



SUMMARY ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2025
Available at kyret.ky.gov

Prepared by Kentucky Public Pensions
Authority's Division of Communications



EXECUTIVE DIRECTOR'S MESSAGE



Ryan Barrow
KPPA Executive Director

December 4, 2025

To the Trustees & Membership

On behalf of the Kentucky Public Pensions Authority (KPPA) it is my honor to present the Summary Annual Financial Report (SAFR) for the Fiscal Year ended June 30, 2025.

KPPA is responsible for the day-to-day administration of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS), comprising the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS).

Beginning with Fiscal Year (FY) 2024, KPPA publishes separate Annual Comprehensive Financial Reports for CERS and KRS. This report, and the Annual Comprehensive Financial Reports, are provided as a resource for understanding the KPPA structure and the financial status of the systems KPPA operates.

ASSET GROWTH

Double-digit investment returns, employer contributions, and General Fund appropriations for KRS authorized by the Legislature in FY 2025 contributed to improved funding and record asset levels for all pension and insurance plans. The systems saw a \$3 billion increase in the market value of all plans for the 12 months ended June 30. Total assets by market value stood at \$29.8 billion, compared with \$26.8 billion as of the same date in 2024.

Net returns for all pension and insurance portfolios exceeded 11% in FY 2025, marking the third year in a row that CERS and KRS pension and insurance portfolio net returns neared or exceeded double digits.

This asset growth not only moves the systems toward the target of full funding by 2049, it also helps the systems fulfill the promises made to retirees, and in turn helps local communities. Every year KPPA pays more than \$2 billion in ongoing pension benefits, with 92% of that money going to Kentucky residents, making retirement benefits an important economic driver for the Commonwealth.

CONTINUOUS IMPROVEMENT

One of our core values at KPPA is to instill a culture of continuous improvement in everything we do. Furthering that value, in FY 2025 KPPA launched a Leadership Academy in February. Fourteen participants from various divisions attended monthly leadership training sessions and met regularly with assigned mentors. Training topics included personality assessment and team building; empathy and integrity; time management; delegation skills; and effective communication. In November, participants attended the Commonwealth's two-day LEAD Conference. The program concluded in December 2025 with final presentations and a graduation ceremony.

OTHER NOTES

- On the budget front, KPPA began the process to secure funds to modernize and enhance the aging business system that helps support Self Service and powers systems serving our members.
- We conducted our first multi-day in-person trustee education forum since the pandemic. The IMPACT Forum, which stands for Investments, Management, Pensions, Advisory, Compliance, and Training, provided the annual statutory training required of our Trustees.
- We published separate Annual Comprehensive Financial Reports for CERS and KRS for the first time in FY 2024 and received the GFOA Certificate of Achievement for Excellence in Financial Reporting for each report.
- We have implemented, or are in the process of implementing, aspects of the 2024 – 2028 Strategic Plan including surveys, member outreach, account auditing, and use of artificial intelligence (AI).

FROM THE DESK OF ED OWENS III CERS CHIEF EXECUTIVE OFFICER

At the close of FY 2025, CERS' momentum is undeniable. We were able to pay retirees nearly \$1.4 billion in benefits, increase our assets by more than \$1.8 billion, and continue paying down the unfunded pension liability in the systems. Equally important, the

EXECUTIVE DIRECTOR'S MESSAGE

most recent actuarial valuation shows the funded ratios for our nonhazardous and hazardous pension plans have improved to 61.4% and 57%, respectively, up from lows of 49.1% and 45.1% in FYs 2019 and 2020.

The CERS Board of Trustees remains totally committed to 100% funding by the end of the 2049 fiscal year. At the same time, we can provide our employers with a stable, predictable contribution rate that allows them to adequately plan for their growth and operational processes. Accordingly, we are excited that our employers added more than 1,900 new employees to the system in FY 2025.

During this fiscal year CERS conducted Trustee elections. Dr. Patricia Carver was re-elected. The two new members to the Trustee Board are Steven Webb and Captain Tommy McGraw (ret.). All three will serve four-year terms. The full Board is excited for the contributions each of the elected Trustees will make to the system. All three have accepted leadership positions on the Board and have been seamlessly integrated into the work of the Board.

Looking forward, CERS will seek to put in place a robust employer audit program for the approximately 1,100 employers in our system. The scope of the plan is big; however, we believe it necessary to further ensure the integrity of all our data. The outlook for our system has never been better. We will continue to significantly increase our funding ratio while we develop additional means to communicate our successes/initiatives with our almost 300,000 members.

FROM THE DESK OF JOHN CHILTON KRS CHIEF EXECUTIVE OFFICER

The KERS Nonhazardous and SPRS pension plans continue to benefit from additional funding approved by the Kentucky General Assembly over and above the money allocated to fund the full actuarially recommended contributions for all KERS and SPRS plans.

Recent biennial budgets included \$1.14 billion in additional allocations to pay down the unfunded liabilities of those two pensions. In the 2024 session, legislators approved House Bill 1, which allocated an additional \$100 million for the KERS Nonhazardous pension plan – \$50 million each in FYs 2025 and 2026 – and an additional \$50 million for the SPRS pension plan, \$25 million each in FYs 2025 and 2026.

In addition, House Bill 6 allocated \$250 million each in FYs 2025 and 2026 to pay down the KERS Nonhazardous pension's unfunded liability.

Investment returns have also played an important role in improved funding. The KERS Nonhazardous and Hazardous pension and insurance plans and the SPRS pension and insurance plans all turned in net investment returns of 11% or better during FY 2025. It's the third year in a row that KRS pension and insurance portfolio net returns have neared or exceeded 10%.

Considering the level of risk in each portfolio, all system pension and insurance portfolios are in the top 5% of peer public pension funds in terms of Sharpe ratio over the most recent one-, three-, and five-year periods. The Sharpe ratio measures how much investment return a portfolio earns compared to how much risk is in the portfolio. This is a testament to the work of the KRS Investment Committee and the Office of Investments to construct portfolios that maximize returns while minimizing risk.

These additional allocations and strong investment returns are helping to improve the funded ratios for both pension plans. After reaching funding lows in 2017 and 2018, the KERS Nonhazardous and SPRS pension plans have more than doubled in the years since. All pension plans are on track to be fully funded by 2049.

ACKNOWLEDGMENTS

The preparation of this report has been a collaborative effort of KPPA Executive Management and the Accounting Division, Communications Division, Office of Investments, and the KRS and CERS CEOs. The contents have been reviewed by the Chief Auditor. KPPA is responsible for the information in the report and confidently presents it as a basis for understanding the stewardship of the system.



Ryan Barrow
KPPA Executive Director

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AGENCY STRUCTURE

As of December 4, 2025

The Kentucky Public Pensions Authority oversees the operations of CERS, KERS, and SPRS by providing administrative support, investment management, and conducting daily activities on behalf of the CERS, KRS, and KPPA Boards. The eight-member KPPA Board is made up of elected and appointed trustees from the CERS and KRS boards. KPPA is led by an Executive Director who is appointed by the KPPA Board to oversee KPPA staff activities.



KPPA BOARD
Four (4) CERS and Four (4) KRS Trustees

*Elected to position by KPPA Board

Keith Peercy
KPPA Chair*
Selected by KRS Chair

Lynn Hampton
KRS Board Chair

C. Prewitt Lane
KRS Investment Committee Chair

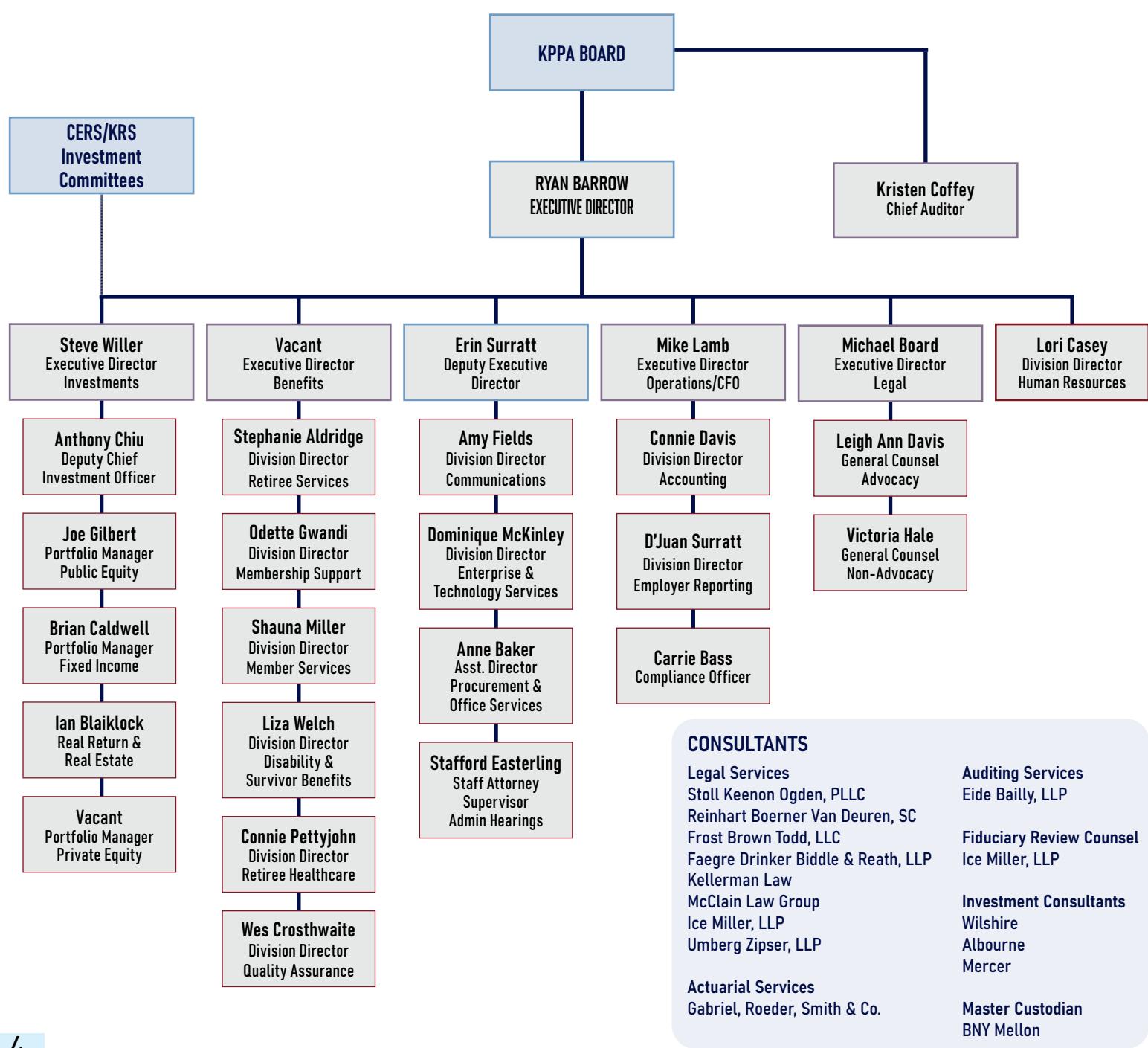
William Summers V
KRS Trustee
Selected by KRS Chair

William O'Mara
KPPA Vice Chair*
Selected by CERS Chair

George Cheatham
CERS Board Chair

Dr. Merl Hackbart
CERS Investment Committee Chair

Dr. Patricia Carver
CERS Trustee
Selected by CERS Chair



GOVERNANCE

As of December 4, 2025

The systems operated by KPPA are governed by two nine-member boards of trustees, each consisting of three elected members and six gubernatorial appointees serving four-year terms. The CERS Board of Trustees is responsible for governance of the CERS funds. The governance of the KRS funds and the SPRS funds are the responsibility of the KRS Board of Trustees. CERS and KRS each have a Chief Executive Officer who serves as a legislative and executive advisor to the respective boards and a General Counsel who provides legal services.

ELECTED BY MEMBERSHIP

APPOINTED BY GOVERNOR:
The Governor selects appointees 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).

CERS BOARD OF TRUSTEES

George Cheatham, Chair
J. Michael Foster, Vice Chair

General Counsel: Johnson Branco & Brennan, LLP

Three (3) Elected Trustees

Six (6) Appointed by Governor



Ed Owens III
CERS Chief Executive Officer



Steven Webb
Term ends March 31, 2029



Tommy McGraw
Term ends March 31, 2029



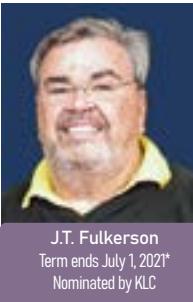
Dr. Patricia P. Carver
Term ends March 31, 2029



George Cheatham
Chair
Term ends March 31, 2025*



J. Michael Foster
Vice Chair
Term ends July 1, 2021*
Nominated by KACo



J.T. Fulkerson
Term ends July 1, 2021*
Nominated by KLC



Dr. Merl Hackbart
Term ends March 31, 2025*
Nominated by KACo



Dr. Martin Milkman
Term ends July 1, 2025*
Nominated by KSBA



William O'Mara
Term ends March 31, 2025*
Nominated by KLC

*Trustee continues to serve until the Governor makes an appointment to fill the trustee position.

