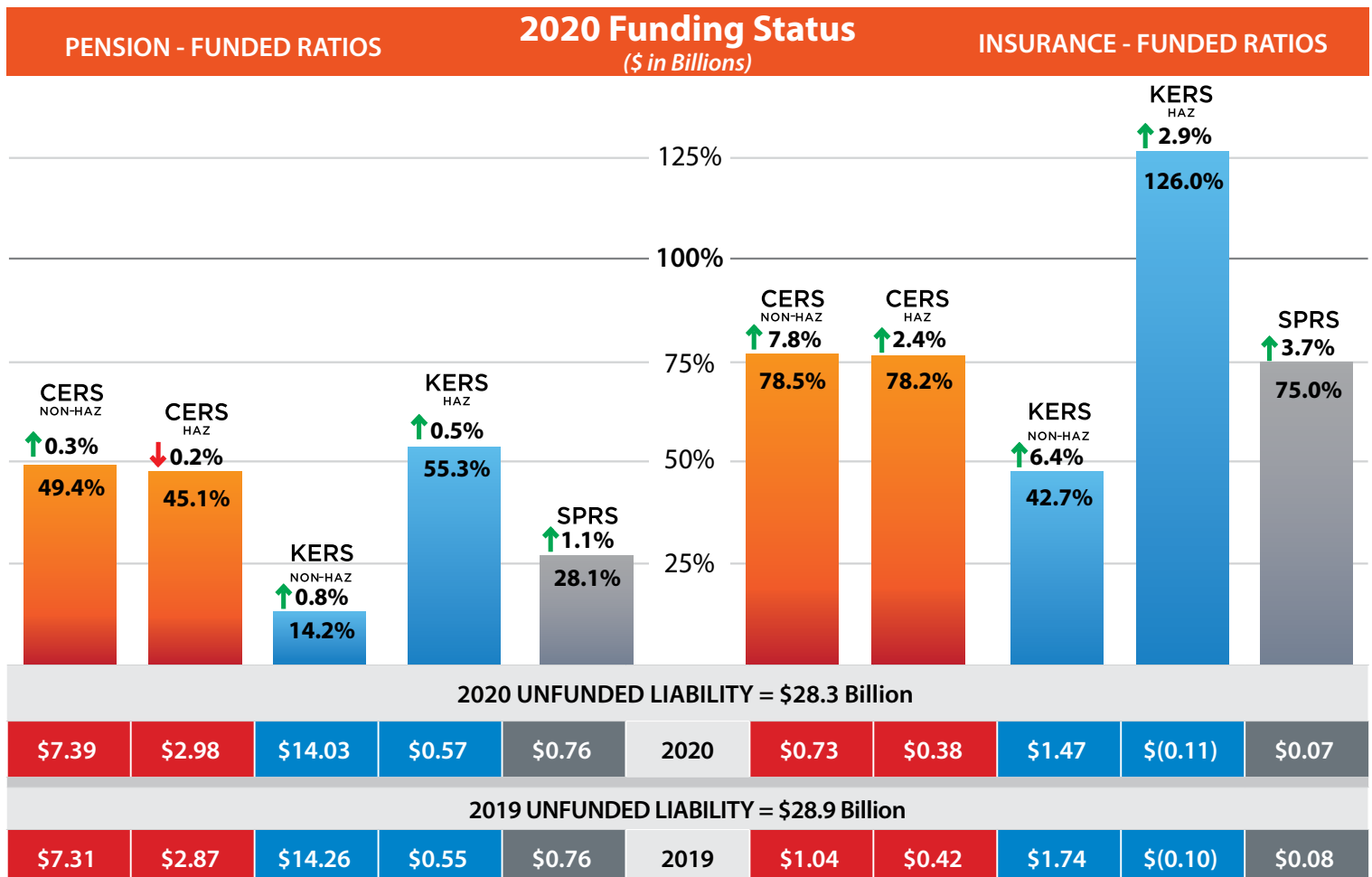
Each year the funding levels of the KRS Pension and Insurance plans are determined by the annual actuarial valuation based on assumptions set by the KRS Board for the Fiscal Year ending June 30. In summary, total pension unfunded liabilities decreased slightly by \$0.02 billion which was caused primarily due to the liability gains in KERS Non-hazardous. Total insurance unfunded liabilities decreased a total of \$0.65 billion due to lower than expected healthcare premium liabilities. Total KRS unfunded liabilities decreased by \$0.67 billion.

### PENSION PLANS

The actuarial unfunded liability for the Pension plans was \$25.73 billion, a decrease over Fiscal Year 2019. The funded ratio for all plans, except KERS Non-Hazardous and SPRS, increased since the prior year. The decrease was primarily due to the \$234 million experienced in KERS Non-hazardous as a result of liability gains caused by the mortality experience in the past year. Additionally, the full actuarially determined contribution rates for both CERS funds were not paid in Fiscal Year 2020 due to the contribution phase-in provisions from HB 362 passed during the 2018 legislative session, which further decreased the funded ratio for the CERS Non-Hazardous.

### INSURANCE PLANS

The Insurance Plans' unfunded actuarial liability as of June 30, 2020, was \$2.54 billion compared to \$3.19 billion in the last Fiscal Year. The increase in funded ratios is primarily due to the accrued liability being lower than expected due to the 2021 healthcare premium experience. Total KRS Insurance funded ratio was 69.80%.



