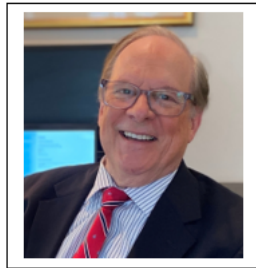




Welcome to the 2024 winter edition of **PENSION INSIGHTS**, the official newsletter for members and retirees of CERS, KERS, and SPRS.

Highlights of this issue include:

- Information about KPPA's monthly Webinar Series for non-retired members;
- The FYE 2023 Annual Comprehensive Financial Report and the FYE 2023 Summary Annual Report;
- The Partial Lump Sum Option (PLSO), effective January 1, 2024;
- 1099-Rs, Taxes and Your Responsibilities as a retiree;
- Notes from the 2024 Kentucky General Assembly Regular Session; and much more!



FROM THE DESK OF DAVID EAGER, KPPA EXECUTIVE DIRECTOR

Our prudent approach to investing continues to pay off, with all funds seeing gains in the first half of Fiscal Year (FY) 2024.

In 2023, the CERS and KRS boards, based in part on guidance our actuary, GRS, raised the assumed rates of return for certain funds based in part on recent investment performance. The assumed rate of return for the CERS

Hazardous and Nonhazardous pension and insurance funds was increased to 6.5% from 6.25%. The assumed rate of return for the KERS Hazardous, KERS Nonhazardous and State Police insurance funds was increased to 6.5% from 6.25%. The assumed rate of return for the KERS Nonhazardous and SPRS pension plans remained at 5.25%, and the assumed rate for the KERS Hazardous pension remained at 6.25%.

More information about first-half FY 2024 returns can be found below in the newsletter.

In other news, work on the KPPA strategic planning process continues with the help of Provaliant, a firm that specializes in assisting public retirement systems to develop such plans. This effort aims to enhance customer service for our members while seeking to boost efficiency.

The plan will have four components: 1) Organizational Excellence, 2) Customer Service Delivery, 3) Infrastructure and Key Resources, and 4) Governance, and will help guide our agency activities for the next several years.

Finally, as I write this message in mid-February 2024, the KPPA Executive Director Search Committee has begun initial candidate interviews. The Committee received resumes from dozens of qualified applicants and is on track to hire a new Executive Director before my planned retirement this spring.

It has been my great pleasure and honor to have served as your Executive Director since 2016. I know the KPPA board, the executive leadership team, and our wonderful KPPA staff will ensure a smooth transition to a new Executive Director.

Sincerely,

David Eager, KPPA Executive Director

Legislative Session Underway: Stay Informed with Daily Updates

The 2024 Regular Session of the Kentucky General Assembly began on Tuesday, January 2, 2024 and is currently scheduled to adjourn on Monday, April 15. This is the Session where the General Assembly determines the budgets for all three branches of government (Legislative, Judicial, and Executive) for the next two fiscal years.

KPPA provides daily tracking and commentary on retirement-related legislation throughout the 60-day Session. We encourage you to [visit our website for Legislative Updates](#), and follow us on social media for the latest information from the 2024 Regular Session.

KPPA Hosting Webinar Series for Non-Retired Members

KPPA is hosting webinars for non-retired members each month.

Webinars are presented by experienced KPPA Benefits Counselors to help members understand their pension options. Topics include sessions on Pension and Insurance Benefits for Tier 1, 2 and 3 members, Tier 1 Strategies for Retirement, Retirement Payment Options, Service Purchases, and Health Insurance Planning.

Space is limited for each live webinar and registration is required. [Please visit our website for the current schedule, webinar registration, and to watch recorded webinars.](#)

Partial Lump Sum Option (PLSO) Effective January 1, 2024

House Bill 506 (2023 Regular Session) established a PLSO, with and without survivor rights, as a payment option. Effective January 1, 2024, members may choose this payment option, which includes a one-time lump-sum payment and a monthly payment. Click here to read the [Understanding the Partial Lump Sum Option](#) flyer for more information.

KPPA to Offer New “Paperless” Option



If you have a valid email address with KPPA, you will default to paperless communications on May 1, 2024, unless you opt out.

Visit our [website](#) for all of the information on going paperless.

Investment Update

*In billions

	December 2023	June 2023	June 2022	June 2021
Pension assets	\$17.74	\$16.71	\$15.00	\$15.79
Insurance assets	\$7.56	\$7.20	\$6.61	\$6.94
Total assets	\$25.30	\$23.91	\$21.61	\$22.73

Pension Fund Performance

	FYTD (December 2023)	3-Year	5-Year	10-Year	30-Year
CERS NH	5.26%	6.25%	8.64%	6.90%	7.79%
CERS HAZ	5.33%	6.20%	8.59%	6.89%	7.78%
KERS NH	4.71%	4.89%	7.51%	6.29%	7.56%
KERS HAZ	5.24%	5.86%	8.36%	6.77%	7.74%
SPRS	4.89%	5.20%	7.73%	6.20%	7.55%

Insurance Fund Performance

	FYTD (December 2023)	3-Year	5-Year	10-Year	30-Year
CERS NH	5.38%	6.32%	8.48%	6.87%	6.91%
CERS HAZ	5.30%	6.43%	8.54%	6.93%	6.93%
KERS NH	5.11%	5.74%	8.42%	6.51%	6.77%
KERS HAZ	5.15%	6.29%	8.44%	6.77%	6.88%
SPRS	5.13%	6.39%	8.63%	6.96%	6.94%

For the first six months of Fiscal Year (FY) 2024, pension and insurance plan investments returned between 4.7% (KERS Nonhazardous pension) and 5.38% (CERS Nonhazardous insurance). With the exception of the KERS Nonhazardous, KERS Hazardous, and SPRS pension funds, all other pension and insurance funds slightly trailed their benchmarks for the six-month period ended December 31, 2023. Still, the positive performance pushed the combined assets of all pension and insurance funds to a record \$25.3 billion, up from the previous record of \$23.9 billion as of June 30, 2023.