ELECTED BY MEMBERSHIP

APPOINTED BY GOVERNOR

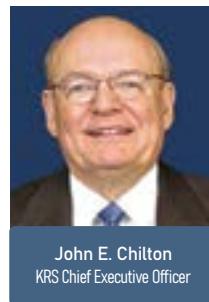
KRS BOARD OF TRUSTEES

Lynn Hampton, Chair
C. Prewitt Lane, Vice Chair

General Counsel: Dentons Bingham Greenebaum

Three (3) Elected Trustees

Six (6) Appointed by Governor



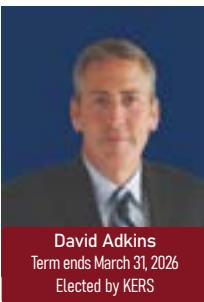
John E. Chilton
KRS Chief Executive Officer



Keith Peercy
Term ends March 31, 2027
Elected by SPRS



Dr. Crystal Miller
Term ends March 31, 2026
Elected by KERS



David Adkins
Term ends March 31, 2026
Elected by KERS



Lynn Hampton
Chair
Term ends June 17, 2026



C. Prewitt Lane
Vice Chair
Term ends June 17, 2027



Pamela F. Thompson
Term ends June 17, 2027



Ramsey Bova
Term ends June 17, 2026



Mary G. Eaves
Term ends June 21, 2027



William Summers V
Term ends June 17, 2026

SYSTEMS AND BENEFIT TIERS

KPPA operates three systems. CERS and KERS are multiple-employer, cost-sharing defined benefit pension plans with nonhazardous 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.

OUR SYSTEMS



CERS participating employers include local governments (county and city), school boards, and eligible local agencies. Nonhazardous and hazardous combined cover 295,273 members.



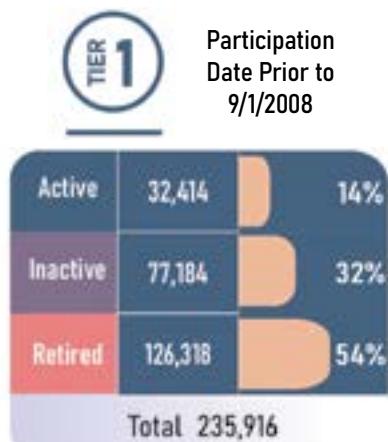
KERS participating employers include state departments, boards, employers directed by Executive Order of the Governor to participate in KERS, and quasi-governmental agencies. Nonhazardous and hazardous combined cover 146,137 members.



SPRS covers all 2,883 retired, active, and inactive Kentucky State Police troopers. All SPRS positions are hazardous.

BENEFIT TIERS

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

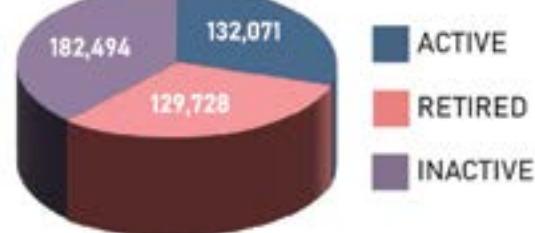


ANNUAL PENSION BENEFIT

98% of CERS, KERS, and SPRS retirees receive \$60,000 or less in pension benefits each year. Most (92%) of KPPA's \$2.3 billion retiree payroll goes to Kentucky residents (see page 12), meaning most of the pension benefits KPPA pays stay in Kentucky and benefit local economies.



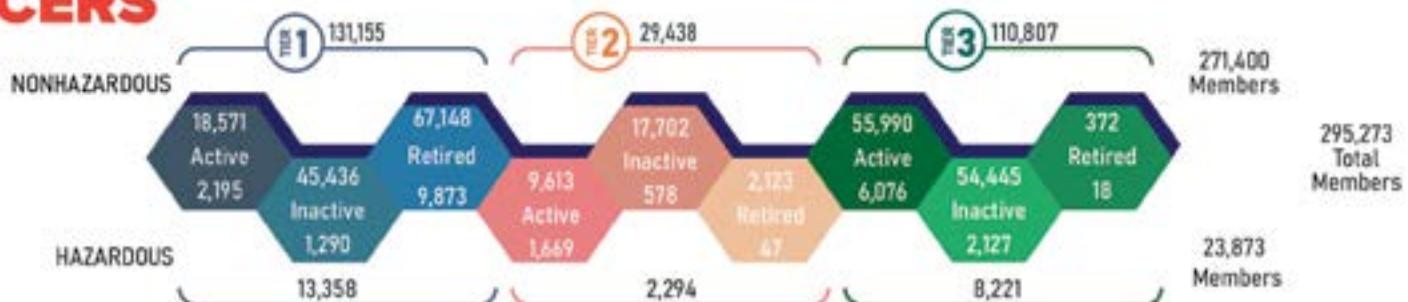
TOTAL MEMBERS 444,293



HEALTH INSURANCE

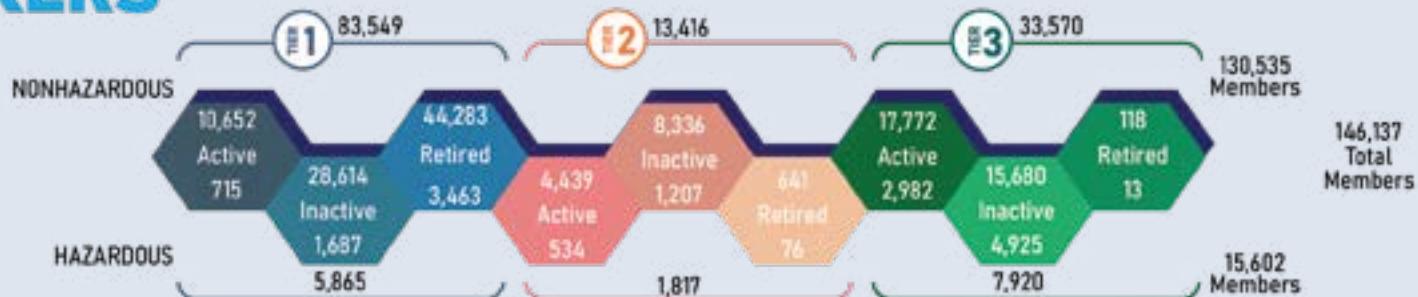
KPPA pays a percentage of the monthly contribution rate or a dollar amount toward insurance coverage. The contribution amount is based on the retired member's participation date, years of service, and type of service. A percentage of the monthly contribution rate is paid for members participating prior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

MEMBERSHIP BY SYSTEM



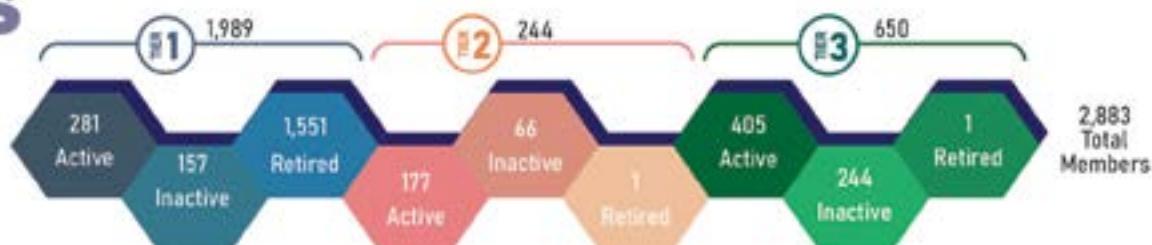
FAST FACTS

System Category	Active		Vested Inactive		Retired	
	Average Age	Average Annual Salary	Average Age	Average Annual Deferred Benefit	Average Age	Average Annual Benefit
NONHAZARDOUS	47	\$40,761	56	\$1884	72	\$12,541
HAZARDOUS	38	\$81,239	48	\$5,260	64	\$10,472



FAST FACTS

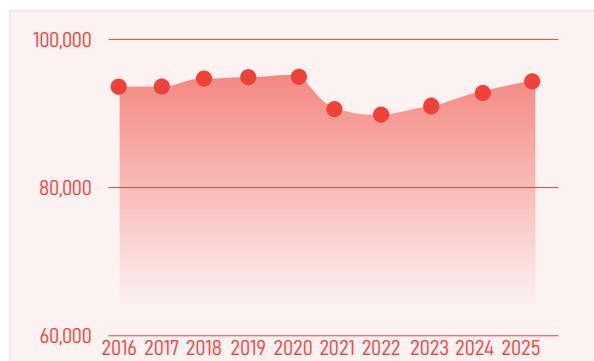
System Category	Active		Vested Inactive		Retired	
	Average Age	Average Annual Salary	Average Age	Average Annual Deferred Benefit	Average Age	Average Annual Benefit
NONHAZARDOUS	45	\$60,674	55	\$2,889	72	\$21,117
HAZARDOUS	40	\$63,006	50	\$2,539	67	\$16,505



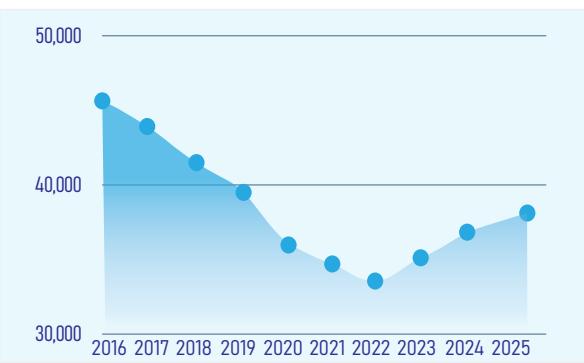
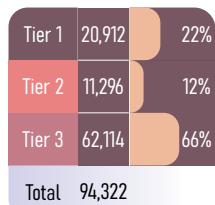
FAST FACTS

System Category	Active		Vested Inactive		Retired	
	Average Age	Average Annual Salary	Average Age	Average Annual Deferred Benefit	Average Age	Average Annual Benefit
HAZARDOUS	38	\$86,217	46	\$3,823	65	\$39,876

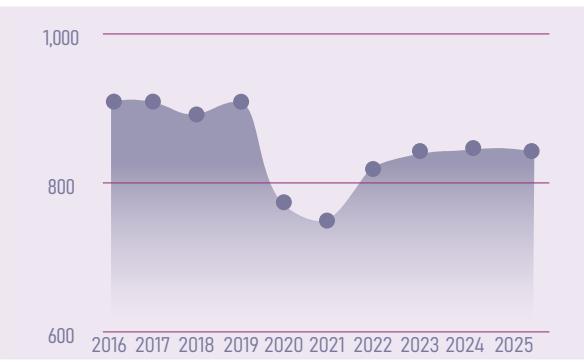
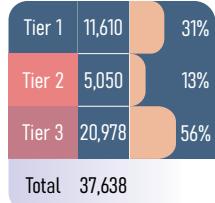
PARTICIPATING EMPLOYERS



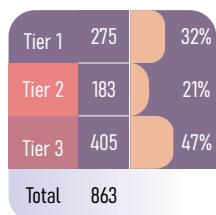
 **County Employees Retirement System**
94,322 Participating Employees



 **Kentucky Employees Retirement System**
37,638 Participating Employees



 **State Police Retirement System**
863 Participating Employees



CERS Employers

Classification	Agencies	Participating Employees
Airport Boards	6	567
Ambulance Services	20	469
Area Development Districts	14	764
Boards of Education	171	47,081
Cities	222	10,846
Community Action	21	2,895
Conservation Districts	48	60
County Attorneys	74	545
County Clerks	16	577
Development Authorities	7	12
Fire Departments	27	1,272
Fiscal Courts	118	11,556
Health Departments	1	348
Housing Authorities	39	418
Jailers	2	74
Libraries	86	1,343
Other Retirement Systems	2	2
P1 State Agencies	4	1,489
Parks and Recreation	7	59
Planning Commissions	16	209
Police Departments	2	15
Riverport Authorities	5	78
Sanitation Districts	8	330
Sheriff Departments	12	803
Special Districts & Boards	46	1,410
Tourist Commissions	25	216
Urban Government	2	6,594
Utility Boards	120	4,290
Total	1,121	94,322

KERS Employers

Classification	Agencies	Participating Employees
County Attorneys	56	239
Health Departments	60	2,199
Master Commissioner	31	53
Non-P1 State Agencies	32	595
Other Retirement Systems	1	18
P1 State Agencies	133	30,453
Regional Mental Health Units	10	2,770
Universities	7	1,311
Total	330	37,638

SPRS

Classification	Agencies	Participating Employees
Kentucky State Police	1	863

EMPLOYER COSTS BY TIER

COST COMPONENTS

Employer contributions have two components. The normal cost covers the benefit accruals active participants are projected to earn during the upcoming fiscal 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, 2025.