# ACTUARIAL REPORT

## Summary of Actuarial Valuation Results as of June 30, 2020 (\$ in Millions)

	CERS Non-Hazardous	CERS Hazardous	KERS Non-Hazardous	KERS Hazardous	SPRS	TOTAL KRS
<b>ACTUARIALLY DETERMINED CONTRIBUTION RATES</b>						
Pension Fund	23.88%	43.23%	75.32%	33.43%	127.99%	
Insurance Fund	4.17%	8.73%	9.71%	0.00%	18.07%	
Total Calculated Employer Contribution	28.05%	51.96%	85.03%	33.43%	146.06%	
<b>FUNDED STATUS AS OF VALUATION DATE</b>						
<b>PENSION FUNDS</b>						
Actuarial Liability	\$14,611	\$5,431	\$16,349	\$1,284	\$1,053	\$38,728
Actuarial Value of Assets	\$7,221	\$2,448	\$2,323	\$710	\$296	\$12,998
Unfunded Liability on Actuarial Value of Assets	\$7,390	\$2,983	\$14,026	\$574	\$757	\$25,730
Funding Ratio on Actuarial Value of Assets	49.42%	45.07%	14.21%	55.27%	28.12%	33.56%
Market Value of Assets	\$7,027	\$2,380	\$2,308	\$690	\$294	\$12,699
Unfunded Liability on Market Value of Assets	\$7,584	\$3,051	\$14,041	\$594	\$759	\$26,029
Funding Ratio on Market Value of Assets	48.10%	43.81%	14.12%	53.78%	27.91%	32.79%
<b>INSURANCE FUND</b>						
Actuarial Liability	\$3,392	\$1,741	\$2,565	\$428	\$276	\$8,402
Actuarial Value of Assets	\$2,661	\$1,362	\$1,096	\$539	\$207	\$5,865
Unfunded Liability on Actuarial Value of Assets	\$731	\$379	\$1,469	(\$111)	\$69	\$2,537
Funding Ratio on Actuarial Value of Assets	78.46%	78.23%	42.73%	126.00%	74.97%	69.80%
Market Value of Assets	\$2,582	\$1,321	\$1,061	\$522	\$201	\$5,687
Unfunded Liability on Market Value of Assets	\$810	\$420	\$1,504	(\$94)	\$75	\$2,715
Funding Ratio on Market Value of Assets	76.11%	75.88%	41.35%	121.91%	72.91%	67.69%

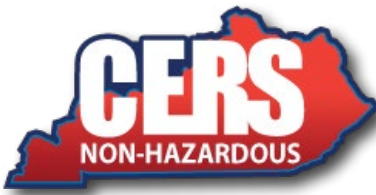
## EXPERIENCE STUDY AND ECONOMIC ASSUMPTIONS

Regular [experience studies](#) help ensure the underlying economic and demographic assumptions (such as expected payroll growth, investment returns, and retiree life expectancy) accurately reflect plan experience. Accuracy is important because these assumptions are used to calculate the annual employer contribution rate that will allow KRS to pay for current and future retiree benefits.

Experience studies are performed by KRS' independent actuary at least every five years to compare each plan's actual experience to what had been expected (the assumptions). The most recent Experience Study was completed in April 2019. Based on that study, retirement rates, termination rates, disability incidence rates, salary increase assumptions and mortality assumptions were adjusted or reaffirmed, resulting in a net increase in liabilities of \$1,801 million and \$489 million for the pension and insurance funds, respectively. Economic assumptions set by the 2019 Study remained the same in Fiscal Year 2020.

## Economic Assumptions as of June 30, 2020

	CERS Non-Hazardous	CERS Hazardous	KERS Non-Hazardous	KERS Hazardous	SPRS
Assumed Investment Return - Pension	6.25%	6.25%	5.25%	6.25%	5.25%
Assumed Investment Return - Insurance	6.25%	6.25%	6.25%	6.25%	6.25%
Inflation Factor	2.30%	2.30%	2.30%	2.30%	2.30%
Payroll Growth	2.00%	2.00%	0.00%	0.00%	0.00%



