GOVERNMENT OFFICIALS NEWSLETTER

Kentucky Public Pensions Authority

Designed for government officials and their staff

2026 Regular Session
Throughout the 60-day session, KPPA tracked more than 80 bills that could have affected the systems. Of those, five bills passed that directly affect KPPA:

- **Senate Bill 85 Special Needs Trust** Senator Robin Webb
- **House Bill 220 Pension Spiking** Representative John Blanton
- **House Bill 213 Reemployment of Retired Police Officers** Representative Emily Callaway
- **Senate Bill 102 Kentucky State Police R-Class Reemployment** Senator Aaron Reed
- **HB 500 Executive Branch Budget Bill** Representative Jason Petrie

The Executive Branch Budget includes an appropriation of $78.5 million in Fiscal Year 2027 to pay down the unfunded liability of the Kentucky Employees Retirement System (KERS) Nonhazardous pension fund. The legislature also appropriated $15 million for Phase One planning related to a pension administration system modernization project.

KPPA's 2026 legislative summary is available on our website.

Senator Jimmy Higdon's Service on Pension Oversight
As Senator Jimmy Higdon concludes his service in the General Assembly later this year, KPPA staff recognize his contributions through the Public Pension Oversight Board. During his tenure, he supported efforts to strengthen transparency and reinforce long-term planning principles that guide Kentucky's public retirement systems.

As CERS, KERS and SPRS progress toward full actuarial funding by 2049, Sen. Higdon's service highlights the importance of sustained fiscal commitment and consistent oversight in support of the long-term stability of the systems.

Fully Funded by 2049
All pension and insurance plans are projected to be fully funded by 2049, according to KPPA's actuary, Gabriel, Roeder, Smith & Company (GRS). These projections are 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 (ADEC) each year, and all actuarial assumptions are met.

Economic Impact
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.

Benefits paid to KPPA retirees and beneficiaries have a wide-ranging impact on the state's economic health. In addition to ongoing monthly pension payments, KPPA issues refunds, death benefit payments, and pays toward monthly insurance coverage for eligible retirees, beneficiaries, and their dependents.

Refer to the [Summary Annual Financial Report] for additional information.

CERS County Employees Retirement System

Implementation of CERS Health Insurance Contribution Changes
KPPA is in the final stages of implementing the framework for changes to CERS member contributions and employer reporting required by Senate Bill 10, passed during the 2025 Regular Session.

Over the past year, a KPPA project team guided changes related to employer reporting, member contributions, system modifications and communications for CERS members and employers. You can find details about health insurance contribution changes for CERS members on our website.

Investment Returns
For the first 10 months of FY 2026 ending April 30, the average return for the CERS Nonhazardous pension fund was 11.2% while the CERS Hazardous pension earned 11.1%. CERS Nonhazardous insurance trust assets under management earned 10.7% and CERS Hazardous insurance trust assets earned 10.6%. For KERS Nonhazardous pension assets, the 10-month FY 2026 return was 10.4% and for Hazardous pension assets it was 11.2%. Insurance trust assets for KERS Nonhazardous and Hazardous plans each earned 10.7% and 10.6%, respectively. SPRS pension and insurance trust asset returns for the same period were 9.9% and 10.7%, respectively.

Pension Fund Performance

	FY 2026*	5-Year	10-Year	30-Year
CERS NH	11.2%	8.1%	9.1%	7.7%
CERS H	11.1%	8.1%	9.1%	7.7%
KERS NH	10.4%	7.0%	8.1%	7.4%
KERS H	11.2%	7.9%	8.9%	7.7%
SPRS	9.9%	7.0%	8.2%	7.4%

Insurance Fund Performance

	FY 2026*	5-Year	10-Year	30-Year
CERS NH	10.7%	8.1%	9.0%	7.2%

CERS H	10.6%	8.1%	9.0%	7.2%
KERS NH	10.7%	7.8%	8.8%	7.0%
KERS H	10.6%	7.9%	8.9%	7.1%
SPRS	10.7%	8.0%	9.0%	7.2%

*Through April 2026 and trailing 12-month periods.
NH - Nonhazardous
H - Hazardous