UNFUNDED LIABILITY

Unfunded liabilities are a form of long-term financial liability that represents what the pension plan has set aside compared to the amount it is currently obligated to pay out in future pension benefits, much like traditional debt. Liabilities result primarily from four factors:

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

GRS Actuarial Valuation Results as of June 30, 2025

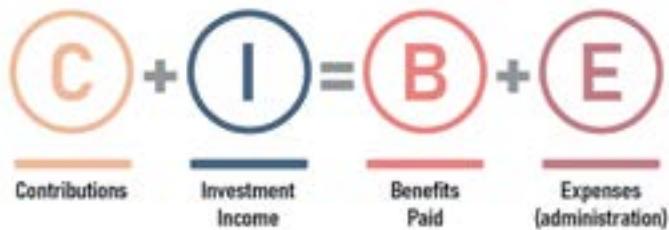
	CERS NONHAZARDOUS	CERS HAZARDOUS	KERS NONHAZARDOUS	KERS HAZARDOUS	SPRS
PENSION - NORMAL COST RATES ¹ (Each employer's cost for an employee's retirement benefit)					
Tier 1 Cost Before 7/03	6.40%	12.86%	7.89%	10.13%	22.33%
Tier 1 Cost After 7/03	5.81%	12.44%	8.03%	9.84%	21.81%
Tier 2 Cost	3.61%	9.75%	5.59%	6.66%	18.26%
Tier 3 Cost	3.44%	6.83%	4.40%	6.06%	17.24%
Average Normal Cost ²	5.03%	9.18%	6.65%	7.48%	19.60%
INSURANCE - NORMAL COST RATES ¹ (Each employer's cost for an employee's retirement benefit)					
Tier 1 Cost Before 7/03	4.48%	11.38%	3.47%	9.39%	14.30%
Tier 1 Cost After 7/03	1.69%	2.81%	1.62%	3.11%	4.09%
Tier 2 Cost	0.91%	1.37%	0.16%	1.01%	2.17%
Tier 3 Cost	0.90%	1.28%	0.02%	0.64%	1.86%
Average Normal Cost ²	1.60%	2.39%	1.11%	1.55%	4.49%
Total Pension & Insurance	6.63%	11.57%	7.76%	9.03%	24.09%
UNFUNDED LIABILITY COST % (Each employer's cost for the unfunded liability)					
Pension	12.11%	22.34%	*	11.35%	32.24%
Insurance	-1.31%	0.81%	*	-10.32%	-2.00%

¹Normal Cost Rate is the cost of an employee's retirement benefit to the employer net of employee contributions earned during that fiscal year.

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

*Per House Bill 8 (2021 Regular Session), amortization cost for KERS Nonhazardous employers is allocated based on their percentage of the 2019 Actuarial Accrued Liability. Amortization cost for the Hazardous fund is included in the contribution rate, payable as a percentage of payroll.

HOW BENEFITS ARE FUNDED



1. EMPLOYER CONTRIBUTIONS

Recommended employer contribution rates are determined by KPPA's independent actuary. The CERS and KRS Boards adopt employer contribution rates necessary for the actuarial soundness of the systems as required by Kentucky Revised Statutes 61.565, 61.702, 78.635, and 78.5536. KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. The CERS Board sets CERS employer contribution rates, unless altered by legislation enacted by the Kentucky General Assembly.



2. EMPLOYEE CONTRIBUTIONS

Members contribute a percent of their creditable compensation as set by statute based on their benefit tier. Employee contributions are deposited to individual member accounts.



3. INVESTMENTS

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

The Boards recognize their 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 the systems. In carrying out their fiduciary duties, the Trustees have set forth clearly defined investment policies, objectives, and strategies.

KPPA 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.

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

*One percent is deposited to the Insurance Plan

FULLY FUNDED BY

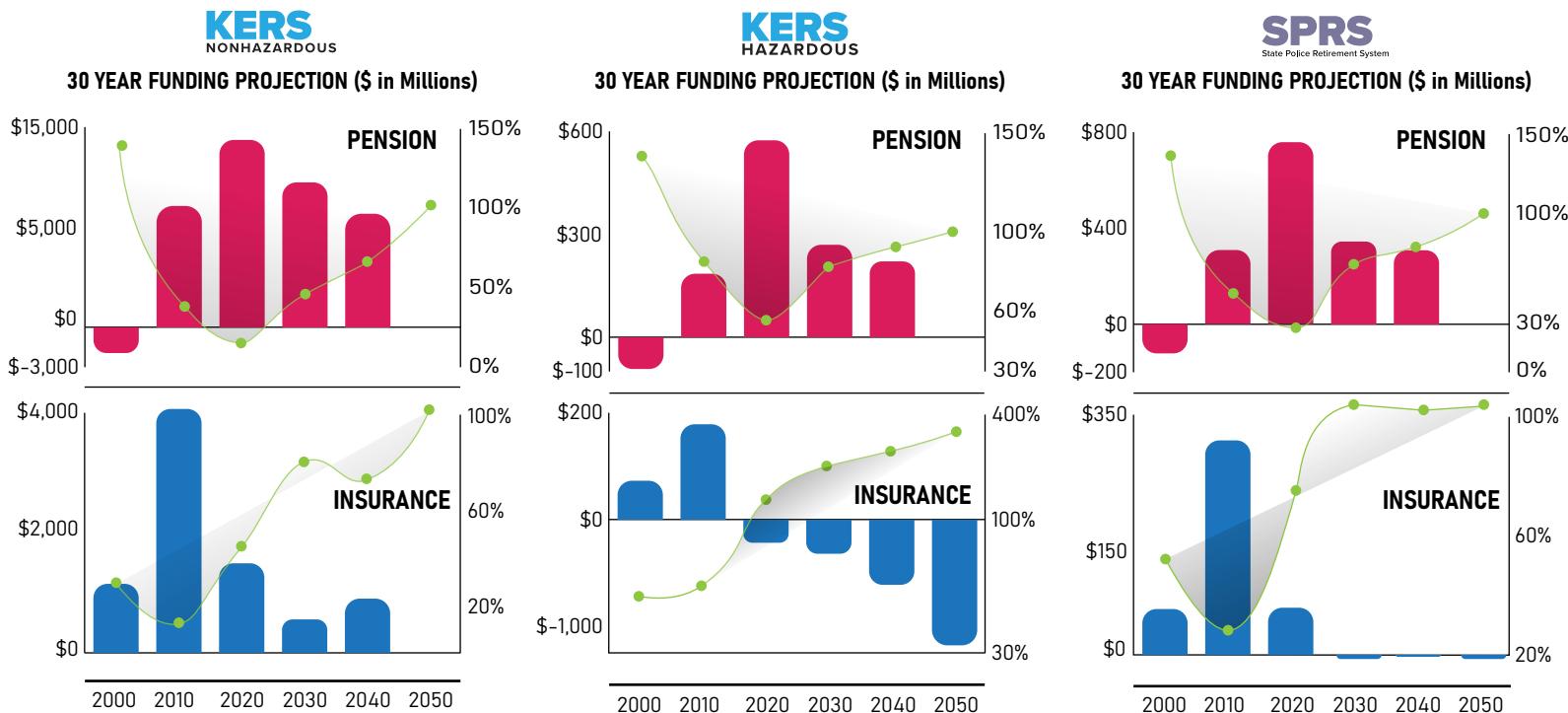
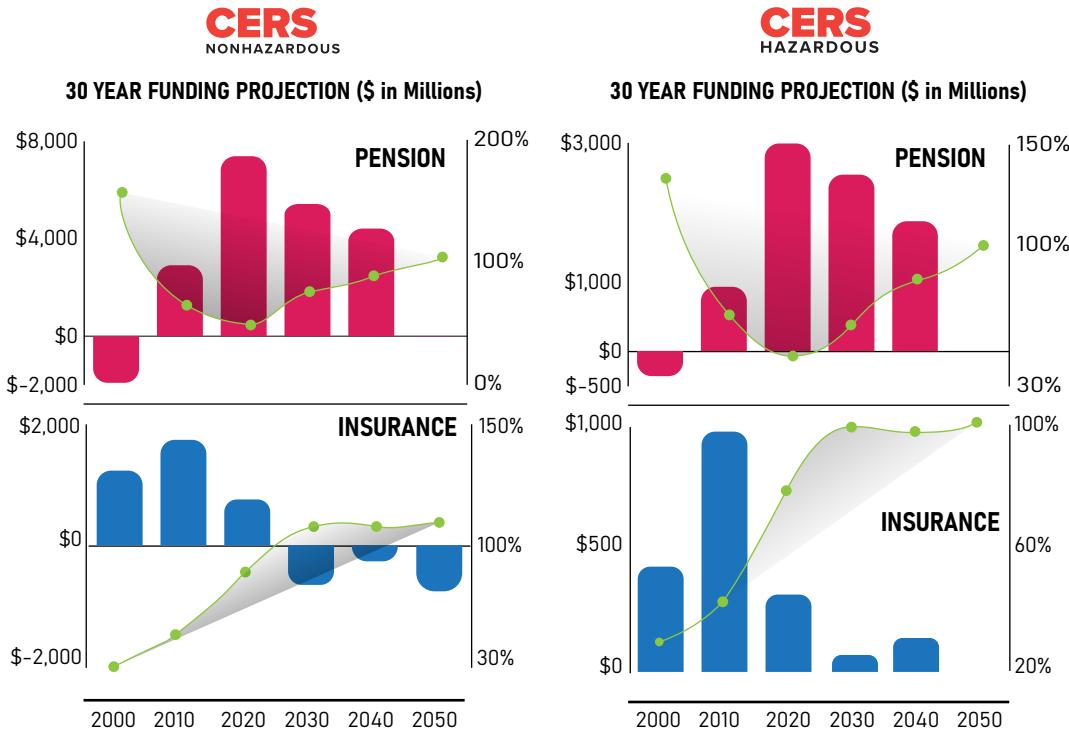
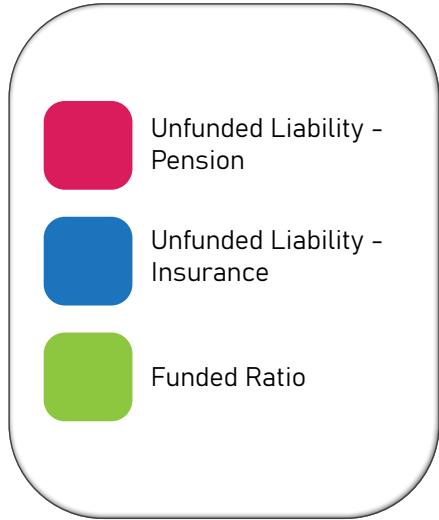
2049

The Systems' actuary, GRS, projects that the pension and insurance funds will be fully funded by 2049, based on the most recent actuarial valuation and the closed amortization period set in statute, provided the systems receive the full Actuarially Determined Employer Contribution each year and all actuarial assumptions are met.

FUNDING TRENDS

30 YEAR FUNDING PROJECTIONS

Based on current assumptions, all pension and insurance funds will be fully funded (100%) by Fiscal Year 2049. All projections shown below are based on the June 30, 2025 Actuarial Valuation.



ECONOMIC IMPACT FOR KENTUCKY

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

ONE-TIME PAYMENTS

KPPA issues three types of one-time payments to eligible members and beneficiaries: refunds, a \$5,000 death benefit, and a lump-sum payment if a retiring member chooses the Partial Lump Sum Payment Option.

MONTHLY INSURANCE PAYMENTS

KPPA 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.