# COUNTY EMPLOYEES RETIREMENT SYSTEM

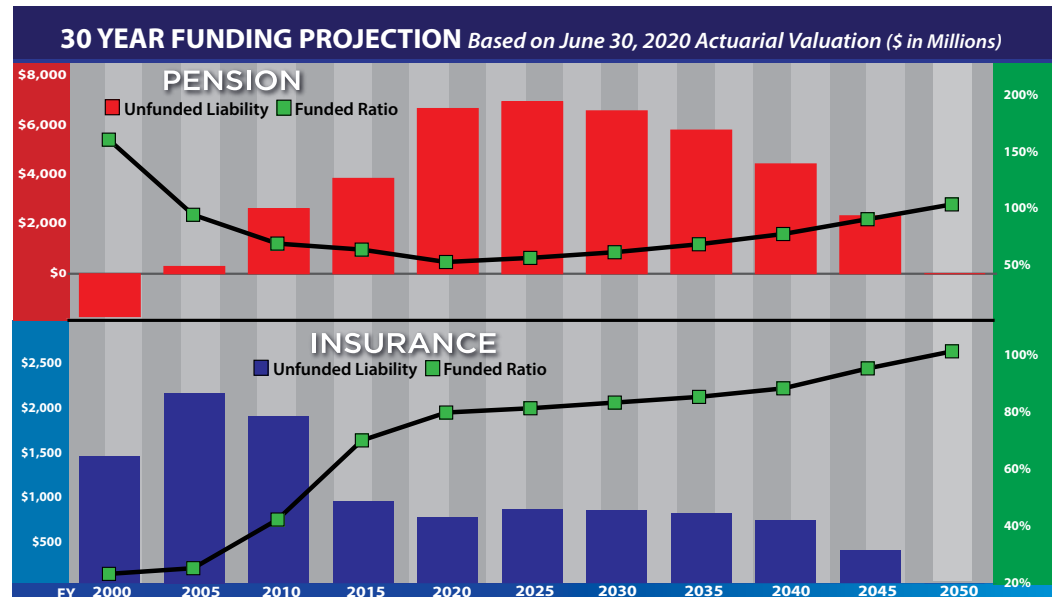
Established by the Kentucky General Assembly on July 1, 1958

## KEY INFORMATION

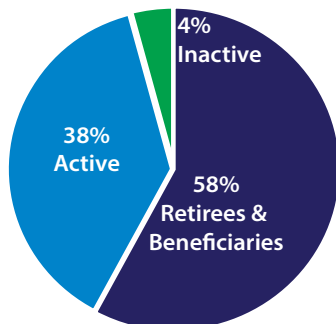
- CERS Non-Hazardous is the largest plan in KRS with the highest membership and combined assets.
- Combined Pension and Insurance Fiduciary Net Plan Position was \$9.6 billion as of June 30, 2020, compared to \$9.7 billion in 2019.
- As of the June 30, 2020 Valuation, retirees and beneficiaries account for 58% of the unfunded liability.
- Active employees represent 36% of the plan's membership with an average annual salary of \$31,574. Active member payroll increased by 1.7% in Fiscal Year 2020 compared to 2019.
- There are more active employees paying into the plan than retirees drawing benefits (active to retired ratio of 1.37).
- Retirees represent 26% of the plan's membership with an average annual benefit of \$11,915.
- Using Fiscal Year 2020 valuation assumptions and member data, the Pension and Insurance plans have funded ratios of 49% and 79%, respectively.
- Based on current assumptions, the Pension and Insurance plans will be 100% funded by Fiscal Year 2049.

Employer Contribution Rates		
	Recommended	Actual
2011	16.93%	16.93%
2012	18.96%	18.96%
2013	19.55%	19.55%
2014	18.89%	18.89%
2015	17.67%	17.67%
2016	17.06%	17.06%
2017	18.68%	18.68%
2018	19.18%	19.18%
2019	28.05%	21.48%*
2020	27.28%	24.06%*
2021	26.95%	24.06%*

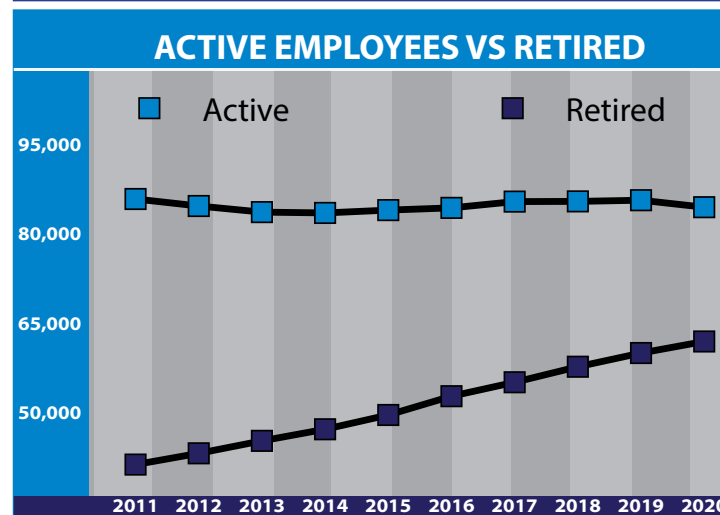
\* Increases are capped by law at 12% annually until full contribution rate is achieved.



Source of Pension Fund Unfunded Liability	
Actuarial Liability	\$14.6 B
Unfunded Liability	\$7.4 B
Retirees & Beneficiaries	58%



Membership			
Based on June 30, 2020 Valuation			
Active	Inactive	Retired	Total
83,458	90,673	60,877	235,008



Totals by Tier	
<b>TIER 1</b>	
Active	31,516
Inactive	50,669
Retired	60,195
Total	142,380
<b>TIER 2</b>	
Active	13,946
Inactive	17,488
Retired	669
Total	32,103
<b>TIER 3</b>	
Active	37,996
Inactive	22,516
Retired	13
Total	60,525





