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### Government Officials Newsletter

Kentucky Public Pensions Authority sent this bulletin at 05/31/2022 08:15 AM EDT



## Thank you, Governor Beshear and Kentucky General Assembly Members

*From the Desk of David Eager, KPPA Executive Director*

### House Bill 1 and House Bill 604 provide a major funding infusion to the KERS Nonhazardous and SPRS plans

Not only did the budget include the contribution rates recommended by the KPPA actuary, additional funding of \$485 million (House Bill 1) and \$105 million in each fiscal year (House Bill 604) was earmarked for the KERS Nonhazardous and SPRS pension funds.

The impact on SPRS is significant: the additional allocations that were directed to help pay down that pension fund's unfunded liability will allow the SPRS Employer Contribution Rates to drop below 100% (99.43%) for the first time since 2018 and the funded status is expected to improve from 31% to approximately 50%. Without this additional money, [the SPRS Employer Contribution Rate would have been 140.51% in fiscal year 2023](#).

But KPPA isn't the only beneficiary of these allocations: all Kentuckians benefit from a stronger public pension system. In Fiscal Year 2021, KPPA made over \$2 billion in ongoing pension benefits payments, with more than 93% of those payments going to Kentucky residents in all 120 counties. Benefit payments provide a consistent, regular revenue stream for local economies, with payments per county ranging from \$1.1 million to \$362 million annually.

Receiving the required funding, plus additional allocations, helps ensure the benefit payments issued by KPPA each month continue to provide a stabilizing element for all local economies in the Commonwealth.

On behalf of our members and Boards of Trustees, we thank the General Assembly and the Governor for continuing to dedicate funding to our retirement systems.



Sincerely,

**David Eager**  
Executive Director, KPPA

### Legislative News

The 2022 Regular Session of the Kentucky General Assembly adjourned on Thursday, April 14, 2022.

[Click here](#) to read the most significant bills and resolutions passed this Session that will have an impact on KPPA.

### Investments

### Retirement Counseling Updates

Virtual and phone appointments remain the most efficient way to access benefits counseling. However, as of May 2, 2022, in-person counseling appointments are available in our Frankfort office, with priority reserved for members who have filed [Form 6000, Notification of Retirement](#).

Members can access their accounts at [myretirement.ky.gov](#) or by calling 1-800-928-4646. Documents may be submitted to our office using the upload feature in [Self Service](#), by mail, or by fax at 502-696-8822. [For more information, visit our contact page](#).

### Self Service

[MYRETIREMENT.KY.GOV](#)

**Fast. Secure. Reliable**

**MEMBERS can:**

- Calculate retirement estimates and service purchase costs
- Apply for retirement
- View account details
- Maintain contact information
- Enroll in health insurance at retirement
- Upload documents
- Access secure message center

**RETIRES can:**

**Total System Assets Top \$23 billion as of March 2022**

Combined pension and insurance assets for the County Employees Retirement System (CERS), Kentucky Employees Retirement System (KERS), and the State Police Retirement System (SPRS) topped \$23 billion as of March 31, 2022. The asset growth was driven by employer contributions and investment performance, and represents an increase of \$400 million from June 30, 2021.

For more information about investments, visit our [Investments page](#) where you can find links to [monthly performance reports](#), [investment policies](#), lists of [investments holdings](#), and more.

	March 2022	June 2021	June 2020	June 2019
Pension assets	\$16.00	\$15.79	\$12.72	\$12.75
Insurance assets	\$7.13	\$6.94	\$5.49	\$5.44
<b>Total assets</b>	<b>\$23.13</b>	<b>\$22.73</b>	<b>\$18.21</b>	<b>\$18.19</b>

**Pension Fund Performance**

	FYTD (March 2022)	3-Year	5-Year	10-Year	30-Year
CERS-NH Pension	1.85%	9.92%	8.93%	8.04%	8.12%
CERS-H Pension	1.78%	9.81%	8.87%	8.02%	8.11%
KERS-NH Pension	0.68%	9.01%	8.15%	7.53%	7.95%
KERS-H Pension	1.44%	9.64%	8.74%	7.95%	8.09%
SPRS Pension	0.84%	8.79%	8.01%	7.38%	7.90%

**Insurance Fund Performance**

	FYTD (March 2022)	3-Year	5-Year	10-Year	30-Year
CERS-NH Insurance	2.24%	9.60%	8.84%	7.88%	7.25%
CERS-H Insurance	2.56%	9.74%	8.96%	7.96%	7.27%
KERS-NH Insurance	0.91%	9.41%	8.31%	7.48%	7.12%
KERS-H Insurance	2.35%	9.64%	8.76%	7.83%	7.23%
SPRS Insurance	2.50%	9.96%	9.09%	8.01%	7.29%

**KPPA Statement on Russian Investments**

In early March, 2022, shortly after the Russian invasion of Ukraine began, [KPPA issued a statement in response to concern among retirees, members, and the general public about KPPA's exposure to equity holdings domiciled in Russia](#). At that time, it was determined that \$35.3 million of our then-\$22.8 billion in assets (or approximately 0.15% of the total portfolio) was exposed to Russian securities as part of our investments in emerging markets.