MONTHLY PENSION PAYMENTS

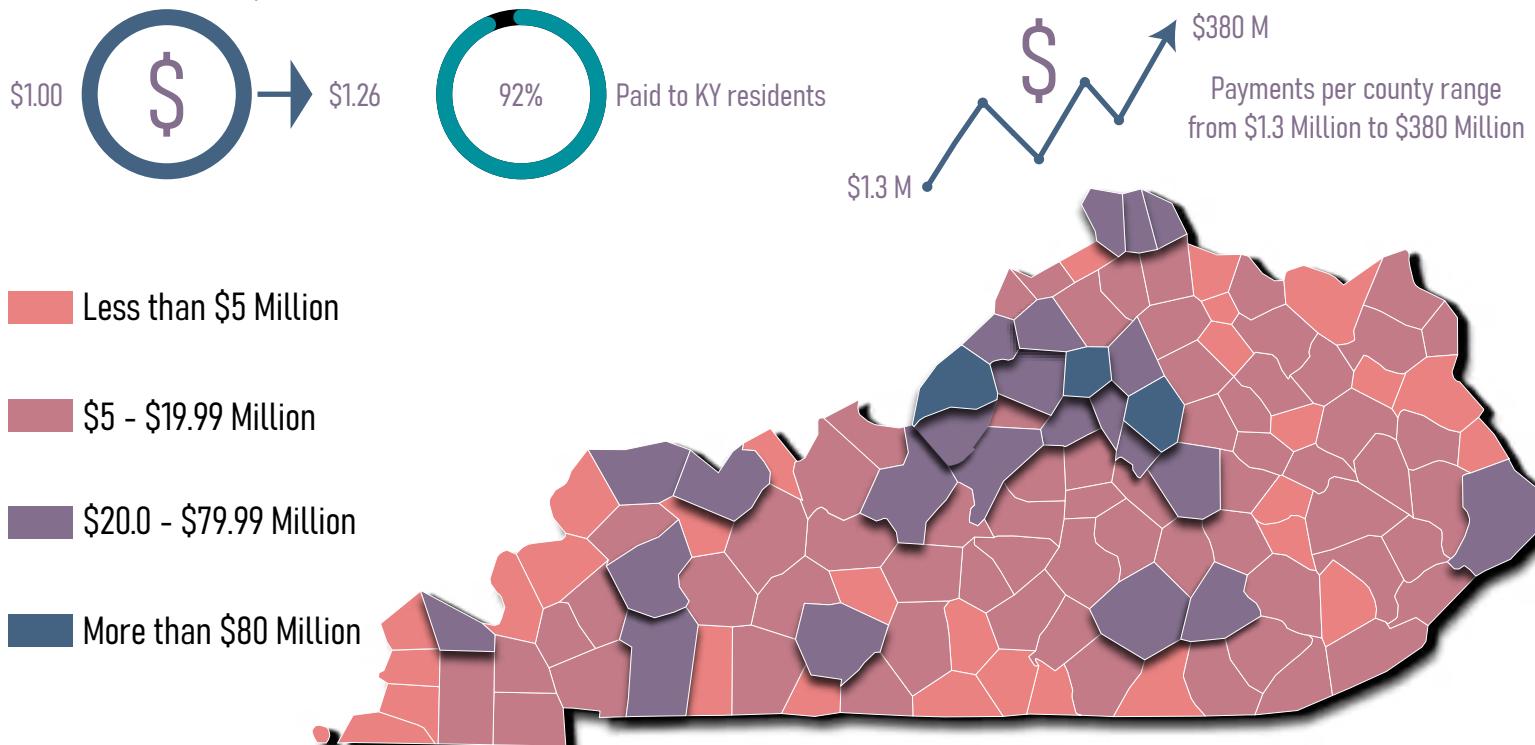
KPPA pays more than \$2 billion in monthly pension benefits to Kentucky residents.

ONE-TIME PAYMENTS	
Number	Amount
10,432	\$172 Million
INSURANCE PAYMENTS	
Number of Plan Holders	Amount
79,314	\$422 Million
KENTUCKY RECIPIENTS	
Number	Amount
118,760	\$2,269 Million

ECONOMIC IMPACT*

Pension payments support state economic activity, with 92% paid to in-state residents. Each \$1 in taxpayer contributions to Kentucky's state and local pension plans ultimately supported \$3.53 in total output in the state. Each \$1 in state and local pension benefits paid to Kentucky residents ultimately supported \$1.26 in total output in the state.

Pension Benefit Multiplier



*Source: National Institute on Retirement Security, "Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures" (nirsonline.org). For Kentucky figures, see State-Level Impact of DB Pension Plans; for methodology, see the Technical Appendix.

ECONOMIC IMPACT FOR KENTUCKY

In Fiscal Year 2025, KPPA paid over \$2 billion in ongoing pension benefits. Payments per county in the Commonwealth of Kentucky range from \$1.3 million to \$380 million annually providing a consistent revenue stream for all local economies.

Fiscal Year 2025 Monthly Pension Benefits Paid by County (\$ in Millions)											
County	Payees	Total	County	Payees	Total	County	Payees	Total	County	Payees	Total
Adair	563	\$9.57	Edmonson	263	\$3.86	Knox	666	\$10.37	Nicholas	219	\$3.38
Allen	475	6.70	Elliott	197	3.07	Larue	407	6.50	Ohio	698	8.36
Anderson	1,470	37.21	Estill	479	6.80	Laurel	1,384	23.00	Oldham	1,451	31.70
Ballard	280	4.23	Fayette	5,834	127.83	Lawrence	376	4.76	Owen	526	12.31
Barren	1,203	18.75	Fleming	525	9.01	Lee	249	3.69	Owsley	227	3.35
Bath	413	6.73	Floyd	941	15.45	Leslie	277	4.22	Pendleton	400	7.02
Bell	710	11.81	Franklin	6,123	192.39	Letcher	641	9.34	Perry	844	12.60
Boone	2,168	46.79	Fulton	193	2.51	Lewis	364	4.98	Pike	1,359	20.47
Bourbon	581	9.72	Gallatin	136	2.54	Lincoln	747	10.45	Powell	388	5.51
Boyd	1,127	18.82	Garrard	478	7.30	Livingston	281	4.74	Pulaski	2,463	41.79
Boyle	904	16.13	Grant	698	13.85	Logan	714	10.22	Robertson	79	1.32
Bracken	248	3.70	Graves	1,015	16.50	Lyon	374	7.52	Rockcastle	438	6.42
Breathitt	542	8.47	Grayson	887	14.41	Madison	2,673	45.36	Rowan	952	16.63
Breckinridge	541	8.43	Green	365	5.29	Magoffin	393	5.69	Russell	645	10.13
Bullitt	1,861	36.61	Greenup	754	10.96	Marion	597	8.82	Scott	1,451	30.94
Butler	342	5.08	Hancock	255	3.60	Marshall	1,024	15.65	Shelby	1,762	44.94
Caldwell	562	8.97	Hardin	2,527	44.58	Martin	293	3.54	Simpson	312	4.21
Calloway	1,150	17.58	Harlan	661	10.24	Mason	441	7.55	Spencer	594	14.14
Campbell	1,685	33.95	Harrison	510	8.51	McCracken	1,634	30.33	Taylor	739	11.00
Carlisle	130	1.96	Hart	394	6.05	McCreary	448	4.89	Todd	283	4.03
Carroll	335	5.66	Henderson	1,213	20.69	McLean	315	4.77	Trigg	573	9.58
Carter	882	12.36	Henry	952	21.71	Meade	538	7.99	Trimble	310	5.05
Casey	390	5.37	Hickman	93	1.67	Menifee	242	3.66	Union	383	4.68
Christian	1,581	28.85	Hopkins	1,363	21.83	Mercer	854	16.00	Warren	3,175	57.50
Clark	930	17.19	Jackson	377	5.01	Metcalfe	320	4.43	Washington	380	6.62
Clay	618	9.49	Jefferson	16,757	379.90	Monroe	287	3.62	Wayne	612	8.90
Clinton	322	4.37	Jessamine	1,232	22.74	Montgomery	742	12.72	Webster	402	5.34
Crittenden	239	3.51	Johnson	676	10.29	Morgan	689	12.29	Whitley	1,243	18.02
Cumberland	196	2.90	Kenton	2,522	55.41	Muhlenberg	855	11.50	Wolfe	357	6.06
Daviess	2,960	\$54.26	Knott	489	\$7.57	Nelson	1,223	\$22.71	Woodford	1,130	\$28.75

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
Kentucky	118,760	92%	\$2,269
Out of State	10,194	8%	\$178
Grand Total	128,954	100%	\$2,447

FINANCIAL REPORT

2025 Financial Highlights

Fiduciary Net Position for the CERS, KERS, SPRS, and Insurance Plan increased 10.7%, with assets growing to a record \$30 billion due to strong investment returns, General Fund appropriations for KERS and SPRS, and employer contributions.

! This is an overview of the financial activities for the Fiscal Year ended June 30, 2025. For more detailed information, refer to the Financial Section of the 2025 CERS and KRS Annual Comprehensive Financial Reports.

PENSION

Total Pension assets (CERS, KERS, and SPRS) **increased 13.0%** in Fiscal Year 2025.

- Up from \$19.84 billion at the beginning of the Fiscal Year to **\$22.41 billion as of June 30, 2025**.
- This **\$2.57 billion increase** was due in large part to the appreciation in the fair value of investments.

INSURANCE

The combined assets of the CERS Nonhazardous, CERS Hazardous, KERS Nonhazardous, KERS Hazardous, and SPRS Insurance plans **increased \$0.69 billion** in Fiscal Year 2025.

- The plans received \$1 billion in total contributions and net investment income, which offset \$391 million in deductions during the Fiscal Year.
- Total assets increased from \$8.17 billion at the beginning of the Fiscal Year to **\$8.86 billion as of June 30, 2025**.

INVESTMENTS

Fiscal Year 2025 investment performance exceeded both the benchmark and the actuarially assumed rates of return.

- The **Pension plans** earned a combined net return of 11.7% versus the 10.8% benchmark.
- All **Pension plans** outperformed their assumed rates of return: 6.50% for CERS, 6.25% for KERS Hazardous, and 5.25% for KERS Nonhazardous and SPRS.
- The **Insurance plans** earned a combined net return of 11.5%, versus the 11.1% benchmark.
- All **Insurance plans** outperformed the 6.50% assumed rate of return used for all plans.

CASH FLOWS

For Fiscal Year 2025, in aggregate, all funds combined had positive cash flow.

Pension: Cash flows were positive for all pension plans in Fiscal Year 2025. KERS Nonhazardous and SPRS received full funding plus an **additional \$300 million and \$25 million, respectively, appropriated** from the General Fund. In addition, investment income increased for all plans during the year.

Insurance: Cash flows were negative for all plans for Fiscal Year 2025 due to the overfunding of the plans.

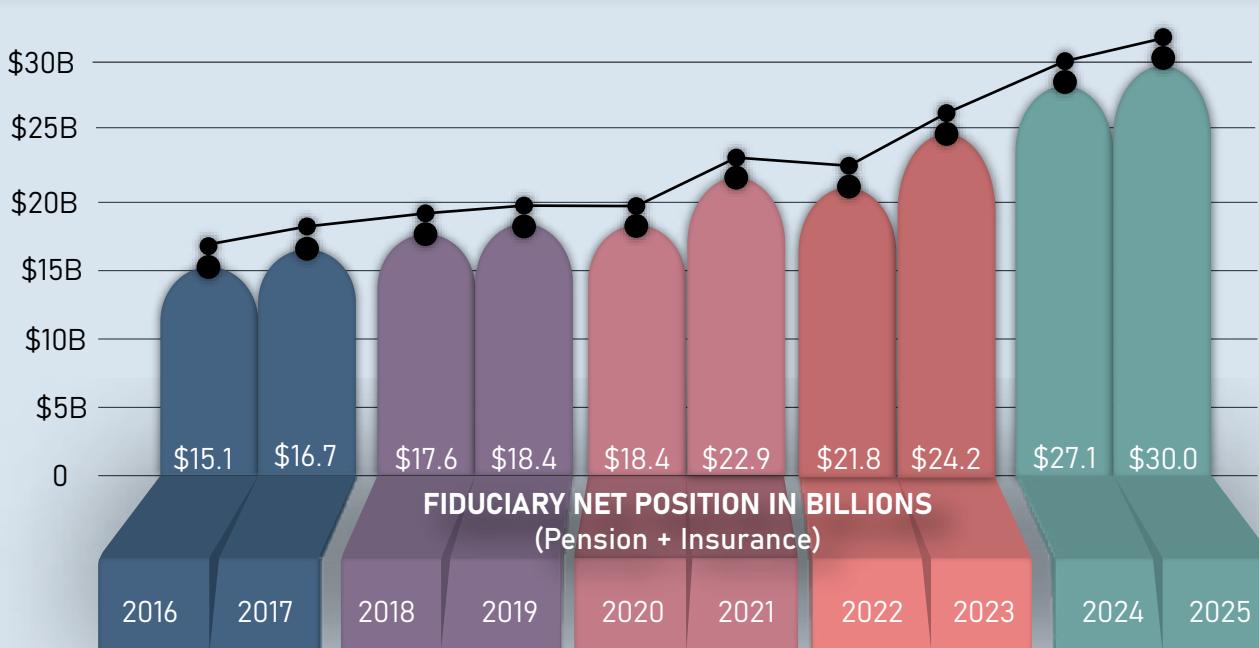


Table 1 - Assets and Liabilities

This table shows the assets and liabilities for the years ending June 30, 2025, and June 30, 2024. Total liabilities are composed of securities lending collateral and investment accounts payable (buys). The Fiduciary Net Position represents the resources accumulated and held in trust 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)

Assets	Pension Funds		Insurance Fund		Total	
	2025	2024	2025	2024	2025	2024
Cash & Investments	\$21,927	\$19,515	\$8,762	\$8,107	\$30,689	\$27,622
Receivables	484	326	103	63	587	389
Total Assets	22,411	19,841	8,865	8,170	31,276	28,011
Total Liabilities	(929)	(703)	(305)	(223)	(1,234)	(926)
Fiduciary Net Position	\$21,482	\$19,138	\$8,560	\$7,947	\$30,042	\$27,085

Investment Income (Loss) for Pension Funds (\$ in Millions)