# COUNTY EMPLOYEES RETIREMENT SYSTEM

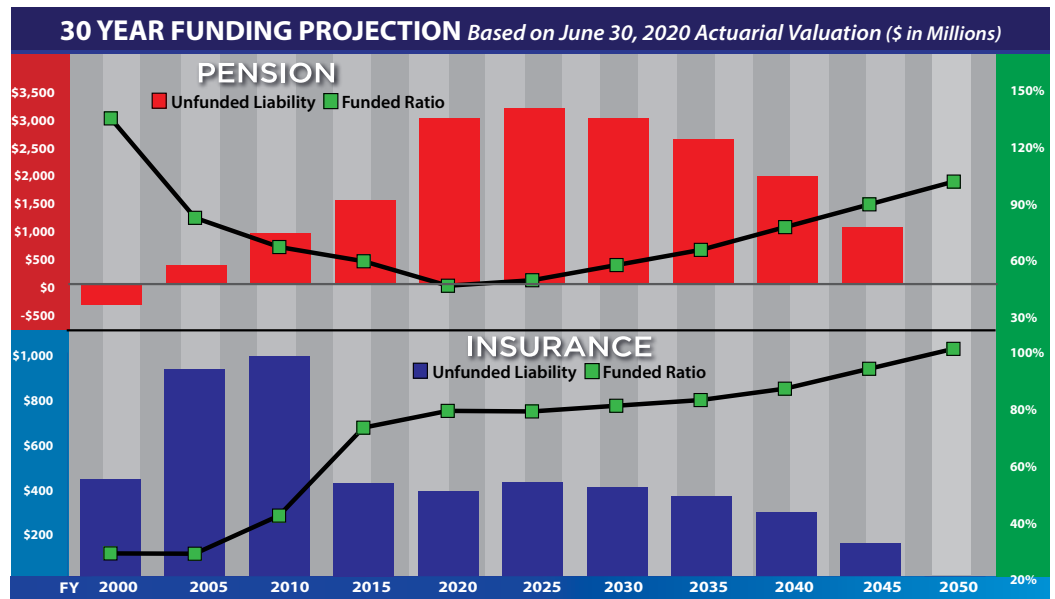
Established by the Kentucky General Assembly on July 1, 1958

## KEY INFORMATION

- Combined Pension and Insurance Fiduciary Net Plan Position was \$3.7 billion as of June 30, 2020 compared to \$3.8 billion in 2019.
- As of the June 30, 2020 Valuation, retirees and beneficiaries account for 65% of the unfunded liability.
- Active employees represent 46% of the plan's membership with an average annual salary of \$60,363. Active member payroll increased 1.6% in Fiscal Year 2020 compared to 2019.
- There are more active employees paying into the plan than retirees drawing benefits (active to retired ratio of 1.11).
- Retirees represent 41% of the plan's membership with an average annual benefit of \$28,437.
- Using Fiscal Year 2020 valuation assumptions and member data, the Pension and Insurance plans have funded ratios of 45% and 78%, respectively.
- Based on current assumptions, the Pension and Insurance plans will be 100% funded by Fiscal Year 2049.

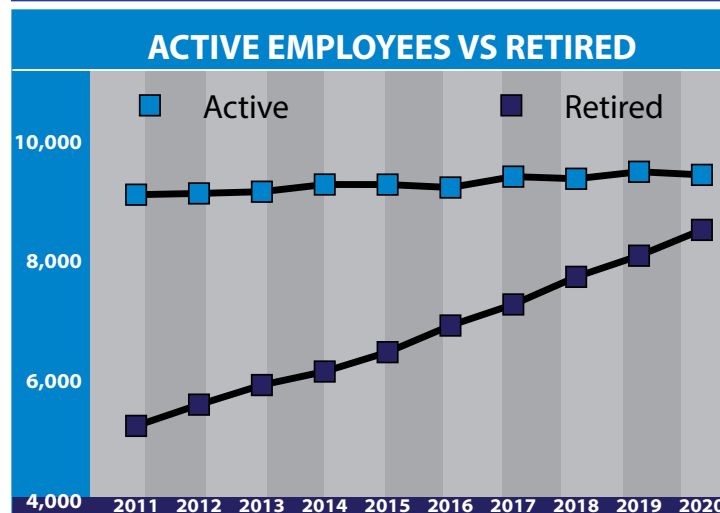
Employer Contribution Rates		
	Recommended	Actual
2011	33.25%	33.25%
2012	35.76%	35.76%
2013	37.60%	37.60%
2014	35.70%	35.70%
2015	34.31%	34.31%
2016	32.95%	32.95%
2017	31.06%	31.06%
2018	31.55%	31.55%
2019	47.86%	35.34%*
2020	46.50%	39.58%*
2021	44.33%	39.58%*

\* Increases are capped by law at 12% annually until full contribution rate is achieved.