Trustee Elections
Larry Totten, a retired Kentucky Department of Parks employee and President of Kentucky Public Retirees, and **Mike Riley**, Director of Human Resources for the Bluegrass Area Development District, were the top two vote-getters in the recent KERS trustee election. Both began their four-year terms of office on the KRS Board of Trustees on April 1. **Visit our website to read more about the KERS election results.**

Upcoming trustee elections are:

- The next SPRS election will be held in 2027 for one trustee serving a four-year term beginning April 1, 2027. The KRS Board of Trustees is seeking applications from members of SPRS interested in serving as a trustee. **Read more about the SPRS Election.**
- The next CERS election will be held in 2029 for three trustees serving a term from April 1, 2029, to March 31, 2033.
- The next KERS election will be held in 2030 for two trustees serving a term from April 1, 2030, to March 31, 2034.

KPPA Updates
In October 2025, Erin Surratt **was appointed KPPA Deputy Executive Director** following the retirement of Rebecca Adkins. Erin brings more than 20 years of KPPA service to this position. Since joining KPPA in March 2003, she has held a variety of key roles, including retirement system counselor, START Project lead, business analyst, Division Director of Quality Assurance, and most recently serving as Executive Director of the Office of Benefits. Erin received her bachelor's degree in education from the University of Kentucky.

Earlier this year, Odette Gwandi **was named Executive Director, Office of Benefits**, replacing Erin in leading the day-to-day administration of retirement benefits for members and beneficiaries. Odette has more than 20 years of KPPA service, most recently overseeing the Division of Membership Support. She received her undergraduate degree in political science and holds a Master of Public Administration from Kentucky State University.

The Government Finance Officers Association (GFOA) honors CERS and KRS Annual Reports for excellence. The Fiscal Year 2025 report awards mark the 26th consecutive year the GFOA has honored KPPA staff for their work presenting the systems' comprehensive financial picture to the public.

The **Team KY Internship Program (TKIP),** coordinated by the Personnel Cabinet, provides internship experience and professional development opportunities for Kentucky's college students. This year, our agency has five interns in the areas of Legal Advocacy, Executive, Enterprise & Technology Services, Investments and Accounting. KPPA is proud to support this program and hope the experience with our agency contributes to each intern's continued growth and future success.

KPPA is preparing to host its second **IMPACT Forum** (Investments, Management, Pensions, Advisory, Compliance, and Training) in October. This forum provides trustees with a custom educational program focusing on key areas such as fiduciary responsibility, investments, benefits and legal compliance. KPPA staff received valuable input from trustees through the post-IMPACT Forum survey last year, which will help guide this year's agenda.

KPPA staff routinely present information to the **Public Pension Oversight Board (PPOB)**. The PPOB assists the General Assembly with its review, analysis, and oversight of the administration, benefits, investments, funding, laws and administrative regulations, and legislation pertaining to the retirement systems.

Online Resources
Annual reports for Fiscal Year 2025 are available on the KPPA website. For those looking to do a deep dive into CERS, KERS and SPRS, review the **Annual Comprehensive Financial Reports (ACFRs) online**. Those looking for more of a high-level overview of the systems and of KPPA, review the **Summary Annual Financial Report (SAFR) online**.

The systems are administered by two 9-member boards of trustees. The governance of CERS rests with the **CERS Board of Trustees**. Another 9-member board of trustees called the **Kentucky Retirement Systems (KRS)** oversees KERS and SPRS.

KPPA is governed by a third 8-member board composed of trustees from CERS and KRS. **Visit our website to learn more about each board** and **view the meeting calendar**. All meetings are live streamed on **Facebook**.

Members can visit our website to **learn more about their benefits**, **how to apply for retirement** and **access their online account**. **Employers** can visit our website to find **contribution rates**, **forms** and the **Employer Reporting Manual**.

Questions?
KPPA staff is available to answer questions about information provided in this email. Please contact our Director of Communications, Amy Fields, at **Amy.Fields@kyret.ky.gov** for assistance. For any other inquiries, please **contact our office**.