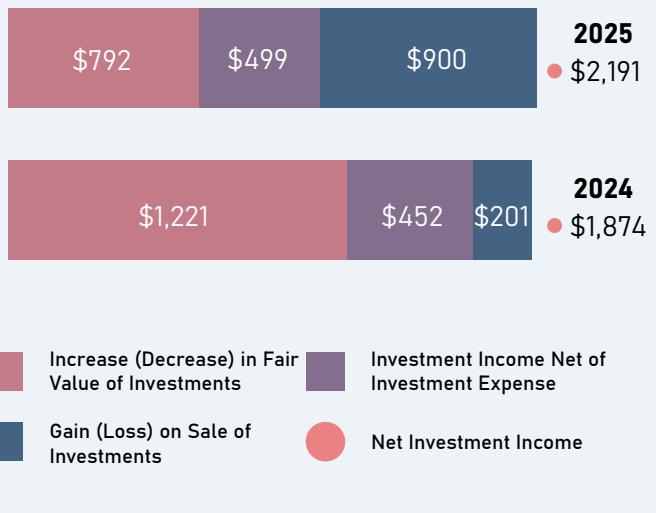


Table 2 - Income and Expenses

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 2025 and 2024 for all 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)

Additions	Pension Funds		Insurance Fund		Total	
	2025	2024	2025	2024	2025	2024
Member Contributions	\$366	\$346	\$43	\$39	\$409	\$385
Employer Contributions	2,126	2,293	77	181	2,203	2,474
Other Contributions	325	240	0	22	325	262
Net Investment Income	2,191	1,874	883	825	3,074	2,699
Total Additions	\$5,008	\$4,753	\$1,003	\$1,067	\$6,011	\$5,820
Deductions						
Benefit payments	\$2,569	\$2,460	\$-	\$-	\$2,569	\$2,460
Refunds	50	50	-	-	50	50
Admin/Cap. Proj.	44	45	2	2	46	47
Healthcare Costs	-	-	389	349	389	349
Total Deductions	\$2,663	\$2,555	\$391	\$351	\$3,054	\$2,906
Total Change in Fiduciary Net Position	\$2,345	\$2,198	\$612	\$716	\$2,957	\$2,914
CERS Nonhazardous	908	936	290	296	1,198	1,232
CERS Hazardous	382	384	107	116	489	500
KERS Nonhazardous	846	690	142	227	987	917
KERS Hazardous	119	127	56	52	175	179
SPRS	90	61	17	25	107	86

Investment Income (Loss) for Insurance Fund (\$ in Millions)



KPPA Administrative Expenses (\$ in Millions)

KPPA staff = 261 employees	2025	2024
Salaries	\$20.5	\$18.6
Benefits	14.5	17.2
Professional Services	3.2	3.6
Information Technology	3.6	3.3
Communication	0.7	0.8
Office & Equipment	1.1	1.0
Travel/Conference	0.1	0.1
Other Operating Expenses	0.5	0.3
Insurance Plans' Administration	2.3	2.4
Total	\$46.5	\$47.3

INVESTMENTS REPORT

Pension Results

For the Fiscal Year ended June 30, 2025, the Pension portfolio earned a net return of 11.7%, compared to the 10.8% benchmark index and the actuarial assumed rates of return of 6.50% for CERS Nonhazardous and CERS Hazardous, 6.25% for KERS Hazardous, and 5.25% for KERS Nonhazardous and SPRS.

! This is an overview of the investment activities for the Fiscal Year ended June 30, 2025. For more detailed information, refer to the Investments Section of the CERS and KRS Annual Comprehensive Financial Reports.

Net Returns - PENSION (\$ in Millions)

Plan	Fair Value (\$ in Millions)	% of Total Fair Value	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception (%)	
			Plan	Index	Plan	Index	Plan	Index	Plan	Index	Plan	Index
CERS Nonhazardous	\$10,550	49.5	11.6	11.3	11.2	11.6	10.2	10.4	7.9	7.7	9.0	9.0
CERS Hazardous	3,799	17.8	11.7	11.3	11.3	11.6	10.2	10.4	7.9	7.7	9.0	9.0
KERS Nonhazardous	5,058	23.8	11.2	9.6	9.2	8.9	8.6	8.2	7.0	6.7	8.8	8.8
KERS Hazardous	1,146	5.4	11.9	10.8	10.8	10.6	9.9	10.0	7.7	7.6	9.0	9.0
SPRS	740	3.5	11.0	9.6	9.4	8.9	8.7	8.2	7.0	6.7	8.8	8.8
Total*	\$21,293	100.0	11.7	10.8	10.8	10.9	9.9	9.8	7.7	7.5	9.0	9.0

*Each plan has a different asset allocation which results in different returns compared to the overall composite.

Net Returns by Asset Class - PENSION (\$ in Millions)

Note: Fair values are adjusted for accruals and expenses

Asset Class	Inception	Fair Value (\$ in Millions)	% of Total	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception To Date	External FEES (\$ in Millions)
				Plan	Index	Plan	Index	Plan	Index	Plan	Index		
Total Fund	4/1/1984	\$21,293	100.0	11.7	10.8	10.8	10.9	9.9	9.8	7.7	7.5	9.0	9.0
Public Equity¹	4/1/1984	9,343	43.9	16.1	15.9	17.0	16.8	13.1	13.2	9.6	9.5	10.5	10.4
Private Equity	7/1/2002	1,124	5.3	7.2	10.2	3.1	11.3	13.8	21.2	11.2	14.8	11.3	12.6
Core Fixed Income	7/1/2013	3,441	16.2	6.3	6.1	4.2	2.6	2.0	-0.7	2.9	1.8	2.9	2.0
Specialty Credit	7/1/2017	4,246	19.9	9.9	8.8	9.6	9.8	9.0	6.8	n/a	n/a	7.0	5.2
Cash Account²	1/1/1988	643	3.0	4.8	4.9	4.5	4.8	2.8	2.9	2.1	2.0	3.4	3.0
Real Return	7/1/2011	1,445	6.8	15.8	5.4	14.2	6.2	13.6	9.9	7.2	5.0	6.2	4.4
Real Estate	7/1/1984	\$1,051	4.9	4.6	1.2	-2.8	-5.1	5.3	2.0	7.5	4.7	6.2	5.8

¹ Public Equity includes trade commissions. ²The cash account includes custodian, consulting and miscellaneous investment expenses.

INVESTMENTS REPORT

Insurance Results

For the Fiscal Year ended June 30, 2025, the Insurance portfolio earned a net return of 11.5%, compared to the 11.1% benchmark index and the 6.50% actuarial assumed rate of return for all funds. In Fiscal Year 2025, the portfolio achieved a rate of return of 10.2% over the five-year period and a return of 7.9% over the 10-year period.

! This is an overview of the investment activities for the Fiscal Year ended June 30, 2025. For more detailed information, refer to the Investments Section of the CERS and KRS Annual Comprehensive Financial Reports.

Net Returns - INSURANCE (\$ in Millions)

Plan	Fair Value (\$ in Millions)	% of Total Fair Value	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception (%)	
			Plan	Index	Plan	Index	Plan	Index	Plan	Index	Plan	Index
CERS Nonhazardous	\$3,871	45.3	11.3	11.3	11.1	11.6	10.1	10.2	7.9	7.7	7.6	7.8
CERS Hazardous	1,835	21.4	11.2	11.3	11.0	11.6	10.2	10.2	7.9	7.7	7.6	7.8
KERS Nonhazardous	1,828	21.4	11.8	10.8	10.9	10.6	9.9	9.9	7.6	7.6	7.5	7.8
KERS Hazardous	724	8.5	11.2	10.8	10.5	10.6	10.0	10.0	7.7	7.5	7.6	7.8
SPRS	289	3.4	11.3	10.8	10.6	10.6	10.1	10.0	7.9	7.6	7.6	7.8
Total*	\$8,547	100.0	11.5	11.1	11.3	10.2	10.2	7.9	7.7	7.6	7.8	

*Each plan has a different asset allocation which results in different returns compared to the overall composite.

Net Returns by Asset Class - INSURANCE (\$ in Millions)

Note: Fair values are adjusted for accruals and expenses

Asset Class	Inception	Fair Value (\$ in Millions)	% of Total	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception To Date	External FEES (\$ in Millions)
				KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index		
Total Fund	4/1/1984	\$8,547	100.0	11.5	11.1	11.1	11.3	10.2	10.2	7.9	7.7	7.6	7.8
Public Equity¹	4/1/1984	3,995	46.7	16.0	15.9	16.8	16.8	13.1	13.2	9.6	9.5	9.0	8.9
Private Equity	7/1/2002	535	6.3	1.9	10.2	3.5	11.3	14.2	21.2	11.6	14.8	10.4	12.2
Core Fixed Income	7/1/2013	1,001	11.7	6.2	6.1	4.1	2.6	1.9	-0.7	2.8	1.8	2.7	2.0
Specialty Credit	7/1/2017	1,842	21.6	10.0	8.8	9.8	9.8	9.1	6.8	n/a	n/a	6.9	5.2
Cash Account²	1/1/1988	168	2.0	4.8	4.9	4.5	4.8	2.7	2.9	2.0	2.0	2.6	2.5
Real Return	7/1/2011	535	6.3	14.6	5.4	12.6	6.2	12.3	9.5	6.7	5.1	5.8	4.4
Real Estate	7/1/1984	\$471	5.5	4.6	1.2	-3.0	-5.1	5.1	2.0	7.6	4.7	8.0	4.6

¹ Public Equity includes trade commissions. ² The cash account includes custodian, consulting and miscellaneous investment expenses.

Investment Managers & Assets Under Management (\$ in Thousands)



Actively Investing

These managers are either fully funded or are in the investment phase of the strategy.

Managers as of 6/30/2025	Assets Under Management
American Century Investments	\$711,002
Axiom	221,231
BlackRock ACWI Ex-US	1,285,553
Franklin Templeton	589,494
JP Morgan	662,193
Lazard Asset Management	842,795
LSV Asset Management	894,720
Next Century	240,018
Northern Trust Global Inv.	547,185
Pzena Emerging Markets	322,618
River Road Asset Management	631,811
T Rowe Price	425,245
Westfield Capital	736,227
Internally Managed by KPPA	5,228,328
Blackstone	22,603
H.I.G.	20,805
Middle Ground	237,541
Strategic Value Partners	171,892
Triton	38,063
Vista	84,624
Internally Managed by KPPA	133,674
Loomis, Sayles & Company	1,538,127
NISA Investment Advisors	1,654,839
Internally Managed by KPPA	2,061,032
Adams Street	504,855
Arrowmark	1,052,617
Blue Torch	241,351
Benefit Street Partners	183,248
CapitalSpring	173,448
Cerberus	299,012
Columbia Asset Management	888,612
Manulife Financial	434,268
Marathon Bluegrass	808,004
Shenkman Capital	659,181
Waterfall Asset Management	594,618
White Oak Global Advisors	249,281
Barings	189,383
Fundamental	63,880
Harrison Street	415,181
Lubert-Adler	25,587
Mesa West	116,724
Prologis	419,111
Stockbridge	165,795
Internally Managed by KPPA	78,703
Arctos Sports	191,693
Ceres Farms	154,881
IFM Infrastructure Debt Fund	109,754

Actively Investing (con't)

Managers as of 6/30/2025	Assets Under Management
ITE	\$166,936
Kayne Anderson	23,761
Maritime Partners	184,198
Saba Capital	91,026
Strategic Value Partners	87,934
Tortoise Capital	448,226
Internally Managed by KPPA	272,209
Assets Under Management	\$28,595,127

Harvesting

These managers are in the process of liquidation or are in the final investment phase awaiting payout.

Managers as of 6/30/2025	Assets Under Management
Ares	\$24,373
Black Diamond	89,758
Crestview	55,106
CVC	30,981
DAG	41,388
Harvest	53,307
Horsley Bridge	87,731
Keyhaven	31,393
Leonard Green	76,034
Levine Leichtman	80,072
Internally Managed by KPPA	267,412
AMERRA	62,077
BTG Pactual	25,996
Prisma	152,235
Other ²	166,351
Assets Under Management	\$1,244,214
TOTAL¹	\$29,839,341

¹Totals reflect assets under management and differ from Total Fair Values.

²Managers who are in runoff status or have been liquidated with a de minimis balance are reported as "Other"; see the Investments Section of the 2025 CERS and KRS Annual Comprehensive Financial Reports for complete lists.

External Investment Expenses as of June 30, 2025 (\$ in Millions)

Expense	Fees Paid	Share of Expenses
Portfolio Management		
Pension	\$161.2	59.8%
Insurance	70.6	26.2%
Securities Lending*		
Pension	24.6	9.1%
Insurance	8.7	3.2%
Custody		
Pension	1.7	0.7%
Insurance	1.1	0.4%
Consultants		
Pension	1.1	0.4%
Insurance	0.5	0.2%
Total Pension	\$188.6	70.0%
Total Insurance	\$80.9	30.0%
Total Expenses	\$269.5	100%

*Expenses are offset against income.