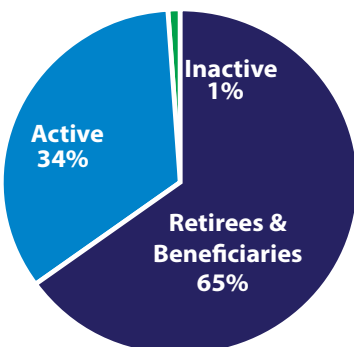


Source of Pension Fund Unfunded Liability	
Actuarial Liability	\$5.4 B
Unfunded Liability	\$3.0 B
Retirees & Beneficiaries	65%

Membership			
Based on June 30, 2020 Valuation			
Active	Inactive	Retired	Total
9,350	2,924	8,431	20,705



Totals by Tier	
<b>TIER 1</b>	
Active	3,969
Inactive	1,448
Retired	8,412
Total	13,829
<b>TIER 2</b>	
Active	1,908
Inactive	571
Retired	16
Total	2,495
<b>TIER 3</b>	
Active	3,473
Inactive	905
Retired	3
Total	4,381





# KENTUCKY EMPLOYEES RETIREMENT SYSTEM

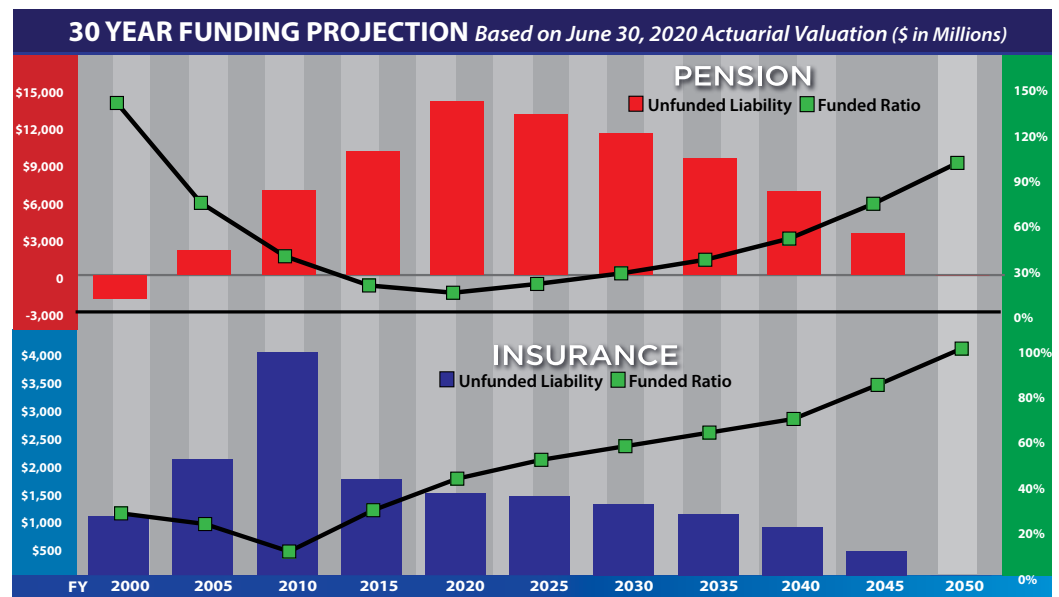
Established by the Kentucky General Assembly on July 1, 1956

## KEY INFORMATION

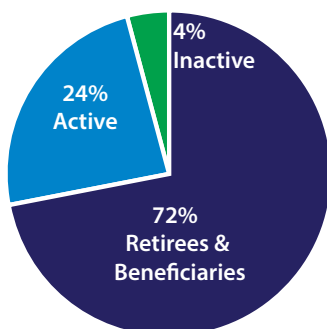
- Combined Pension and Insurance Fiduciary Net Plan Position was \$3.4 billion as of June 30, 2020 compared to \$3.2 billion in 2019.
- As of the June 30, 2020 Valuation, retirees and beneficiaries account for 72% of the unfunded liability.
- Active employees represent 26% of the plan's membership with an average annual salary of \$43,774. Active member covered payroll continued its trend of decline, decreasing by 3.5% in Fiscal Year 2020.
- There are more retirees drawing benefits than active employees paying into the plan (active to retired ratio of 0.72).
- Retirees represent 35% of the plan's membership with an average annual benefit of \$21,440.
- Using Fiscal Year 2020 valuation assumptions and member data, the Pension and Insurance plans have funded ratios of 14% and 42%, respectively.
- Based on current assumptions, the Pension and Insurance plans will be 100% funded by Fiscal Year 2049.

Employer Contribution Rates		
	Recommended	Actual
2011	38.58%	16.98%
2012	40.71%	19.82%
2013	44.55%	23.61%
2014	45.28%	26.79%
2015	38.77%	38.77%
2016	38.77%	38.77%
2017	48.59%	48.59%
2018	49.47%	49.47%
2019	83.43%	83.43%*
2020	83.43%	83.43%*
2021	85.03%	84.43%

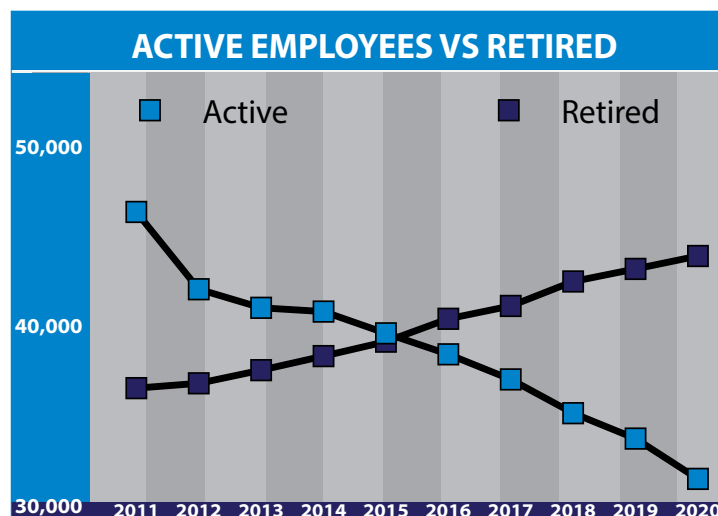
\* Quasi-governmental agencies maintained the Fiscal Year 2018 rate.