As of May 17, 2022 KPPA's exposure to equity holdings domiciled in Russia has not significantly changed. This is because the portfolio contains some holdings that cannot be traded at this time; however, those companies continue to operate and potential future residual value exists.

The values of those holdings have been written down to near zero and the effect on investment performance has been realized, albeit minimal. KPPA continues to work with the third-party managers whose portfolios contain these residual Russian investment holdings and who control the purchase and sale of those holdings.

**Governance and Transparency**

**KERS Election Results**

[Dr. Crystal Miller, Public Health Director at the WEDCO District Health Department](#), and [Mr. David Adkins, Executive Director and Chief Executive Officer of the Council of State Governments](#), were recently elected to the KERS board of trustees. They began serving their four-year terms on the KRS Board on April 1.

Dr. Miller and Mr. Adkins won the seats that were most recently held by trustees R. Campbell Connell and Larry Totten.

**CERS, KRS, and KPPA Boards Elect Leadership**

**County Employees Retirement System (CERS):** [Betty Pendergrass](#) and [Jerry Powell](#) were re-elected CERS Board Chair and Vice Chair, respectively, by their fellow trustees during the Board's annual meeting on April 20, 2022.

**Kentucky Retirement Systems (KRS):** [Lynn Hampton](#) was elected Chair of the KRS Board of Trustees, and [C. Prewitt Lane](#) was re-elected as Vice Chair during the Board's annual meeting on April 12, 2022.

- Update tax withholdings
- Access 1099Rs
- Update direct deposit
- Upload documents
- View payment history
- Request income verification
- Access secure message center
- Enroll in health insurance during open enrollment

**KPPA presentations to the PPOB**

Representatives from KPPA regularly provide testimony to the Public Pension Oversight Board, a statutory committee of the General Assembly tasked with reviewing, analyzing, and providing oversight of the KPPA.

That testimony often includes visual presentations. Materials in the form of presentations and minutes from meetings back to 2018 are available via the [PPOB's page](#) on the Legislative Research Commission's website.

On the PPOB's page, you can also find minutes from prior PPOB meetings and a link to the Kentucky General Assembly's Weekly Legislative Calendar. Video recordings of previous PPOB meetings are available on the [LRC's Committee Meeting YouTube page](#).

**Tier 3 Opt-In**

Tier 2 members are eligible to opt-in to the Tier 3 Hybrid Cash Balance plan.

The decision to opt-in to Tier 3 is an irrevocable choice and members who do so will be subject to the same laws governing Tier 3 membership as those whose participation date is January 1, 2014 and later.

Tier 2 members that choose this option will have their accumulated contributions, less any interest earned, deposited into a hybrid cash balance account. [Read More.](#)

**Kentucky Public Pensions Authority (KPPA):** During the KPPA annual meeting on April 28, 2022 the KPPA Board elected CERS Trustee Jerry Powell as Chair and KRS Trustee C. Prewitt Lane as Vice Chair. The 8-member KPPA Board consists of four trustees from the CERS Board and four trustees from the KRS Board. This Board provides oversight for the agency known as KPPA, whose employees provide administrative support to, and conduct daily activities for, the CERS and KRS Boards.

[Read more about the 2022 board leadership here.](#)

[Read more about the 2022 committee membership here.](#)

**Senate Approves Gubernatorial Appointments to the KRS and CERS Boards**

[The Kentucky Senate unanimously approved three resolutions during the 2022 Legislative Session](#) confirming gubernatorial appointments to the Kentucky Retirement Systems (KRS) Board of Trustees and the County Employees Retirement System (CERS) Board of Trustees.

**SPECIAL ANNOUNCEMENT: Upcoming SPRS Trustee Election**

[The State Police Retirement System \(SPRS\) will hold an election in early 2023 to determine its representative on the Kentucky Retirement Systems \(KRS\) Board of Trustees.](#) The nine-member KRS Board consists of three elected trustees – two Kentucky Employees Retirement System (KERS) representatives and one SPRS representative – and six gubernatorial appointees.

SPRS members and retirees interested in becoming a candidate should submit an application, cover letter, resume, picture and signed release for a background check to KPPA by July 31, 2022.

**Did You Know?**

On any given day, approximately 23 highly trained KPPA retirement. counselors answer calls from 8 a.m. to 4:30 p.m. (Eastern) in our call center. For January through April 2022, KPPA had 92,542 calls.

The KPPA website is visited by more than 7,000 users every week.

Disability applicants can retire early (if eligible) while their application for [disability retirement](#) is pending.

Retirees can change their \$5000 Death Benefit beneficiary designation anytime.

**KPPA livestreams Board/Committee Meetings on our Facebook page**

We invite you to join us for future meetings by going to the KPPA Facebook page on the date and time of the meeting. You can also watch videos of prior meetings. [Click here to view the meeting schedule](#)

**KPPA Service Recognition Awards**

In 1988, the Board elected to annually recognize members of the staff for their service to the Board and the members of CERS, KERS, and SPRS for each five-year period an employee has worked at KPPA.

31 individuals are being recognized this year with more than half of the employees receiving their service award for twenty or more years. [Read More.](#)

Questions? [Contact us](#)



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