Fair Values by Fund - Pension as of June 30, 2025 (\$ in Millions)

Assets	CERS NONHAZARDOUS		CERS HAZARDOUS		KERS NONHAZARDOUS		KERS HAZARDOUS		SPRS		Total KPPA	
	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
Equity												
Public Equity	\$5,113	48.5%	\$1,833	48.3%	\$1,657	32.8%	\$496	43.3%	\$244	32.9%	\$9,343	43.9%
Private Equity	599	5.7%	215	5.7%	213	4.2%	66	5.8%	31	4.1%	1,124	5.3%
Fixed Income												
Core Fixed Income	1,321	12.5%	482	12.7%	1,334	26.4%	110	9.6%	194	26.2%	3,441	16.2%
Specialty Credit	2,068	19.6%	739	19.5%	1,014	20.1%	282	24.6%	143	19.3%	4,246	19.9%
Cash	322	3.1%	148	3.9%	113	2.2%	39	3.4%	21	2.9%	643	3.0%
Inflation Protected												
Real Return	584	5.5%	209	5.5%	491	9.7%	89	7.8%	72	9.8%	1,445	6.8%
Real Estate	543	5.1%	173	4.6%	236	4.7%	64	5.6%	35	4.8%	1,051	4.9%
TOTAL PORTFOLIO	\$10,550		\$3,799		\$5,058		\$1,146		\$740		\$21,293	

Fair Values by Fund - Insurance as of June 30, 2025 (\$ in Millions)

Assets	CERS NONHAZARDOUS		CERS HAZARDOUS		KERS NONHAZARDOUS		KERS HAZARDOUS		SPRS		Total KPPA	
	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
Equity												
Public Equity	\$1,882	48.6%	\$884	48.2%	\$790	43.2%	\$313	43.3%	\$126	43.5%	\$3,995	46.7%
Private Equity	227	5.9%	126	6.9%	117	6.4%	45	6.2%	20	6.9%	535	6.3%
Fixed Income												
Core Fixed Income	492	12.7%	224	12.2%	187	10.3%	72	10.0%	26	9.1%	1,001	11.7%
Specialty Credit	779	20.1%	363	19.8%	453	24.8%	174	24.1%	73	25.1%	1,842	21.6%
Cash	82	2.1%	29	1.6%	34	1.8%	18	2.5%	5	1.7%	168	2.0%
Inflation Protected												
Real Return	212	5.5%	101	5.5%	144	7.9%	56	7.7%	22	7.7%	535	6.3%
Real Estate	197	5.1%	108	5.9%	103	5.6%	46	6.3%	17	6.0%	471	5.5%
TOTAL PORTFOLIO	\$3,871		\$1,835		\$1,828		\$724		\$289		\$8,547	

Schedule of Commissions Paid for the Year Ended June 30, 2025 (in Millions)*

Assets	Total Shares	Commissions Paid	Cost per Share
U.S. Equities	74	\$1.4	\$0.02
Non-U.S. Equities	371	\$1.8	\$0.01
Total	445	\$3.2	

*Only applies to internally managed assets.

ACTUARIAL REPORT

2025 Actuarial Valuation Results

All systems posted strong investment returns ranging from 11.0% to 11.9%, well above assumed rates. Asset gains for all funds were offset by liability increases from higher-than-expected salary growth, 2026 health insurance premiums, and legislative changes.

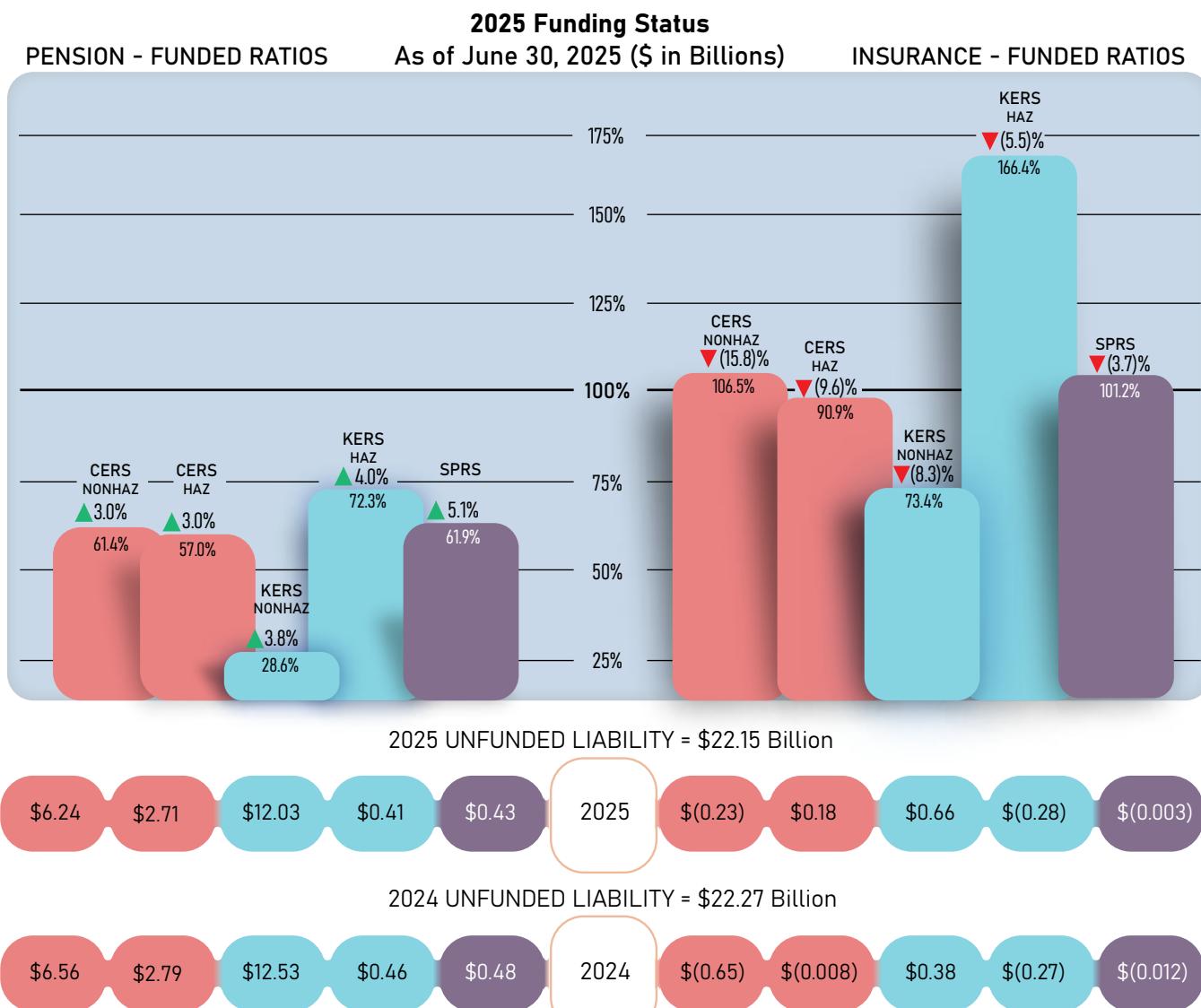
! This is an overview of the actuarial status for the Fiscal Year ended June 30, 2025. For more detailed information, refer to the Actuarial Section of the CERS and KRS Annual Comprehensive Financial Reports.

PENSION PLANS

The actuarial unfunded liability for CERS, KERS and SPRS decreased by \$1.0 billion from the prior fiscal year to \$21.82 billion, with the actuarial value of assets up by \$1.04 billion. All plans had liability losses, driven by higher than anticipated salary growth. Investment gains countered the increase in unfunded liabilities, with funded ratios improving for all plans.

INSURANCE PLAN

The Insurance Plan shifted from a \$0.56 billion surplus in Fiscal Year 2024 to a \$0.33 billion unfunded liability in Fiscal Year 2025, primarily due to higher than expected health insurance premiums. In addition, 2025 legislation expanding CERS insurance subsidies for certain members added to CERS liabilities. All plans recorded liability increases for the fiscal year, although strong investment returns produced asset gains across the board. Ultimately, funded ratios declined: CERS Nonhazardous, KERS Hazardous and SPRS saw decreases in their overfunded status while CERS Hazardous and KERS Nonhazardous fell to 90.9% and 73.4% funded, respectively.



Summary of Actuarial Valuation Results as of June 30, 2025 (\$ in Millions)

	CERS NONHAZARDOUS	CERS HAZARDOUS	KERS NONHAZARDOUS	KERS HAZARDOUS	SPRS
ACTUARILY DETERMINED CONTRIBUTION RATES EFFECTIVE JULY 1, 2026					
Pension Funds	17.14%	31.52%	6.65%	18.83%	51.84%
Insurance Funds	0.29%	3.20%	1.11%	0.00%	2.49%
Amortization Cost to be Allocated	N/A	N/A	\$868	N/A	N/A
Actuarially Determined Employer Contribution Rate ¹	17.43%	34.72%	7.76% ²	18.83%	54.33%
FUNDED STATUS AS OF VALUATION DATE					
PENSION FUNDS					
Actuarial Liability	\$16,174	\$6,302	\$16,839	\$1,488	\$1,130
Actuarial Value of Assets	\$9,934	\$3,593	\$4,810	\$1,076	\$700
Unfunded Liability on Actuarial Value of Assets	\$6,240	\$2,709	\$12,029	\$412	\$431
Funding Ratio on Actuarial Value of Assets	61.42%	57.01%	28.57%	72.34%	61.88%
Market Value of Assets	\$10,490	\$3,796	\$5,061	\$1,137	\$741
Unfunded Liability on Market Value of Assets	\$5,684	\$2,505	\$11,778	\$351	\$389
Funding Ratio on Market Value of Assets	64.86%	60.24%	30.06%	76.44%	65.58%
INSURANCE FUNDS					
Actuarial Liability	\$3,563	\$1,940	\$2,475	\$420	\$273
Actuarial Value of Assets	\$3,794	\$1,763	\$1,818	\$700	\$277
Unfunded Liability on Actuarial Value of Assets	(\$231)	\$176	\$657	(\$279)	(\$3)
Funding Ratio on Actuarial Value of Assets	106.48%	90.91%	73.45%	166.43%	101.25%
Market Value of Assets	\$4,011	\$1,862	\$1,916	\$735	\$291
Unfunded Liability on Market Value of Assets	(\$448)	\$78	\$559	(\$315)	(\$18)
Funding Ratio on Market Value of Assets	112.59%	95.99%	77.40%	174.91%	106.46%

¹The Kentucky General Assembly sets contribution rates for KERS and SPRS every two years through the adoption of the biennial Executive Branch Budget.

²All KERS Nonhazardous employers pay the normal cost plus a monthly invoice representing their fixed dollar allocation.

EXPERIENCE STUDY AND ECONOMIC ASSUMPTIONS

Regular actuarial experience studies help ensure the underlying economic and demographic assumptions (such as expected payroll growth, investment returns, and member life expectancy) accurately reflect plan experience. Accuracy is important because these assumptions are used to calculate the unfunded liability and annual employer contribution rates that will allow the systems operated by KPPA to pay for current and future retiree benefits.

Experience studies are performed by KPPA's independent actuary at least every two to five years to compare each plan's actual experience to what had been expected (the assumptions).

Economic Assumptions as of June 30, 2025

	CERS NONHAZARDOUS	CERS HAZARDOUS	KERS NONHAZARDOUS	KERS HAZARDOUS	SPRS
Assumed Investment Return - Pension	6.50%	6.50%	5.25%	6.25%	5.25%
Assumed Investment Return - Insurance	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation Factor	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll Growth	2.00%	2.00%	0.00%	0.00%	0.00%

CERS NONHAZARDOUS

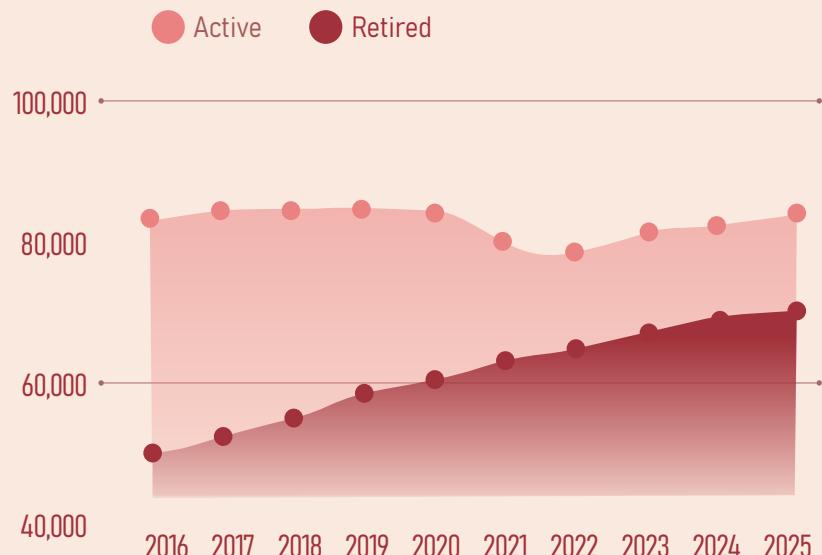
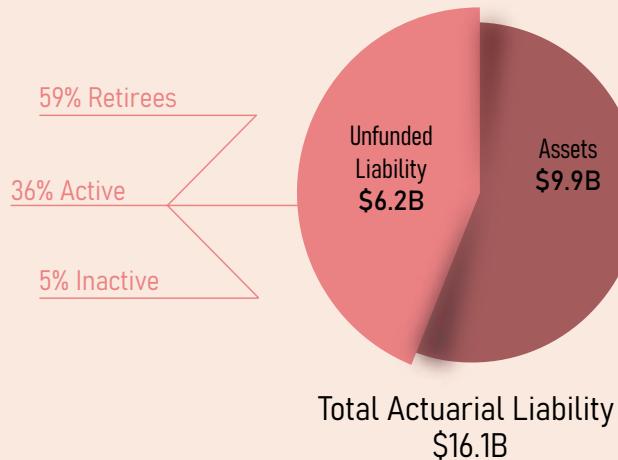
Established by the Kentucky General Assembly on July 1, 1958

CERS Nonhazardous is the largest system operated by KPPA, accounting for 61% of the total membership and 48.3% of the total assets within KPPA.