Source of Pension Fund Unfunded Liability	
Actuarial Liability	\$16.3 B
Unfunded Liability	\$14.0 B
Retirees & Beneficiaries	72%



Membership			
Based on June 30, 2020 Valuation			
Active	Inactive	Retired	Total
31,190	48,583	43,592	123,365



Totals by Tier	
<b>TIER 1</b>	
Active	15,274
Inactive	31,761
Retired	43,386
Total	90,421
<b>TIER 2</b>	
Active	5,554
Inactive	8,733
Retired	196
Total	14,483
<b>TIER 3</b>	
Active	10,362
Inactive	8,089
Retired	10
Total	18,461



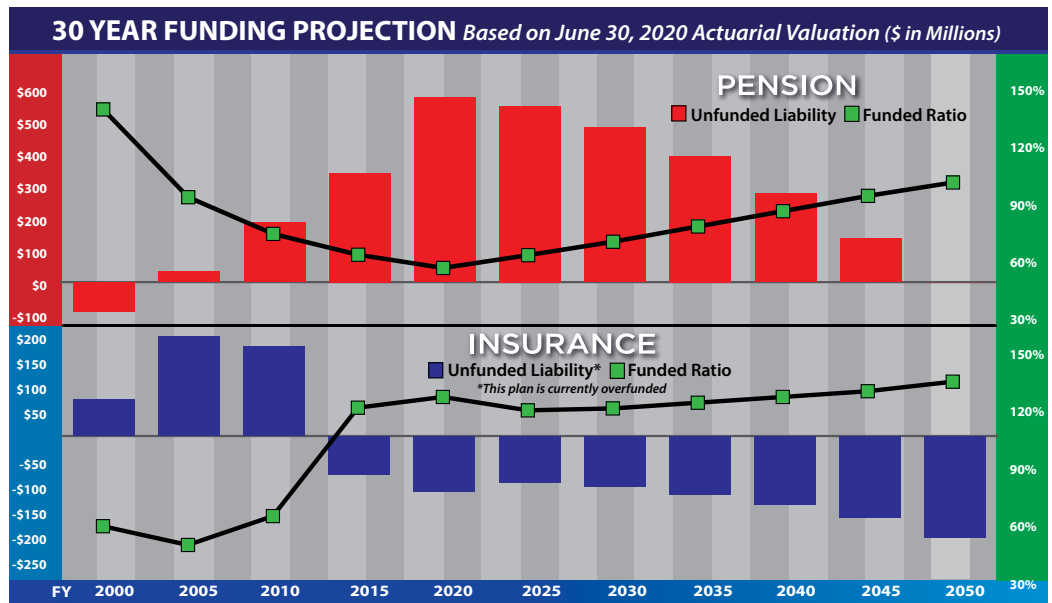
# KENTUCKY EMPLOYEES RETIREMENT SYSTEM

Established by the Kentucky General Assembly on July 1, 1956

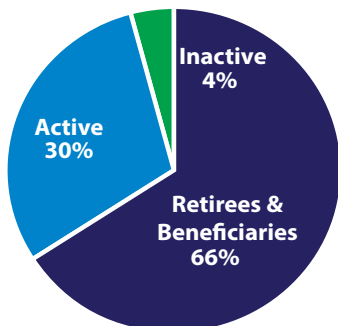
## KEY INFORMATION

- Combined Pension and Insurance Fiduciary Net Plan Position was \$1.2 billion as of June 30, 2020, unchanged from 2019.
- As of the June 30, 2020 Valuation, retirees and beneficiaries account for 66% of the unfunded liability.
- Active employees represent 31% of the plan's membership with an average annual salary of \$41,726. Active member payroll increased by 13.5% in Fiscal Year 2020 compared to 2019.
- There are more active employees paying into the plan than retirees drawing benefits (active to retired ratio of 1.27).
- Retirees represent 25% of the plan's membership with an average annual benefit of \$15,737.
- Using Fiscal Year 2020 valuation assumptions and member data, the Pension and Insurance plans have funded ratios of 55% and 126%, respectively. Unlike the other plans, the goal is to reduce the funded status of the Insurance plan over time with the employer contribution rate projected to be zero percent from 2020 forward.
- Based on current assumptions, the Pension plan will be 100% funded by Fiscal Year 2049.