Full information about investments can be found in the [Investments section](#) of our website. There you can browse the Investments Library for monthly performance reports, investment policies, manager fee reports, internal holdings and transactions reports, and proxy voting reports.

News Briefs

IRS Form 1099-R Mailed to Retirees

The Form 1099-R is an Internal Revenue Service (IRS) tax form for reporting distributions from pensions. **Every January, KPPA issues a 1099-R to retirees providing the information needed to file a tax return on your pension benefits.**

You can view, print and download your 1099-R by logging into [Retiree Self Service](#).

New Tax Brackets and Standard Deductions Now in Effect

The Internal Revenue Service (IRS) adjusts tax brackets on an annual basis, changing the amount of income that gets taxed at each rate. This means the amount of your retirement payment may have changed this year with a different amount of federal tax withheld.

If you were impacted by this change, you received a check stub for your February payment in the mail reflecting your new benefit amount. Retired members may update federal tax withholdings at any time through [Self Service](#) at myretirement.ky.gov or by submitting **Form 6017, Federal Income Tax Withholding Preference**, to KPPA. Please keep in mind that regardless of federal adjustments, your federal tax withholding election remains in place unless you update your withholding preference with KPPA.

If you were impacted by this change, you received a check stub for your February payment in the mail reflecting your new tax amount. Retired members may update federal tax withholdings through [Self Service](#) at myretirement.ky.gov or by submitting **Form 6017, Federal Income Tax Withholding Preference**, to KPPA.

Kentucky State Income Tax Information


All benefits attributable to service earned on or before December 31, 1997, are exempt from Kentucky income tax. The portion of the member's benefits earned January 1, 1998 and after is subject to Kentucky income tax; however, this income may be excluded up to a certain amount. **See Schedule P** in the **Kentucky Income Tax forms** for the exclusion amount and calculation. Also note, retirement credit for unused sick leave is treated as being earned at the time of retirement.

Please visit "[Taxes and Your Responsibilities](#)" for more information.

Fiscal Year 2023 Financial Reports Online

The **Annual Comprehensive Financial Report (ACFR)** and the **Summary Annual Report (SAR) for Fiscal Year Ended 2023** are now available online. The reports serve as a resource for understanding the structure, financial status, investments, and governance of the funds operated by KPPA. As such they are critical components of KPPA's effort to maintain transparency for all stakeholders.


New Wellness Provider - Castlight



WHAT'S NEW IN 2024?

Complete the 2024 Health Assessment in Castlight to receive the LivingWell Promise monthly premium discount in 2025. Register or log into Castlight to complete your Health Assessment in a few easy steps:

- 1 Register or log into Castlight by scanning the QR Code.
- 2 From your home screen, visit the 'Rewards Center' and click 'Ways to Earn.'
- 3 Complete your Health Assessment by 7/1/2024.
- 4 Congrats! You have earned a premium discount for 2025.




Retirees Not Eligible for Medicare

TEAM KENTUCKY

MyBENEFITS

Not registered for Castlight?

Scan the QR Code or download the Castlight Mobile App from the App Store or Google Play.



Non-Medicare Members: Castlight is your new well-being provider under the KEHP plans. Through Castlight, you can earn a premium discount and wellness rewards by satisfying your LivingWell Promise. **Complete a health assessment between January 1 and July 1 this year and earn up to \$40 a month (\$480 a year) in 2025 premium discounts. Completing the health assessment through Castlight is the only way to satisfy the LivingWell Promise and get this discount.**

REGISTER TODAY: Download the Castlight Mobile App, visit mycastlight.com/mybenefits, or call Castlight at 1-800-681-6758.

Go365™ by Humana is a program designed to help you make healthier choices by rewarding you as you complete activities. Part of Humana's Medicare Advantage plan, **Go365** can help you reach your physical and emotional health goals.

1. Complete eligible healthy activities like walking or getting your Annual Wellness Visit.
2. Track your activity online at **MyHumana** or by filling out and mailing paper forms.
3. Earn rewards to redeem for gift cards.

If you have a MyHumana account, you can use the same information to log in to Go365. There, you will see eligible activities and details on how to track your actions.

For more information, check out the **Go365 flyer**.

Retirement Trends

For Fiscal Year (FY) 2024 through February, initial retirements are down 10% from the same time the prior fiscal year. CERS retirements are down 12.2% compared with FY 2023 while KERS retirements are down 3.8%. SPRS retirements are up 22.2%; however, that represents two additional retirements in FY 2024 over same time period in FY 2023. Full information about retirement trends can be found on our website **[here](#)**.

Questions? [Contact us](#)



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1260 Louisville Road
Frankfort, KY 40601

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Phone: 502-696-8800 (Main Office)
Toll Free: 1-800-928-4646
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