- On average, a retired CERS Nonhazardous member in 2025 is 72 years old and receives \$1,045 per month in pension benefits (\$12,541 annually). This represents the lowest average monthly benefit payment of all systems administered by KPPA.
- There are more active employees paying into the plan (84,174) than retirees drawing benefits (69,643).
- The Combined Pension and Insurance Fiduciary Net Position was \$14.5 billion as of June 30, 2025, compared to \$13.3 billion in 2024.

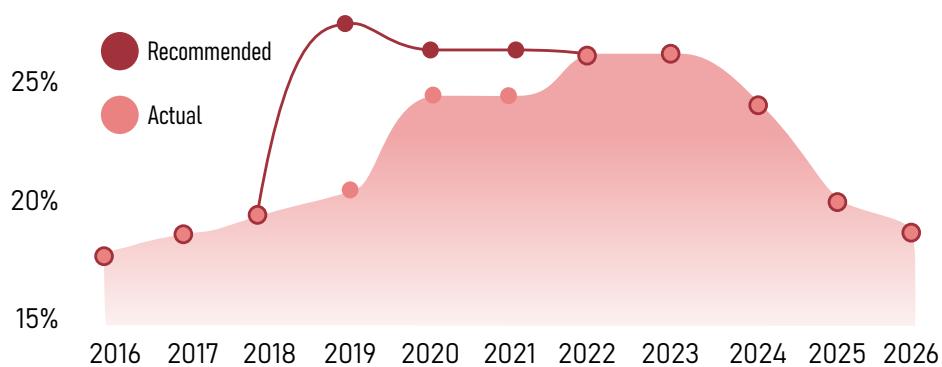
As of the June 30, 2025 Valuation, retirees and beneficiaries account for 59% of the pension fund unfunded liability.

Active member covered payroll continued to increase, adding 1,669 new active members (2.0%) in Fiscal Year 2025.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.

Employer Contribution Rates



Membership

As of June 30, 2025

	Active	Inactive	Retired	Total
Tier 1	18,571	45,436	67,148	131,155
Tier 2	9,613	17,702	2,123	29,438
Tier 3	55,990	54,445	372	110,807
Total	84,174	117,583	69,643	271,400

CERS HAZARDOUS

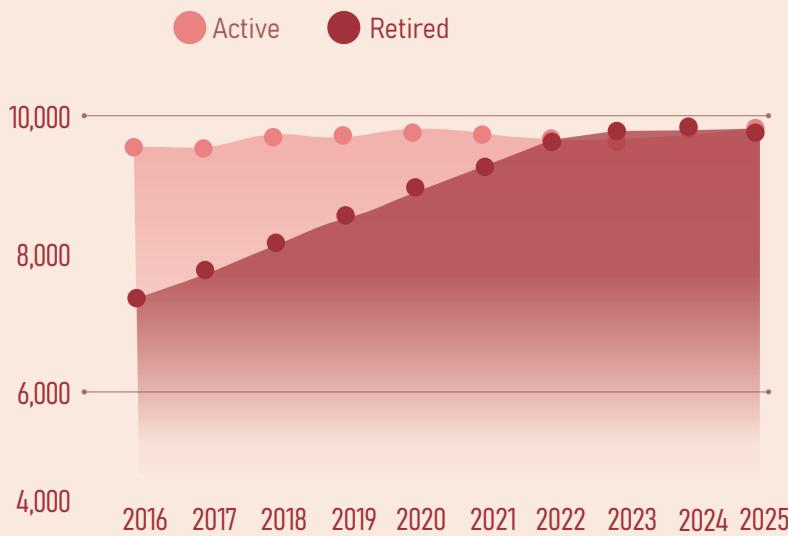
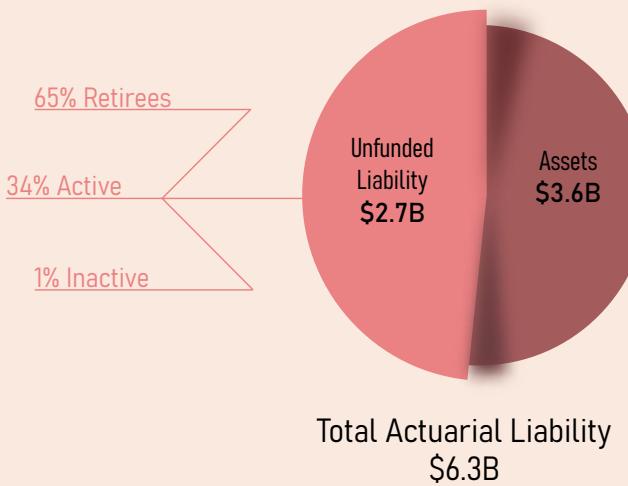
Established by the Kentucky General Assembly on July 1, 1958

CERS Hazardous members include, but are not limited to, active law enforcement, probation and parole officers, detectives, pilots, paramedics, and emergency medical technicians, with job duties that require frequent exposure to a high degree of danger and also require a high degree of physical conditioning.

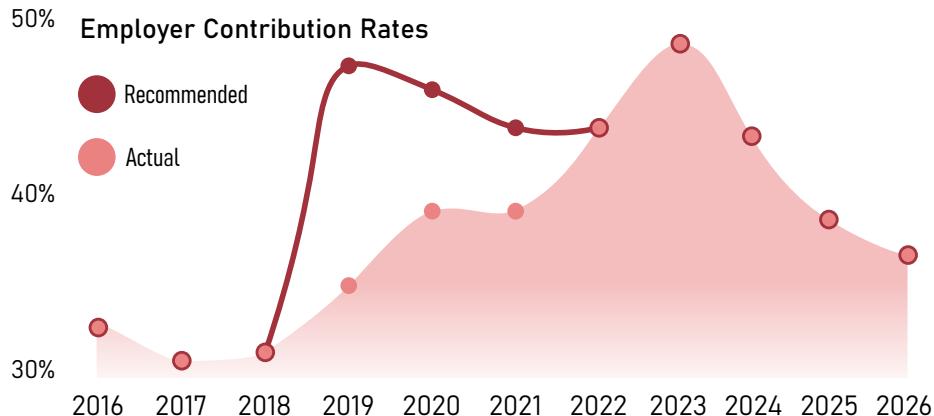
- On average, a retired CERS Hazardous member in 2025 is 64 years old and receives \$2,539 per month in pension benefits (\$30,472 annually). This represents the lowest average age for retirees and the second-highest average monthly benefit payment of all systems operated by KPPA.
- The number of active employees paying into the plan (9,940) is fewer than the number retirees drawing benefits (9,938).
- The Combined Pension and Insurance Fiduciary Net Position was \$5.7 billion as of June 30, 2025, compared to \$5.2 billion in 2024.

As of the June 30, 2025 Valuation, retirees and beneficiaries account for 65% of the pension fund unfunded liability.

Active member covered payroll continued to increase, adding 266 new active members (2.8%) in Fiscal Year 2025.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.



	Membership As of June 30, 2025			
	Active	Inactive	Retired	Total
Tier 1	2,195	1,290	9,873	13,358
Tier 2	1,669	578	47	2,294
Tier 3	6,076	2,127	18	8,221
Total	9,940	3,995	9,938	23,873

KERS NONHAZARDOUS

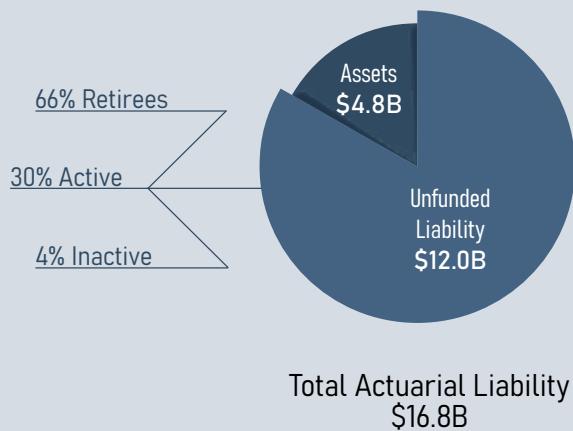
Established by the Kentucky General Assembly on July 1, 1956

KERS Nonhazardous is the second-largest plan operated by KPPA in terms of both membership and financial resources, accounting for 29% of the total membership and 23% of the total assets. Although KERS Nonhazardous has the lowest funded ratio (28.6%) of all pension funds administered by KPPA, due to the sustained efforts of the Kentucky General Assembly, the Governor's Office, and the KRS Board of Trustees, the plan is improving. The funded status increased by 3.8 percentage points from 2024, moving the funded ratio to its highest level since 2013.

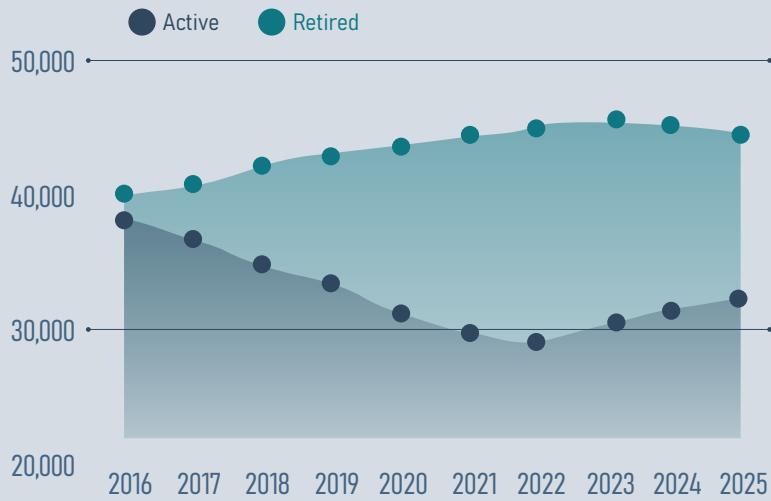
House Bill 8 (2021 Regular Session) adjusted the method for calculating employer contributions from a percent of payroll model to fixed allocation funding. Under the new method, a percentage of the Unfunded Accrued Liability Payment (UAL) is assigned to each employer based on total UAL as of June 30, 2019. The UAL dollar amount is determined annually based on the current year UAL, but always applies the same 2019 percentage. Beginning with Fiscal Year 2022, KERS Nonhazardous employers pay the normal cost plus a monthly invoice representing their fixed dollar allocation.

- On average, a retiree is 72 years old and received \$1,760 per month (\$21,117 annually).
- During the fiscal year, 1,467 members retired, roughly the same as the prior year, but down from the average of the prior five years of 1,654.
- The Combined Pension and Insurance Fiduciary Net Position was \$7.0 billion as of June 30, 2025, compared to \$6.0 billion in 2024.

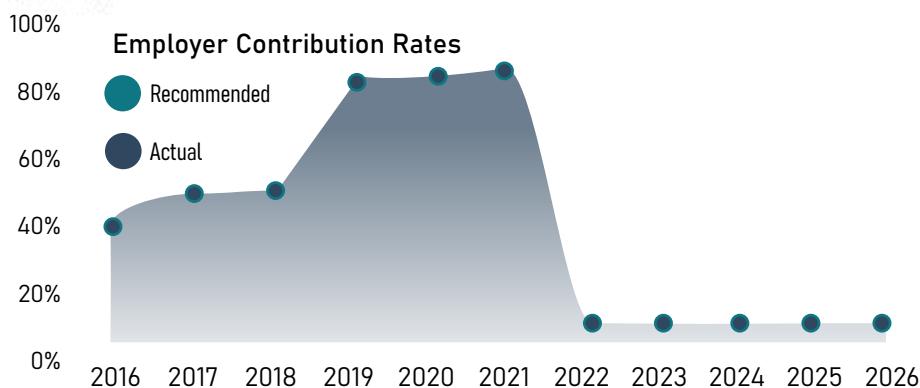
As of the June 30, 2025 Valuation, retirees and beneficiaries account for 66% of the pension fund unfunded liability.