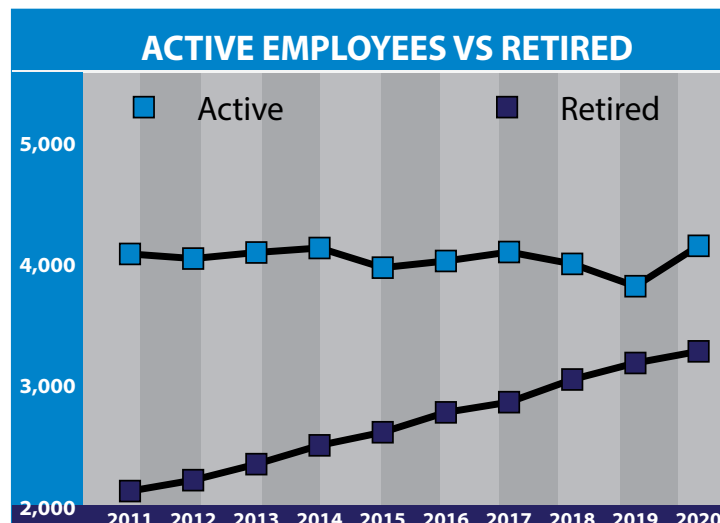
Employer Contribution Rates		
	Recommended	Actual
2011	34.37%	26.12%
2012	33.84%	28.98%
2013	35.89%	29.79%
2014	28.84%	32.21%
2015	26.34%	26.34%
2016	26.34%	26.34%
2017	23.82%	23.82%
2018	23.70%	23.70%
2019	36.85%	36.85%
2020	36.85%	36.85%
2021	36.00%	36.00%



Source of Pension Fund Unfunded Liability	
Actuarial Liability	\$1.3 B
Unfunded Liability	\$574 M
Retirees & Beneficiaries	66%



Membership			
Based on June 30, 2020 Valuation			
Active	Inactive	Retired	Total
4,112	5,838	3,242	13,192



Totals by Tier	
TIER 1	
Active	1,262
Inactive	1,823
Retired	3,205
Total	6,290
TIER 2	
Active	727
Inactive	1,280
Retired	36
Total	2,043
TIER 3	
Active	2,123
Inactive	2,735
Retired	1
Total	4,859



# STATE POLICE RETIREMENT SYSTEM

*Established by the Kentucky General Assembly on July 1, 1958*

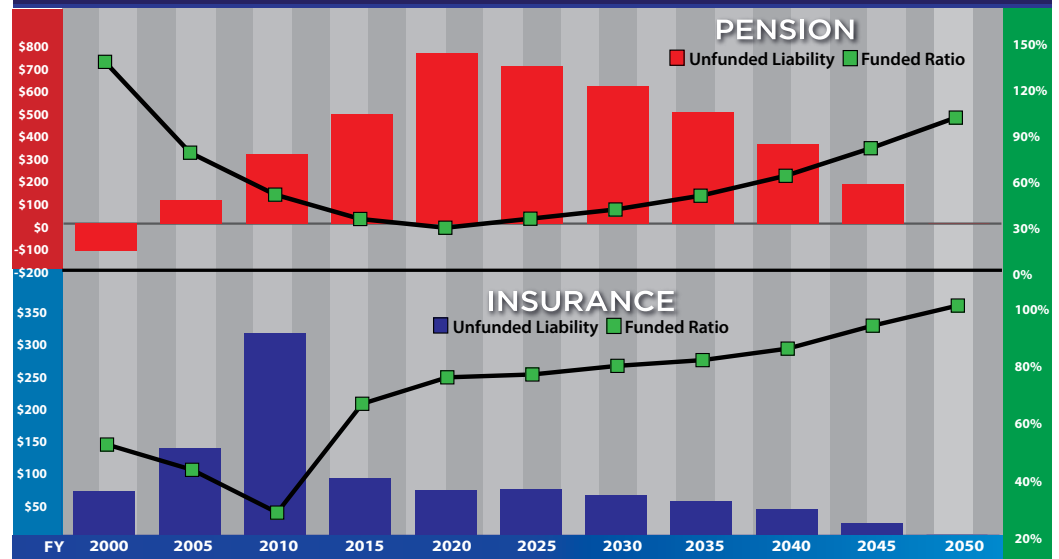
## KEY INFORMATION

- Combined Pension and Insurance Fiduciary Net Plan Position was \$495 million as of June 30, 2020, compared to \$487 million in 2019.
- SPRS is a relatively small plan and has the highest employer contribution rate of all the KRS plans.
- As of the June 30, 2020 Valuation, retirees and beneficiaries account for 81% of the unfunded liability.
- Active employees represent 30% of the plan's membership with an average annual salary of \$57,826. Active member payroll decreased by 3.3% in Fiscal Year 2020 compared to 2019.
- There are more retirees drawing benefits than active employees paying into the plan (active to retired ratio of 0.52).
- Retirees represent 57% of the plan's membership with an average annual benefit of \$39,766.
- Using Fiscal Year 2020 valuation assumptions and member data, the Pension and Insurance plans have funded ratios of 28% and 75%, respectively.
- Based on current assumptions, the Pension and Insurance plans will be 100% funded by Fiscal Year 2049.