Active member covered payroll continued to increase, adding 923 active members (2.9%) in Fiscal Year 2025.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.



Quasi-governmental agencies maintained the Fiscal Year 2018 rate for Fiscal Years 2019 - 2021. Beginning with Fiscal Year 2022, all employers pay the normal cost plus a monthly invoice representing their fixed dollar allocation.

Membership As of June 30, 2025

	Active	Inactive	Retired	Total
Tier 1	10,652	28,614	44,283	83,549
Tier 2	4,439	8,336	641	13,416
Tier 3	17,772	15,680	118	33,570
Total	32,863	52,630	45,042	130,535

KERS HAZARDOUS

Established by the Kentucky General Assembly on July 1, 1956

The KERS Hazardous pension and insurance funds currently have the highest funding ratios (72.3% and 166.4%, respectively) among all systems administered by KPPA.

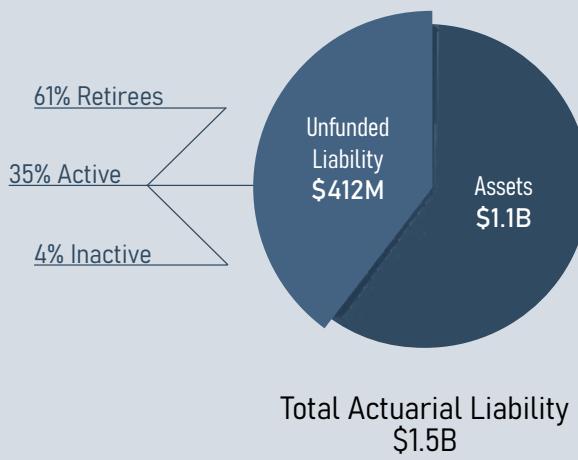
FUNDING RATIO CONSIDERATIONS

Ideally, the funding ratio of each plan will be 100%, where the system has enough assets on hand to meet all required obligations. This means the KERS Hazardous insurance fund is in the enviable position of having 66.4% more assets on hand than what is needed.

Despite the overfunding of the insurance plan, the surplus in the insurance fund cannot be shifted to the pension fund to bring both to 100% funding. State and federal law require the money in each fund to be accounted for separately and used to pay that specific liability, either pension or insurance.

To help address the pension underfunding, the system's actuary recommended allocating the employer's contribution entirely to the pension fund beginning July 1, 2020, with no additional money allocated to the insurance fund. This puts the money directly into the fund where it is needed most, while allowing the insurance fund's ratio to gradually lower to 100%. The allocation percentages are reviewed each year and adjusted as needed.

As of the June 30, 2025 Valuation, retirees and beneficiaries account for 61% of the pension fund unfunded liability.

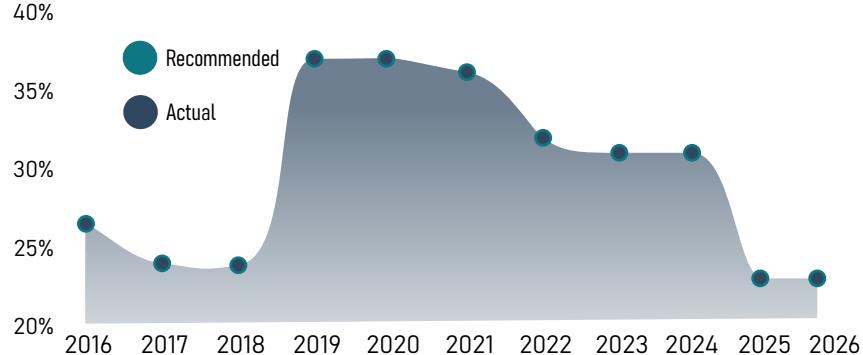


Active member covered payroll continued to increase, adding 86 active members (2.1%) in Fiscal Year 2025.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.

Employer Contribution Rates



Membership As of June 30, 2025

	Active	Inactive	Retired	Total
Tier 1	715	1,687	3,463	5,865
Tier 2	534	1,207	76	1,817
Tier 3	2,982	4,925	13	7,920
Total	4,231	7,819	3,552	15,602

STATE POLICE RETIREMENT SYSTEM

Established by the Kentucky General Assembly on July 1, 1958

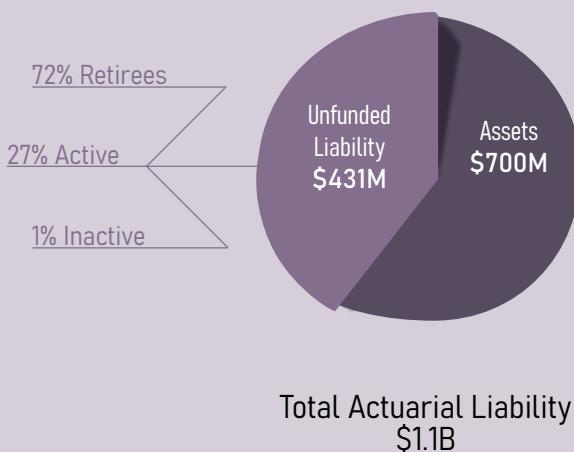
Membership in SPRS, the smallest system operated by KPPA, consists solely of full-time state troopers employed in hazardous positions by the Kentucky State Police.

SPRS has the highest employer contribution rate (68.10% in Fiscal Year 2025) of all the systems operated by KPPA. To help address this, recent biennial state budgets have included money to pay down unfunded pension liabilities. In 2024, House Bill 1 included an additional \$50 million for SPRS - \$25 million each in FYs 2025 and 2026. This influx of money has lowered the SPRS employer contribution rate and dramatically increased the funding ratio. That ratio continued to improve this fiscal year, increasing from 56.8% in 2024 to 61.9% in 2025.

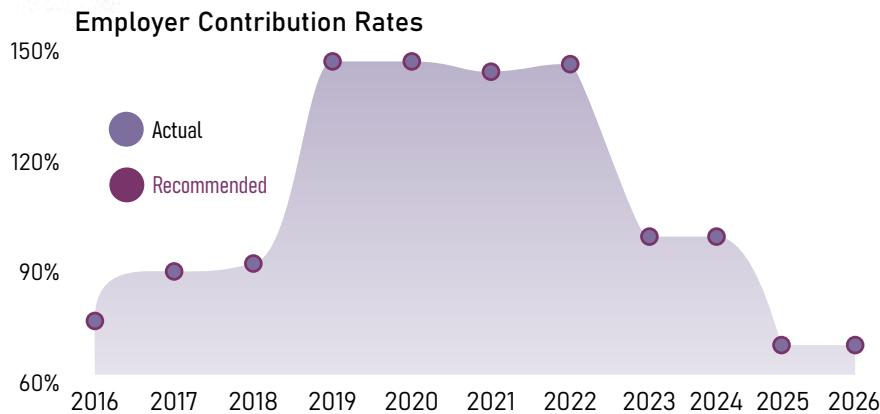
- On average, a retired Kentucky state trooper in 2025 is 65 years old and receives \$3,323 per month (\$39,876 annually) in pension benefits.
- There are almost twice as many retirees currently drawing benefits (1,553) than active employees paying into the plan (863).
- SPRS experienced a slight decrease in active members in Fiscal Year 2025 (from 872 actives in Fiscal Year 2024 to 863 in 2025).
- The Combined Pension and Insurance Fiduciary Net Position was \$1.0 billion as of June 30, 2025, up from \$925.3 million in 2024.

As of the June 30, 2025 Valuation, retirees and beneficiaries account for 72% of the pension fund unfunded liability.

Active member covered payroll decreased by nine members in Fiscal Year 2025.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.



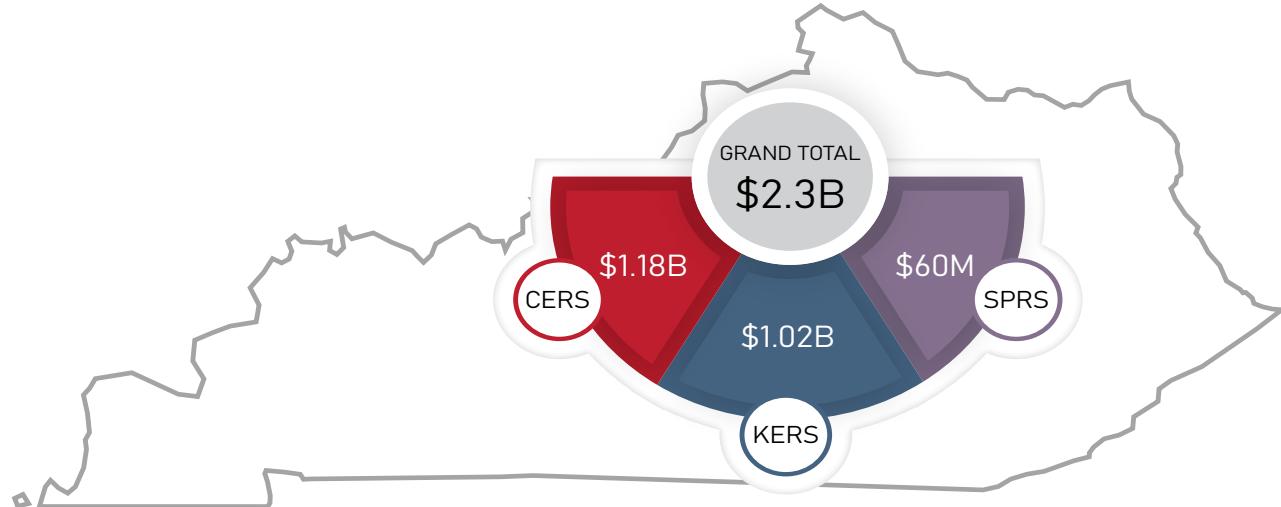
	Membership As of June 30, 2025			
	Active	Inactive	Retired	Total
Tier 1	281	157	1,551	1,989
Tier 2	177	66	1	244
Tier 3	405	244	1	650
Total	863	467	1,553	2,883

ABOUT KPPA

KPPA is responsible for the investment of funds and administration of pension and health insurance benefits for over 444,000 active, inactive, and retired state and local government employees, state police officers, and non-teaching staff of local school boards and regional universities.

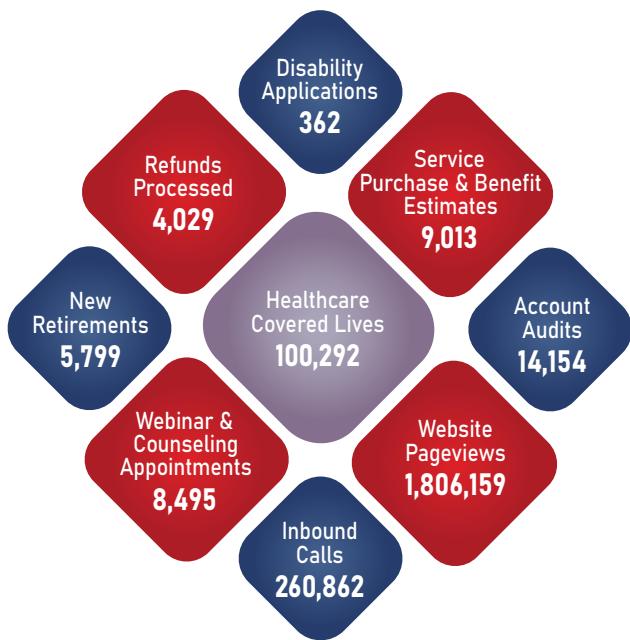
ECONOMIC IMPACT

In Fiscal Year 2025, KPPA paid over \$2 billion in ongoing pension benefits to Kentuckians. KPPA's pension payments support state economic activity, with 92% paid to in-state residents. Payments per Kentucky county range from \$1.3 million to \$380 million annually providing a consistent revenue stream for all local economies.



SERVING OUR MEMBERS

Daily system activities, including administrative support, investment management, benefits counseling, accounting and payroll functions, and legal services are performed by a staff of professional employees working as the KPPA.



FULLY FUNDED BY 2049

The systems' actuary projects that the pension and insurance funds will be fully funded by 2049 based on:

- The most recent actuarial valuation,
- The closed amortization period set in statute,
- The systems receiving the full Actuarially Determined Employer Contribution each year, and
- All actuarial assumptions are met.

2049



KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 LOUISVILLE ROAD, FRANKFORT, KY 40601

The Kentucky Public Pensions Authority is responsible for the investment of funds and administration of pension and health insurance benefits for over 444,000 state and local government employees, state police officers, and nonteaching staff of local school boards and regional universities.

OFFICE HOURS

Monday - Friday 8:00am - 4:30pm ET



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