### Employer Contribution Rates

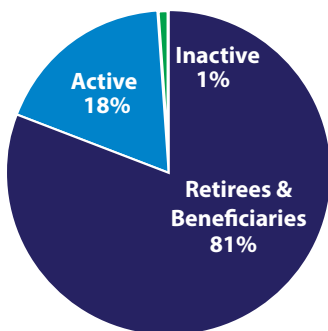
	Recommended	Actual
2011	85.63%	45.54%
2012	94.63%	52.13%
2013	103.41%	63.67%
2014	96.52%	71.15%
2015	75.76%	75.76%
2016	75.76%	75.76%
2017	89.21%	89.21%
2018	91.24%	91.24%
2019	146.28%	146.28%
2020	146.28%	146.28%
2021	143.48%	143.48%

### 30 YEAR FUNDING PROJECTION Based on June 30, 2020 Actuarial Valuation (\$ in Millions)



### Source of Pension Fund Unfunded Liability

Actuarial Liability	\$1.1 B
Unfunded Liability	\$757 M
Retirees & Beneficiaries	81%

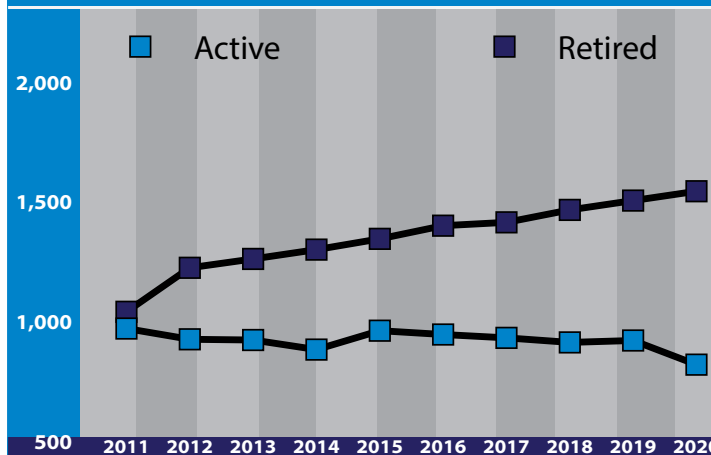


### Membership

Based on June 30, 2020 Valuation

Active	Inactive	Retired	Total
798	349	1,523	2,670

### ACTIVE EMPLOYEES VS RETIRED



### Totals by Tier

TIER 1	
Active	403
Inactive	179
Retired	1,522
Total	2,104
TIER 2	
Active	195
Inactive	63
Retired	1
Total	259
TIER 3	
Active	200
Inactive	107
Retired	0
Total	307

# ABOUT KRS



[KRS](#) is responsible for the investment of funds and administration of pension and health insurance benefits for over 394,000 active, inactive and retired state and local government employees, state police officers, and non-teaching staff of local school boards and regional universities.

## KENTUCKY PUBLIC PENSIONS AUTHORITY

During the 2020 Legislative Session, [HB 484](#) was passed establishing a new governance structure for KRS. Effective April 1, 2021, KRS as an Agency of the Commonwealth will be known as the Kentucky Public Pensions Authority (KPPA). Current KRS employees will become KPPA employees and continue to provide administrative support, investment management and conduct daily activities for the new CERS, KRS and KPPA boards.

## PLAN FUNDING

Our actuaries, [GRS Consulting](#), project that all of our pension and insurance plans will become fully funded in Fiscal Year 2049, provided KRS receives the full ADC each year and all actuarial assumptions are met. Those same projections indicate that all benefits will be secure going forward, supported by the positive fiscal impact of the [Tier 3 Hybrid Cash Balance Plan](#).

## SELF SERVICE

KRS encourages all members to access their account online at [MYRETIREMENT.KY.GOV](https://myretirement.ky.gov)

Active and Inactive Members can:

- Apply for Retirement
- Upload Documents
- Vote in Board Elections
- Update Contact Information
- Calculate Retirement Estimates
- Estimate Costs to Purchase Service
- View Annual Statements

Retired Members can:

- Change Tax Withholdings
- Upload Documents
- Vote in Board Elections
- Update Contact Information
- Maintain Direct Deposit
- View 1099-Rs
- Submit Insurance Application during Open Enrollment



### ACTIVE MEMBERSHIP

REFUNDS  
PROCESSED

11,367

SERVICE PURCHASE &  
BENEFIT ESTIMATES

18,475

DISABILITY  
APPLICATIONS

489

### RETIRED MEMBERSHIP

NEW  
RETIREMENTS

6,374

HEALTHCARE  
COVERED LIVES

97,949

ACCOUNT  
AUDITS

17,438

### MEMBERSHIP SUPPORT

OFFICE  
VISITS

6,335

INBOUND  
CALLS

275,163

WEBSITE  
PAGEVIEWS

5,135,012

## Our Six Mandates

1. Strive for appropriate funding for all plans.
2. Provide members with efficient access to information and helpful counseling to meet their individual needs.
3. Manage the assets in accordance with each plan's needs while adding value to a passive portfolio.
4. Communicate effectively with all constituents, while ensuring appropriate transparency.
5. Maintain a work environment that promotes employee inclusion and diversity, effectiveness, morale, safety, and retention.
6. Insist on a culture of continuous enhancement to everything we do.





## **Kentucky Retirement Systems**

1260 Louisville Road

Frankfort, KY 40601

### **Hours of Operation**

8:00 AM - 4:30 PM (EST) Monday-Friday

(502) 696-8800 or (800) 928-4646



**Self Service**

**MYRETIREMENT.KY.GOV**



**KYRET.KY.GOV**



**@KYretire**



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